



EAST AFRICAN COMMUNITY



The East African Community Cotton Textiles Apparels Strategy and implementation Roadmap 2020-2030



EAST AFRICAN COMMUNITY

EAC COTTON, TEXTILES AND APPARELS STRATEGY AND
IMPLEMENTATION ROADMAP

VISION:

An integrated and globally competitive cotton, textile, and
apparel industry

May 2019

Table of Contents

List of figures	iv
List of Tables	iv
Executive Summary	vi
Foreword	viii
Acknowledgement	x
1. Introduction	1
1.1 Background and context	1
1.2 Approach to Strategy Development	1
2 Situational Analysis	2
2.1 Global Cotton Production, Textiles and Apparel Trends	2
2.2 Global Textile and Apparels Industry	4
2.3 Worn or Used Clothing	7
2.4 Environmental Concerns	8
3. Developments and Policies in CTA Sector in Comparator Countries	8
3.1 General Domestic Support to Cotton Production	8
3.2 Country Experiences	9
3.2.1 Developments and Policies in Cotton Production in Burkina Faso	9
3.2.2 Developments and Policies in Cotton Production in Ethiopia	10
3.2.3 Cotton and Textile Sector in Egypt	10
3.2.4 Developments and Policies in Textile Manufacturing in India	11
3.2.5 Bangladesh Cotton Production and Textile Support	12
3.2.6 Lessons for EAC	12
3.3 EAC Context	12
3.3.1 Seed Cotton Production	12
3.3.2 Textile, Apparels and Made-ups	17
3.3.3 EAC Trade in Textiles, Apparels and Made-ups	18
3.3.4 Potential for CTA and Made-ups Sector in EAC	22
3.3.5 Textiles and Made-ups Policies in EAC	23
3.3.6 Potential Investment Opportunities Based on Demand	24
4. THE EAC CTA STRATEGY AND IMPLEMENTATION ROADMAP	32
4.1 Vision and Broad Targets	32
4.1.1 Vision	32
4.1.2 Strategic Targets	32
4.2 Strategic Objectives	32
4.4 Investment Budget Projections	40
4.5 Models for Financing Strategy Implementation	43
4.6 Institutional and Coordination Mechanism Arrangements	43
4.7 Monitoring and Evaluation (M&E), and Reporting	46
4.8 Implementation Risks	46
4.9 Priority Actions for Strategy Implementation and Roadmap	46
4.10 CTA Implementation Road Map (2019 – 2029) Matrix	48

References	69
Annex 1: Institutions Consulted in Partner States	70
Annex 2: Intra EAC Trade in Textiles, Apparels and other Made-ups	73
Annex 2.1: Description of Textiles and Made-ups	73
Annex 2.2: Structure of EAC Global Trade in Textiles and Made-ups (2013-2017)	75
Annex 2.3: EAC International Trade in other Fibre Textiles (2017)	75
Annex 2.4: Other Fibre Textiles Export and Import Markets	75
Annex 2.5: Intra- EAC Trade in other Made-up Textile Articles, Sets, Worn Clothing and Worn Textile Articles, Rags	76
Annex 3: Glossary of Words	76

List of Figures

Figure 1: CTA value chain analysis	2
Figure 2: Trends in total production of seed cotton (1990 – 2014, millions of tonnes)	2
Figure 3: Top 15 African cotton producers 2017	3
Figure 4: Trends in real prices for seed cotton and other major competing crops	4
Figure 5: Top 10 exporters of textiles in 2017	5
Figure 6: Top 10 importers of textiles in 2017	5
Figure 7: Top ten exporters of apparel in 2017	6
Figure 8: Top 10 importers of apparels (2017)	7
Figure 9: Global per capita textile consumption (Kilograms)	7
Figure 10: Intra and Extra EAC Exports of Cotton Fibre	15
Figure 11: CTA Strategy Implementation Institutional Arrangements	45

List of Tables

Table 1: Trends in Seed Cotton Production (MT)	13
Table 2: Area Under Production and Yield	13
Table 3: Recent Trends in Farm Gate and Lint Prices in Kenya, Uganda and Tanzania	14
Table 4: Number of Ginners and Utilisation Capacities (2018)	15
Table 5: Trends in Cotton Lint Production in EAC (2013-2017, MT) *	15
Table 6: Textile and Garment Manufacturing and Capacities in EAC	18
Table 7: Structure of Cotton Textile Exports and Imports (2017)	19
Table 8: Export and import Markets for EAC Cotton Textile (2017)	19
Table 9: EAC Export and Import Markets for Made-ups (2017)	20
Table10: Intra-EAC Textiles and Made-up Exports (2013-2017; US\$'000)	21
Table 11: Intra- EAC Imports of Textiles and Made-ups	21
Table12: SWOT Analysis of the EAC CTA Sector	26
Table13: Budget Estimates for the Proposed Strategic Interventions	41

Acronyms and Abbreviations

AACTIF	African Cotton and Textile Industries Federation
AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
ASEAN	Association of South East Asian Nations
BEA BEA	Buy East Africa Build East Africa
BEA WEA	Buy East Africa Wear East Africa
CAGR	Compound Annual Growth Rate
CBW	Central Bonded Warehouse
CDA	Cotton Development Agency
CMIA	Cotton Made in Africa
CMT	Common Manufacturing Types
COGERCO	Cotton Management Company
CTA	Cotton, Textiles and Apparel
EAC	East African Community
EACS	East African Community Secretariat
EPZ	Export Processing Zones
EPZA	Export Processing Zone Authority
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GVC	Global Value Chain
HVI	High Volume Instrument
ICAC	International Cotton Advisory Committee
ITC	International Trade Centre
NEDPS	National Export Development and Promotion Strategy
OBM	Original Brand Manufacturing
OEM	Original Equipment Manufacturing
OSHE	Occupational Safety Health and Environment
RMG	Ready Made Garments
SCTIFI	Sectoral Council on Trade, Industry, Finance and Investment
SEZ	Special Economic Zones
SME	Small and Medium Enterprises
SSA	Sub Saharan Africa
T&A	Textiles and Apparels
TVET	Technical and Vocational Education and Training
WCO	World Customs Organization
WRAP	Worldwide Responsible Apparel Production
WTO	World Trade Organization

Foreword



The 19th Ordinary Summit of the East African Community (EAC) Heads of State, on 23rd February prioritised the development of a domestic Cotton, Textiles and Apparels (CTA) sector for the EAC. The Summit directed the Secretariat to put in place mechanisms for promoting the sector in the region to stop importation of used clothes. The development of the **EAC**

Cotton, Textiles and Apparels Strategy and Implementation Roadmap (2020-2030) is therefore a timely response to the directive. It provides a framework for the rapid development and transformation of the cotton value chain through streamlined, coherent and coordinated regionwide approaches that complement efforts by the EAC Partner States. The ultimate goal of the move is to transform the sector not only from producing and trading in raw materials, but also to finished value-added products. This would help to retain value and stimulate sector transformation for developmental impact in employment, income, poverty reduction, industrial and trade integration in intra- and extra-EAC Region, in line with the EAC Industrialisation Policy and Strategy (2012-2032).

The Strategy affirms that EAC Partner States comprising of the Governments of Burundi, Kenya, Tanzania, Rwanda, Uganda, South Sudan and United Republic of Tanzania, have potential to develop the cotton value chain further and enhance value addition along the value chain. On average, EAC produces 290,000 metric tonnes (MT) of seed cotton per year. Production has been on the decline due to many challenges, the main ones being low prices, poor agronomical practices, and declining acreage under tillage.

For the EAC Region to achieve self-sufficiency in cotton lint, while also exporting up to 40 percent, cotton lint production should increase to about 320,000MT per year by 2019, and subsequently increase to 420,000MT by 2029. The Region produces about 85,480 MT of lint per year, with most of it (about 85 percent) being exported out of the Region. Intra-regional trade of the same accounts for about 10 percent of the total Region's cotton lint exports. Apparels or made-ups account for about 53 percent and 61 percent of exports and imports respectively, while textiles account for 47 percent and 37 percent exports and imports respectively. The investment potential in the cotton, textiles and apparels industry is enormous. It is estimated that the demand for fabrics in the EAC is about 2.75 billion metres fabric per year, based on 2.5 kgs per capita consumption of fabrics. Assuming the domestic industries supply 50 percent of this fabric market, the EAC Region needs at least 93 factories (textile miles with 70 looms capacity) producing woven fabrics alone.

The Strategy sets targets for the development of the sector in the EAC Region by 2030 as follows:

- (i) Increase production of seed cotton to at least 973,500 MT per annum.
- (ii) Increase spinning capacity to at least 2.7 million spindles from the current less than 500,000 spindles.
- (iii) Increase production of cotton lint in the EAC Region to at least 370,000 MT per annum.
- (iv) Local firms to capture and retain at least 50 percent of the EAC domestic market for apparels.
- (v) Develop or upgrade at least 10 SME garment clusters in each Partner State and facilitate linkage and business partnerships.
- (vi) Increase availability and improve the quality of domestic/regional fabrics, findings and trims, and other inputs by 50 percent.
- (vii) Grow the EAC's export of textiles, garments and made ups by 50 percent from US\$630 million (export values for 2017) by 2030.

To achieve these targets, the following key strategic activities which seek to consolidate the gains made in the sector have been prioritised:

- (i) Promoting Regional trade, consumption and business partnership of textiles and ready-made garments through regional Annual Textiles and Garment Exhibition and Afrika Mashariki Fashion Week.
- (ii) Establishing national farm gate price stabilisation mechanisms to provide incentives for cotton farming.
- (iii) Undertaking an audit of textile mills and apparels capacities in the Region.

(iv) Reviewing national policies, laws and regulations governing EPZs and SEZs programmes.

(v) Facilitating establishment/upgradation of at least 10 SME clusters in each Partner State.

(vi) Supporting and strengthening/formation of tailors' cooperatives/associations and training of at least 100 trainers per year.

The successful implementation of the strategy requires multisectoral concerted efforts of all EAC Partner States, their National Ministries of Industry, Agriculture, Trade and Finance, as well as national academic and research institutions, cotton, textiles and apparels industry players, the private sector, non-state actors and international development partners among others. At national level, agencies including Cotton Development Boards and Councils, working through the national and regional cotton sector platforms, will take lead in coordination and steering.

In view of the importance of the cotton, textiles and apparels industry to the people of East Africa and its contribution to industrial development, I urge all stakeholders to take appropriate measures as outlined in the strategy for its successful implementation.

Signed _____

**Hon Dr. Peter Mathuki,
Secretary General,
The East African Community.**

Acknowledgement

Publication of the EAC Cotton, Textiles and Apparels Strategy and Implementation Roadmap (2020-2030) happens at a time when the Community is part of a number of initiatives geared towards expanding market opportunities for the industrial sector. These include the COMESA-EAC-SADC Tripartite Free Trade Area, bilateral engagements with the United States

of America (USA), the European Union (EU), the United Kingdom (UK), among others, and embracing the African Continental Free Trade Area (AfCFTA). The EAC is also part of the worldwide integration and use of digital innovations in supporting accelerated economic development such as e-commerce and the fourth industrial revolution (4IR).

Internally, the EAC has made progress in reducing transaction costs of doing business through improvements in customs procedures, lowering of trade taxes, harmonisation of standards, facilitation of infrastructure development investment to lower the cost of doing business within the Region, thereby enhancing industrial competitiveness. The Community is currently repurposing the Common External Tariff (CET) to support the industrial sector and the development of sectors that entail long value chains with extensive backward and forward linkages that mark the CTA sector. The implementation of this Strategy therefore comes at an opportune time to accelerate regional cotton sector development as well as contribute to regional industrial development. It is envisaged that at the end of the implementation of the Strategy, the cotton industry will be able to retain value and supply quality products that meet local and international market demand, provide more employment opportunities, and contribute to regional GDP through reduced imports and increased exports.

In recognising the important role played by the cotton sector in the Region, this Strategy has been prepared in close consultation and support of various national, regional and international stakeholders. It underwent a consultative process that took into account the views of stakeholders and ongoing sector developments in the Region. In this regard, the Secretariat wishes to acknowledge and thank the participation, dedication and commitment by the EAC Partner States in the development of this Strategy. Key national stakeholders were drawn from Ministries of Industry, Agriculture, Trade, Finance, Planning and East African Community Affairs, Cotton Development Boards, National Investment Promotion Agencies, the academia, cotton, textiles and apparels manufacturers and their associations, and international development partners.

The invaluable technical and financial support provided by TradeMark East Africa (TMEA) is highly acknowledged and appreciated. The EAC Secretariat recognises tireless efforts of EAC staff from the Department of Industrial Development on successful stewardship of the development of the Strategy.

In conclusion, I wish to emphasise that the Secretariat will ensure a coordinated and collaborative approach by all its relevant departments, relevant ministries and institutions in Partner States, CTA processing associations, and development partners to successfully implement this Strategy. The coordination will seek to synergise and harness existing national, regional and international initiatives towards strengthening value addition in the regional cotton, textiles and apparels sector. The EAC Secretariat will be responsible for mobilising and optimally deploying the necessary resources, including personnel, for the successful implementation of the Strategy. Partner States will drive implementation in their respective countries through their national budgets.

Signed _____

**Hon. Christopher Bazivamo,
Deputy Secretary General
(Productive and Social Sectors),
The East African Community.**



Executive Summary

The development of East African Community (EAC) Cotton, Textiles and Apparels (CTA) Strategy will support the implementation of the EAC Industrialisation Policy and Strategy, and the Directives of the EAC Heads of State. The 19th Summit held in 2018 to promote the cotton, textile, apparel and leather industries in the region, and to make the region more competitive through job creation, decided to prioritise the development of competitive domestic textile and leather sectors. The aim was to provide affordable, new and quality options of clothing and leather products to EAC citizens. The Summit further directed the Council to implement the decision and put in place a mechanism that supports textile and leather manufacturing in EAC, and report progress during the 20th Summit.

Global production of cotton has been on the increase even with competition from synthetic fibres. Developing countries, particularly Asian countries, including China, India and Bangladesh have increasingly become key players in the textiles, apparels and made-ups markets. The textile and apparels sector remains one of the most protected sectors, with governments in major producing countries intervening in the markets through price support, market protection and subsidisation mechanisms. There is generally high internationalisation of cotton lint consumption as major producers use most (about 90 percent) of the cotton lint produced domestically.

On average, EAC produces 290,000 metric tonnes of seed cotton per year. Production has been on the decline due to many challenges, mainly low prices, poor agronomical practices and declining acreage under tillage. Production is mainly by small-scale producers under rain-fed conditions, yields are low, with outputs hardly adequate to meet domestic demand by ginneries. The region produces about 85,480 metric tonnes of lint per year, with most of it (about 85 percent) being exported out of the region, while intra-regional trade of the same accounts for about 10 percent of the total region's cotton lint exports.

For the EAC region to achieve self-sufficiency in cotton lint production, and export up to 40 percent, the production should increase to about 320,000 MT per year by 2019, and subsequently increase to 420,000 MT by 2029. Based on 2017 production, the region faces a deficit of about 234,520 MT, assuming domestic industries capture 50 percent of the market.

The textile mills in the region use outdated technology which adversely affect efficiency and quality of the textiles produced. Many textile mills in the region are not operational, while most of those in operation produce below capacity (between 25 percent and 40 percent). Textile mills and garment makers producing for export depend on imported cotton, yarn and man-made fibres, which is a requirement for global apparel buyers who control the market. The major challenges in the textiles sector are outdated technology, high cost of power, and access to finance.

Garment manufacturers range from micro to large enterprises, with the sector dominated by imports. The main companies producing garments are based in export processing zones or special economic zones, and produce for export. Challenges of this sector are skilled labour, contrabands, used clothes, and access to trims and findings.

EAC trade in textiles and made-ups accounted for about 3.7 percent of the total EAC trade for 2013 to 2017. Textiles and apparels exports in the same period averaged US\$680 million at about 4.9 percent of the region's exports. Imports were about US\$2.7 billion, accounting for about 3.3 percent of the region's total imports. Apparels or made-ups accounted for about 53 percent and 6 percent of exports and imports, respectively. In the same period, intra-EAC exports of textiles and made-ups accounted for about 7.3 percent of the total regional exports of the products, while intra-EAC imports accounted for about 4.3 percent.

Worn clothing and worn articles account for 2.4 percent of intra-regional trade in apparels and other made-ups. The investment potential in the cotton, textiles and apparels industry is enormous. It is estimated that the demand for fabrics in EAC is about 2.75 billion metres fabric per year, based on estimated 2.5kg per capital consumption of fabrics. Assuming the domestic industries supply 50 percent of this fabric market, the EAC Region needs at least 93 factories (textile mills with 70 looms capacity) producing woven fabrics alone.

The Vision of the Strategy is A globally integrated competitive cotton, textile, and apparel industry.

The strategy sets out several targets to be achieved by 2029. These include:

- (i) To increase production of seed cotton to at least 973,500 MT per annum.
- (ii) To increase spinning capacity to at least 2.7 million spindles from the current below 500,000 spindles.
- (iii) To increase production of cotton lint in the EAC region to at least 370,000 MT per annum.
- (iv) A capture and retention by local firms, of at least 50 percent of the EAC domestic apparels market.
- (v) To develop or upgrade at least 10 SME garment clusters in each Partner State and facilitate linkage and business partnerships.
- (iv) To increase by 50 percent, availability and improvement of the quality of domestic/regional fabrics, findings and trims, and other inputs.
- (vi) To grow the EAC textiles, garments and made-ups export by 50 percent, from US\$630 million (export values for 2017).

The priority interventions set out in this strategy include:

- (i) Promoting regional trade, consumption and business partnership of textiles and ready-made garments through annual regional 'Textiles and Garment Exhibition' and 'Afrika Mashariki Fashion Week'.
- (ii) Establishing national farm gate price stabilisation mechanism to provide incentive for cotton farming.
- (iii) Undertaking an audit of capacities of textile mills and apparels firms in the region.
- (iv) Reviewing national policies, laws and regulations governing EPZs and SEZs programmes.
- (v) Facilitating establishment / upgrading of at least 10 SME clusters in each Partner State.
- (vi) Supporting and strengthening / formation of tailors' cooperatives / associations and training of at least 100 trainers per year.

The overall financing of the Strategy will be through Partner States' budgets for national activities, and the Secretariat's budgets for regional activities.





1 Introduction

1.1 Background and context

Development of the East African Community (EAC) Cotton, Textiles and Apparels (CTA) Strategy supports the implementation of the EAC Industrialisation Policy and Strategy, and the Directives of the EAC Heads of State. The 19th Summit held in 2018 to promote the cotton, textile, apparel and leather industries in the region, and to make the region more competitive and job creating, decided to prioritise the development of competitive domestic textile and leather sectors. The aim was to provide affordable, new and quality options of clothing and leather products to EAC citizens. The Summit further directed the Council to implement the decision and put in place a mechanism that supports textile and leather manufacturing in EAC and report progress during the 20th Summit.

In response to this directive, the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI), directed the Secretariat to prepare a regional cotton, textiles and apparels strategy. The SCTIFI observed that rapid development and transformation of the CTA sector, in line with the Summit directive, required a streamlined, coherent and well-coordinated region-wide approach that complemented respective national efforts. The ultimate objective was to transform the sector from producing and trading in raw materials to producing and trading in finished value-added products. This would in turn transform the sector and have a larger developmental impact on employment, income generation, poverty reduction, industrial and trade linkages across the region. Additionally, the sector has potential for intra-EAC trade, encouraging industrial linkages and providing business opportunities for integration into global or regional value chains in accordance to the EAC Industrialisation Policy and Strategy.

1.2 Approach to Strategy Development

In response to the directives of the EAC policy organs, this strategy was developed through a consultative process which involved review of national and regional policies, strategies, laws, regulations and institutional frameworks governing the CTA sector. These include the EAC Industrial Policy, its Strategy and Implementation Plan, the Customs Management Act (CMA) and the Common External Tariff (CET), among other policy documents guiding the sector.

Field consultations with relevant authorities and stakeholders in Partner States of Uganda, Burundi, Tanzania, Kenya, Rwanda, and the Republic of South Sudan were undertaken between October and November 2018. The purpose of consultations was to gather information on capacities, challenges, opportunities and relevant interventions in the CTA sector. Among the consulted were the private sector, professional association bodies and relevant government agencies. The list of institutions consulted is shown in Annex 1.

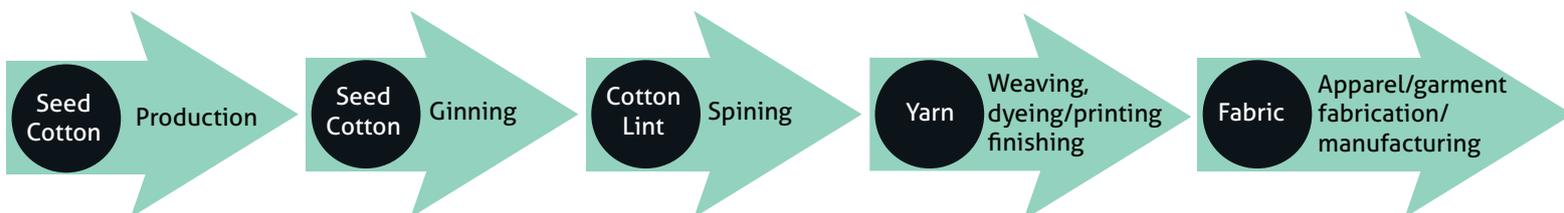
Information from field consultations was analysed and country and regional reports prepared and later presented during national workshops held between December 2018 and January 2019. Further, a workshop for regional experts was held in February 2019. Inputs received during the processes were incorporated into the final strategy, which was validated and adopted by the Partner States on 19th April 2019 in Dar es Salaam, the United Republic of Tanzania.



2 Situational Analysis

The Cotton, Textile and the Apparels sector is one of the world's largest sectors made up of three industries including cotton, textile production, accessories manufacture, and the apparels industry. It is also among the fastest growing sectors and presents an economic potential particularly employment opportunities along value chains. The importance of value addition is crucial not only for job creation, but studies also show that a US\$1.5 worth of lint earns US\$3 of yarn, US\$5 if woven in to fabric, and at least US\$10 per garment made. See the CTA value chain analysis in the following illustration in Figure 1:

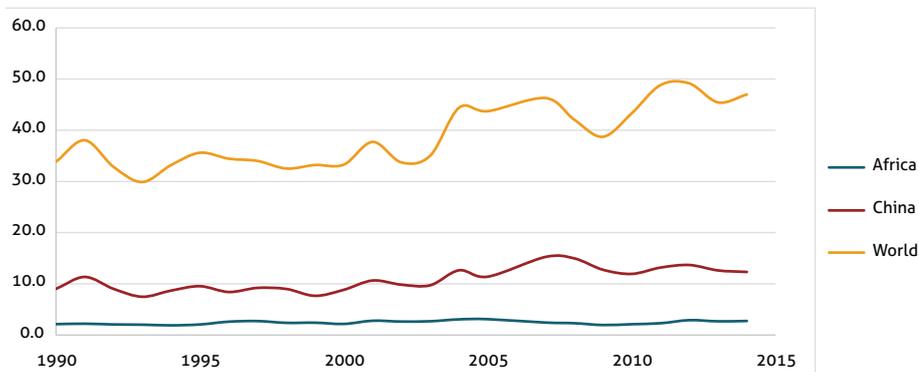
Figure 1: CTA value chain analysis



2.1 Global Cotton Production, Textiles and Apparel Trends

Global cotton production in the last two decades show an increasing trend (Figure 2) though with year to year fluctuations. Whilst the area under production has remained roughly constant, yields, total production, and consumption have increased. In some years production outpaces consumption while in others consumption is higher than production, with stocks smoothening the production and consumption cycles. Total production of cotton in 2018 was about 26 million tonnes; while consumption was about 27.8 million tonnes (International Cotton Advisory Committee -ICAC, 2018). The top ten cotton producing countries globally are: India, China, USA, Brazil, Pakistan, Australia, Turkey, Uzbekistan, Turkmenistan and Burkina Faso. The top importing countries are Pakistan, Bangladesh, Turkey, Vietnam, China, Indonesia, Mexico, India and Thailand. The global exports of cotton were US\$53.7 billion (2017), dominated by USA, India, Brazil, Australia, Uzbekistan, Mali, Burkina Faso, Benin and Turkmenistan. Globally, much of the produced cotton lint is consumed in the producing countries (there is low globalisation of the production sector) leaving only about 25 to 30 percent for the export market (ICAC, 2017).

Figure 2: Trends in total production of seed cotton (1990 – 2014, millions of tonnes)

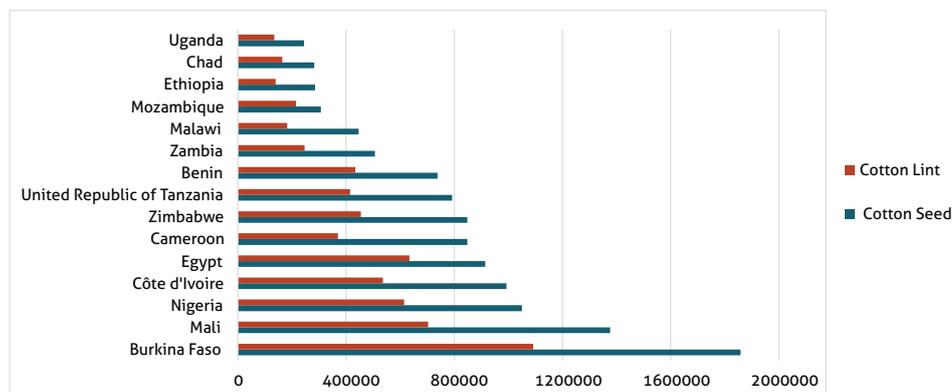


Source: FAO Database

Between 2004 and 2014, Africa produced on average 7 million tonnes of cotton lint annually, accounting for about 6 percent of the global cotton production. Production in EAC Partner States accounted for about 0.3 percent of global production. China’s production has been on an increase, and accounts for about 30 percent of the global cotton production.

Figure 3 shows the top 15 cotton producers in Africa, with Tanzania and Uganda included.

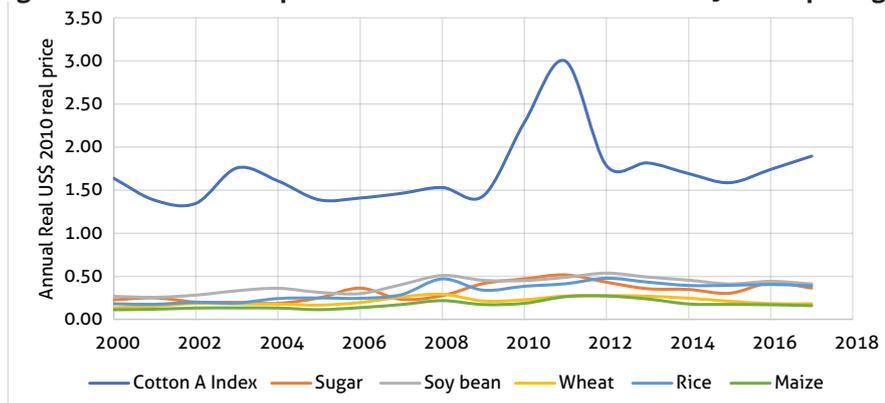
Figure 3: Top 15 African cotton producers 2017



Source: FAO Statistics

Real prices for seed cotton over the last decade have remained higher than for most competing crops as shown in Figure 4, and are expected to remain high in real terms. Given the attractive cotton prices and strong demand for the fibre in textile manufacturing, increases in planted area would be expected. However, cotton prices remain volatile mainly because of fluctuations in production and domestic support (production subsidies) from major cotton producing countries. In textile manufacturing, polyester fibre remains the main competitor to cotton lint. There has been an increase in inorganic (chemical) fibres, and the share of cotton in textile end-use has decreased from 68 percent in 1960 to 26.5 percent in 2017. Further, the price of polyester was about 36 percent lower than that of cotton lint in 2017 (ICAC, 2018), making cotton less competitive compared to polyester.

Figure 4: Trends in real prices for seed cotton and other major competing crops



Source: World Bank (2018)

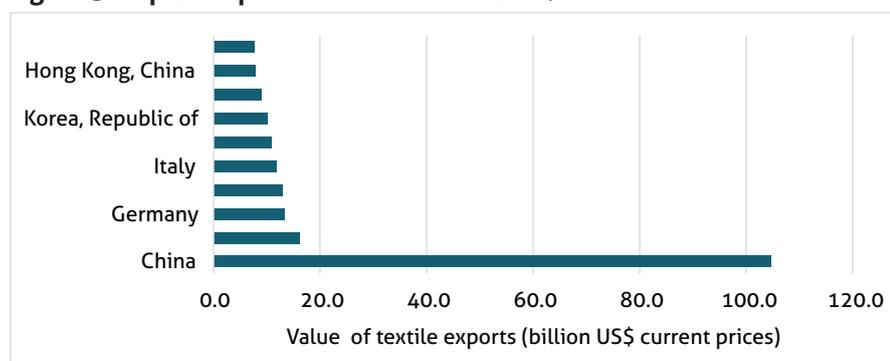
2.2 Global Textile and Apparels Industry

The Textile and Apparels sector is important globally, employing over 120 million people (45 percent of them being women), and accounting for about 4 percent of the global merchandise trade (WTO, 2018). The apparels category has a larger share (56 percent) of the textile and apparel trade. The value of textile and apparel trade was US\$1,314 billion and is expected to reach US\$1,600 billion in 2025 growing by a compound annual growth rate (CAGR) of 6.3 percent.

The textile manufacturing industry includes operators of spinning mills, weaving mills, knitting mills, dyeing mills, who convert fibre into yarn or fabrics. The global textile mills market totalled US\$667.5 billion in 2015 with 83.1 percent of this being fabrics and 16.9 percent being yarns. From 2011 to 2015, the CAGR of the market was 4.4 percent and the sector is forecast to grow at a CAGR of 4.8 percent reaching a value of US\$842.6 billion by 2020 (WTO, 2017). Asia-Pacific accounted for 54.6 percent of the global textile mills market value in 2015 while Europe accounted for a further 20.6 percent of the market.

The textile industry has witnessed a major shift in the last three decades in terms of its production bases. Till the 1980s, production of textile and apparel was centred in USA and the EU but this has shifted over time mainly to Asian countries, particularly China and India (Figure 5). This shift was driven by attractive low-cost manufacturing advantages, particularly availability of abundant and cheap manpower, vast natural resources and favourable economic policies which support manufacturing of textiles.

Figure 5: Top 10 exporters of textiles in 2017

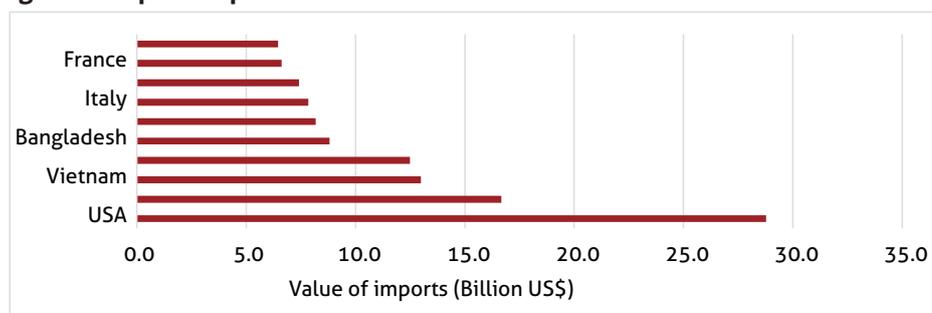


Source: WTO database

China was the largest textile exporter, accounting for over 37 percent of the total textile exports. The top ten exporters combined account for over 70 percent of total global textile exports, hence the textile market is relatively concentrated.

Figure 6 shows the top importers of textiles in 2016, with USA as the top importer. Data from WTO further shows that China and India have continued to become important exporters of textile with their shares in global textile market increasing from 10 to 37 percent, and from 3.6 to 5.8 percent for China and India, respectively for 2000 to 2017. On the contrary, the EU became a less important player in textile export as her export share fell from about 37 to 23 percent during the same period.

Figure 6: Top 10 importers of textiles in 2017



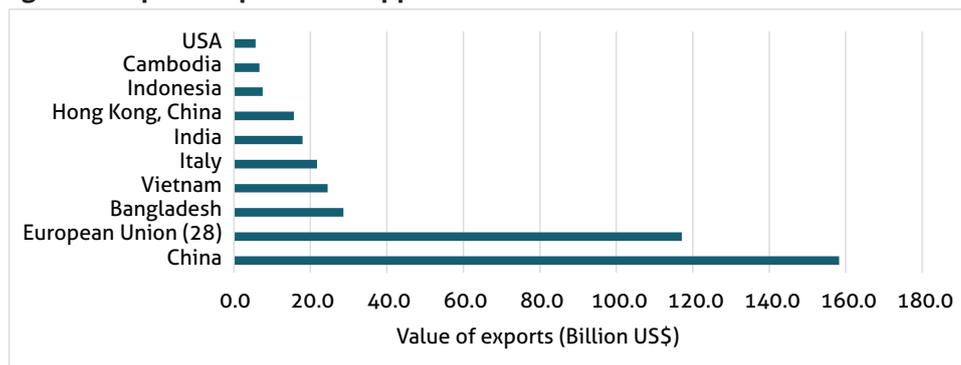
Source: WTO database

The top 10 import markets account for about 47 percent of total textile imports, while USA, the top importer accounts for about 12 percent of the global textile import market. WTO statistics show that since 2000, global import shares by the EU, USA and China have fallen, while those of Vietnam and Bangladesh have increased.

Apparels manufacturing industry includes establishing the manufacturing of hosiery, knitting of fabric, cutting and sewing of apparel and findings and trim (such as buttons, zips, elastics) and their sale. The industry is composed of manufacturers that purchase fabrics and those that manufacture fabrics themselves and have fixed operational facilities. The sector employs over 60 million workers globally, creating opportunities for unskilled workers, especially women at 68 percent. The apparel supply chain is global and comprises millions of small, medium and large manufacturers in every region of the world.

Based on WTO trade statistics, global exports in apparels (clothing) in 2017 stood at US\$454.5 billion, with China, the European Union, Bangladesh and Vietnam being the world’s top four largest exporters, respectively, and accounting for about 76 percent of the market share as shown in Figure 7.

Figure 7: Top ten exporters of apparel in 2017

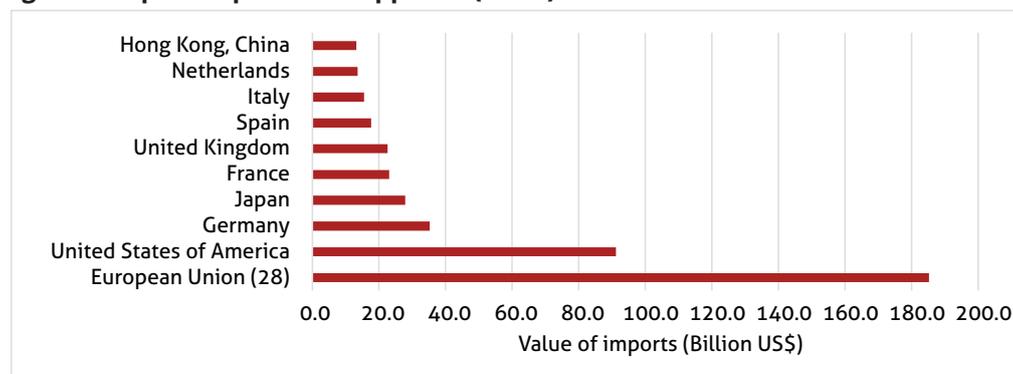


Source: WTO database

The top 10 exporters contribute 88 percent of the total global exports of apparel. From 2000 to 2017, China’s share in global apparel exports have increased from 18 to about 35 percent, while the share of USA in the market has decreased. The shares for Bangladesh, Vietnam and India have increased too. EU and USA remain the top importers of apparels although their import shares have been decreasing from 41 to 39 percent and 33 to 18 percent for EU and USA, respectively, from 2000 to 2017. Demand for textiles is expected to continue growing led by China, USA and the EU.

From the foregoing, it is expected that key emerging markets (exports and imports) in the textiles and apparels sector, led by China and India, represent the biggest long-term growth opportunities. Production of textiles, made-ups and their consumption is likely to continue growing, with the countries likely to supply more to their domestic markets. The top ten importers of apparels are shown in Figure 8. The EU and USA remain the top importers of apparels although their import shares have decreased from 41 to 39 percent and 33 to 18 percent, respectively, from 2000 to 2017.

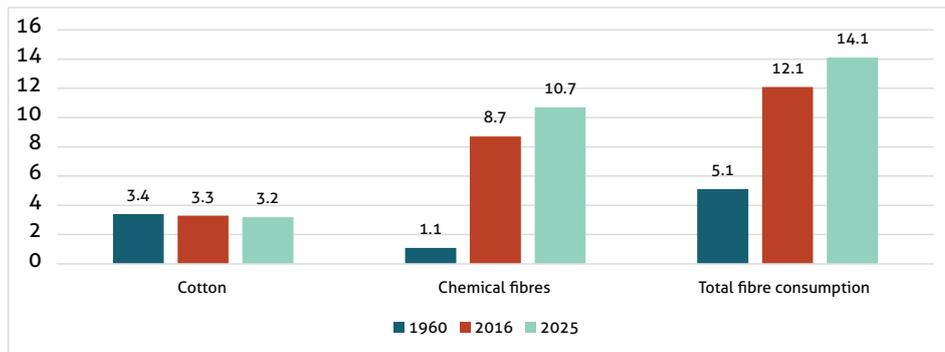
Figure 8: Top 10 importers of apparels (2017)



Source: WTO database

Global per capita consumption of fabric has been on an increase, with the per capita consumption of chemical-based textiles increasing while that of cotton-based textiles slightly declining (Figure 9). The global per capita consumption of textile fabric in 2016 was 12.1kg, this being higher for developed countries than for developing countries. Consumption in developing countries and Africa was estimated at 4.9kg and 2.5kg, respectively.

Figure 9: Global per capita textile consumption (Kilograms)



Source: ICA (2018)

2.3 Worn or Used Clothing

The global worn-clothing trade is valued at about US\$4 billion with key exporters being USA, the UK, Germany and China. In the EAC, worn clothing and article imports accounted for about 7 percent of the global imports reaching US\$274 million in 2015. The EAC Summit has discouraged the imports with slow impact being yielded. Commonly known as Mitumba, trade in worn clothing plays a significant role in revenue generation, employment and the social fabric of society. The sector is estimated to employ 355,000 with US\$230 million income for those involved and US\$140 million in government revenue for EAC Partner States. The EAC textile industry has however suffered the brunt of the trade in used or worn clothing. Kenya leads in importation of worn clothing followed by Tanzania and Uganda. Rwanda has progressively discouraged the imports since 2016 complying with a EAC Partner States Agreement.

2.4 Environmental Concerns

The CTA is a very heavy consumer of water and energy at every stage of the value chain. The huge use of pesticides and herbicides on farms, and the use of dyes, chemicals, water and power in the textiles section considerably affects the environmental foot print of the sector. It is estimated that dyeing 1kg of fabric takes 150 litres of clean water. Water being a key facilitator in textile production - for mixing solvents and washing - it goes without saying that on top of efficient use, there needs to be proper treatment of effluent. It is mandatory for textile mills to have water treatment plants with proper cleaner production systems.

Textiles are also an energy intensive venture. Production of garments contributes to about 20 percent of the entire industrial waste, from cut-offs to over 1900 chemicals, most of them being hazardous especially if poorly discarded. International garment buyers are keen on carbon foot print, hence proper Occupational Safety, Health and Environment (OSHE) systems and cleaner production are important and attract better prices.

Increased use of synthetic fibres has also increasingly posed environmental challenges as the materials are non-biodegradable. The principles of 3Rs (Reduce, Reuse and Recycle) are therefore increasingly becoming crucial in the textile and garment production process, including shredding of used clothing into yarn, and providing other inputs in made-ups.

In efforts to reduce the impact of dangerous chemicals while promoting greener processes, the global CTA sector is exploring other fibres that are friendlier to the environment, such as hemp, flax and linen, whose production uses less fertiliser, pesticides and chemicals.



3. Developments and Policies in CTA Sector in Comparator Countries

3.1 General Domestic Support to Cotton Production

Cotton is one of the most protected and supported products globally, with many governments giving it domestic production support. Between 2008 and 2009, 84 percent of world cotton production received direct government assistance, including direct payments and border protection (International Cotton Advisory Committee (ICAC) 2014). Support for cotton production includes direct production support, border protection, industry and crop insurance subsidies, and minimum support price mechanisms. Some countries provide subsidies for cotton inputs like fertilizer, storage, transport, classification services and other marketing costs.

China supports cotton production by controlling cotton import volumes and value, and applying border protection measures based on quotas and sliding scale duties. Cotton imported without a quota attracts 40 percent tariff. China also maintains a strategic reserve of cotton that serves as national buffer stock, and is managed by the China National Cotton Reserve Corporation. The cotton in the reserve is released to the market through a system of auctions during shortage, and the reserve replenished during abundance, thus supporting prices. China also uses a minimum support price system by directly purchasing cotton from producers and rebuilding the government strategic reserve.

India also uses a minimum support price system, where cotton producing farmers benefit from debt amnesty and fertilizer subsidies. Support is also provided through programmes such as development of infrastructure facilities for production and distribution of quality seeds; technological support, e.g., modernisation of ginning and pressing units; improvement of cotton marketing; provision of direct support; and soft loans.

Cotton support in the EU, especially the main producing countries of Greece and Spain, is through decoupled payment (income aid); area payment (coupled, or production aid); and direct subsidisation.

Turkey uses price support, Brazil provides direct subsidies to producers based on guaranteed price, subsidised credit for production, marketing and investments.

West African countries of Burkina Faso, Mali, Côte d'Ivoire and Senegal provide cotton production subsidies. All these production support programmes have a detrimental effect on world cotton prices.

3.2 Country Experiences

3.2.1 Developments and Policies in Cotton Production in Burkina Faso

The custodian of Burkina Faso's Cotton Policy is the government and the national ginning company, SOFITEX, though producer groups have recently gained more influence in the sector. The most distinguishing policy feature of Burkinabe cotton industry is the guaranteed cotton price, which insulates smallholder producers from price risks. This has likely been a major factor in the widespread adoption of cotton production in the country. Cotton utilises more production inputs than do other crops grown in the Western Africa region, mainly due to pests. Due to crop damage by pests and unconventional pest control methods, Burkina Faso switched to genetically modified or transgenic cotton seeds (Bt Cotton), which yields about 22 percent higher than conventional varieties, and 80 percent of cotton farmers in the country adopted the variety. In 2016 and 2017 however, Burkina Faso farmers reverted to conventional cotton after millers noted that the length of Bt Cotton fibre was shorter i.e., the product was of lower quality. Countries like the United States yield more from Bt Cotton as they produce under irrigation, use higher fertilizer inputs, have enhanced research on the variety, hence improved seed quality, have farm support programmes and conduct boll weevil eradication.

The Burkina Faso Government fixes and announces farm gate prices in April, before the planting season which begins in June. In the 2017/2018 financial year, farm gate price for seed cotton was 245 CFA francs (US\$0.40) per kg. Burkina Faso has one state-owned and two privately owned cotton companies. The country exports 98 percent of all cotton fibre, processes the remaining two percent in to yarn for handicrafts, and uses the cotton seed to produce oil, livestock feed and soap.

Box 1: Cotton Sector Policy in Burkina Faso

The Burkina Faso Government partially privatised the cotton sector from SOFITEX, the state-owned agency, in 2002. The Government now owns 35 percent shares, private French textile company, Dagrís, owns 35 percent, while the National Union of Cotton Producers of Burkina Faso (UNPCB) owns the remaining 30 percent. Three cotton companies, SOFITEX, Faso Cotton, and Cotton Company of Gourma (Societe Cotoniere de Gourma, or SOCOMA) operate in different regions of the country. All three companies purchase cotton at the same price and follow a pan-territorial pricing scheme. Although each company maintains the same type of "one-stop" cotton farming system, prices are negotiated among the principal stakeholders in the cotton sector, thanks to dialogues by Burkina Faso producers since 1999. Other reforms in the sector include establishment of a price setting mechanism that includes a stabilisation fund, and the creation of a profit-sharing mechanism among the three sector players.

Source: FAO (2017)

3.2.2 Developments and Policies in Cotton Production in Ethiopia

Ethiopia has distinguished itself as successful in Africa's textile industry. It is a leading exporter of finished high quality apparel with cotton as its lead fibre. However, Ethiopia imports about 13,000 MT of lint to top up its average annual production of 55,000 MT.

Box 2: Cotton Sector Policy in Ethiopia

Ethiopia produces mid staple cotton (25-30mm), tilled on 123,000 ha out of a possible 3 million ha land. Unlike most of Africa where it is grown by small holder farmers, 70 percent of Ethiopia's cotton is grown on commercial farms. Yields are however low, at 321kg/ha. The following factors hinder cotton cultivation in Ethiopia: low prices (and low returns), insufficient seeds, unavailability of pesticides for the largely rain-fed agriculture, and limited access to finance. Ethiopia has a market worth over US\$100 million with diverse needs. To meet its annual production which includes 102,000 tonnes of yarn, 207 million metres of woven fabric, 50 million kg of knitted fabric, 63 million pieces of knitted garments, and 28 million pieces of woven garments, Ethiopia imports nearly 20 percent of its cotton needs from Egypt, Uganda, India, Sudan and Pakistan. In a bid to strengthen linkages between cotton producers and textile mills, and increase domestic value addition, the Ethiopian Government is in the process of establishing a parastatal that will be responsible for home-grown cotton trade. Similarly, efforts are underway to increase competitiveness of SMEs in the sector and integrate them in to the export realm. Due to its cheap power charges (the cheapest in Africa at US\$0.35kWh), and an aggressive yet successful drive to attract FDIs, Ethiopia's export of garments has risen steadily over time. The industry's success is also attributable to low labour cost, proximity and access to preferential markets in Europe and Asia, and business environment reforms that have reduced trade hurdles. Ethiopia targets exports worth US\$540 million by 2023, and has initiated an agenda to increase on-farm productivity, and support skills development. The Government, through the Ethiopian Textile Industry Development Institute, is cognisant of rising wages and therefore relies on increasing worker productivity, market penetration and product diversification to keep the industry competitive.

Source: Ethiopia CTA Strategy (2016-2020).

3.2.3 Cotton and Textile Sector in Egypt

Egypt is the world's largest producer of long staple (LS) and extra-long staple (ELS) cotton, accounting for about 50 percent of the total produced. The CTA sector accounts for 16 percent of Egypt's industrial growth, employing about 30 percent of the country's industrial workforce (1.2 million), and contributing about 15 percent of the country's non-oil and gas exports (US\$2.6 billion). The sector grew from 3,243 formal companies with a total investment of US\$3.2 billion in 2010, to 7,150 enterprises worth a total investment of US\$6 billion in 2016. The sector comprises three segments: cotton farming, processing (ginning, weaving/cloth-making, production of ready-made textile), and exportation of end products. The major players in the sector value chain fall almost equally among the three segments. Egypt has a vertically integrated textile and apparel industry, with the bulk

of spinning and weaving companies publicly owned, and taking up 50 percent of spinning, 60 percent of hemming, and another 60 percent of the weaving activities. Since the 1990s, however, a number of private companies have emerged and currently dominate garment production at 90 percent. The apparel sub-sector accounts for 3 percent of the country's GDP and 27 percent of total industrial output.

Egypt's CTA sector is guided by Egypt Industrial and Trade Development Strategy (EITDS) 2016-2020, and Egypt Textiles Development Strategy Vision 2025 (ETDS), which prioritise the textiles and clothing sectors. The strategies promote integration of increased value chain from cotton cultivation to the finished products. Key measures to support the sector include on-job training of workers; supervisory and managerial skills enhancement; increased focus on exports; attraction of investment; and increased value-addition of local materials. Actions that are prioritised to improve the sector's competitiveness include: privatisation of state-owned enterprises which control the procurement of inputs of cotton production, ginning, spinning, and weaving; catalyse modernisation of the ageing ginning equipment; partnerships with multinationals and global value chain clusters to upgrade the skills of the textile labour force; and improvement of the quality of inputs to meet international standards.

3.2.4 Developments and Policies in Textile Manufacturing in India

India is the leading producer of cotton in the world. It produced 59 million tonnes of cotton in 2017, at US\$39.2 billion. The country not only has the world's largest area of planted cotton, but most of its cotton farmers have also adopted high yielding genetically modified or transgenic cotton seeds (Bt Cotton). Some Indian farmers also grow organic cotton due to increasing demand in the West, and its relatively low production costs. India produced 31 percent of the world's organic cotton in 2006. The Government has been implementing a cotton development programme with the objective of enhancing production and productivity. The support includes technological transfer through frontline demonstrations and training of farmers. To provide better prices to cotton farmers, the Government fixes the minimum support price e.g., at Rs. 5,150 (US\$ 72) per 100 kg for medium staple, and at Rs. 5,450 (US\$76) per 100 kg for long staple in 2018/2019.

The success of India's textile industry is attributed to several factors, among them: abundant availability of raw materials (e.g., cotton production reached US\$39.2 billion in 2017-2018); availability of skilled manpower and low production cost, which gives it comparative advantage; government policies that support investment, hence attracting FDI; access to the ASEAN Market through ASEAN Free Trade Area; protection of domestic industries by imposition of import duty; technological and skills development; among others (see Box 3). Textile parks have been built to tie in value chains in one spot, which will reduce costs and time. There is a skills development scheme for workers, and government support for upgrading technology. There are also incentives for duty drawback scheme for garments, flexibility in labour laws to increase productivity as well as tax and production incentives for job creation in garment manufacturing.

Box 3: Policies Supporting Textile Industry in India

The size of India's textile industry is US\$150 billion, and is expected to reach US\$250 billion by 2019. Between 2017 and 2018, the sector contributed 2 percent of the GDP, employing more than 45 million people. Exports amounted to US\$39.2 billion, translating to about 15 percent of total export earnings. The industry consists of hand-spun and hand-woven textiles, and capital-intensive sophisticated mills. It depends on domestically produced raw cotton whose production was estimated at 34.9 million bales by the end of 2018. The textiles sector has witnessed increased investment in five years, attracting FDI worth US\$2.97 billion between 2000 and 2018. Some of the investments include: i) The Scheme for Capacity Building in Textile Sector at US\$202.9 million for 2017/18, with an extension to 2019/2020. ii) Various investments worth US\$4.19 billion between June 2017 and June 2018. iii) Export promotion policies e.g., 100 per cent FDI in the Indian textiles sector under the automatic route. Additionally, the Government has undertaken several initiatives to support the sector, including setting up 21 ready-made garment manufacturing units in seven states; increasing export incentives for the two subsectors: ready-made garments and made-ups; and boosting "Made in India" and indigenous production by increasing the basic custom duty to 20 percent from 10 percent on 501 textile products. The initiatives are aimed at boosting exports by US\$31 billion; creating more job opportunities; and attracting investments worth US\$11.93 billion between 2018 and 2020. Measures taken to upgrade technology include Amended Technology Up-gradation Fund Scheme (ATUFS) which is expected to create more employment, and investments worth US\$14.17 billion by 2022. Technology upgradation involves introduction of specified state-of-the-art equipment in the textile industry to improve weaving, weaving preparatory and knitting; processing of fibres, yarns, garments and made-ups; technical textiles; garment/made-ups manufacturing; and handloom, silk and jute. Garmenting and technical textile are eligible for reimbursement of 15 percent of total investment as CIS after installing and commissioning the upgraded technology.

3.2.5 Bangladesh Cotton Production and Textile Support

The Cotton Development Board of Bangladesh is the only organisation working with farmers in the country to expand cotton growing area. It provides support such as production and distribution of seed, technological transfer through training, and research. Bangladesh primarily produces 95 per cent American Upland (*Gossypium hirsutum*) and 5 percent Tree (*Gossypium arboreum*) Cotton. Bt Cotton hybrid varieties are currently under trial.

The textiles and clothing sector provide more than 65 percent of the country's industrial employment, and 81 percent of export earnings. It employs about 5 million workers, of whom 80 percent are women. The export-oriented ready-made garments manufacturing and primary textile sector (spinning, weaving, knitting, dyeing) and the accessory industries (trimming and packaging), contribute 81 percent of the country's total export earnings. The ready-made garments are mainly exported to the EU and to USA markets.

Bangladesh works with western buyers to meet global standards on workplace safety as demanded by Accord and Alliance. This includes compliance to codes of conduct and environmentally friendly production.

3.2.6 Lessons for EAC

The EAC can glean several lessons from the countries' case studies as it takes steps to grow its CTA Sector. From the case studies, main cotton growing countries are heavily supported by their respective governments, including through subsidisation and provision of high-quality cotton seeds. Furthermore, the countries have institutions dedicated to seed cotton production, through provision of technical support, including farmer training; and guaranteeing farmers minimum prices for their seed cotton. Other support includes domestic production of seed cotton and cotton lint; availability of skilled manpower; low production costs; government policies that support investment, including FDI; market access; protection of domestic industries, e.g., through import duty; technological advancement; and skills development. For export of garments, meeting international quality standards and observance of corporate social responsibility are important.

3.3 EAC Context

The CTA Sector is important in EAC as it provides significant employment and contributes to GDP and foreign exchange. The status of the CTA sector in each EAC Partner State is elaborated in the various EAC Partner States Country Reports (Annex 2 of this study).

3.3.1 Seed Cotton Production

Production of cotton in EAC is significant in Tanzania and Uganda, although small when gauged against the global scale. Table 1 shows a five-year (2013 to 2017) cotton production in EAC Partner States.

Table 1: Trends in Seed Cotton Production (MT)

Country/ Year	2013	2014	2015	2016	2017	Annual Average (2013 - 2017)	Share (%)
Burundi	2,238	2,357	2,299	2,010	1,835	2,148	1
Kenya	12,116	13,472	15,726	15,800	11,850	13,793	5
Tanzania	352,161	245,831	202,312	149,767	132,961	214,450	74
Uganda	41,421	49,206	48,763	66,543	89,233	59,013	20
Rwanda	-	-	-	-	-	-	-
S. Sudan	-	-	-	-	-	-	-
Total	393,237	293,405	258,088	101,654	258,667	288,808	100

Source: FAO Stat and country reports

Production in the region is below its potential as it is mainly done by small-scale producers under rain fed conditions, hence yields are comparatively low. For example, Kenya's potential cotton growing land is 400,000 ha, but only about 21,000 ha (less than 6 percent of its potential) is utilised. (Table 2 demonstrates this).

Table 2: Area Under Production and Yield

Country	Area under cotton production in 2017 (ha)	Yields (kg/ha)
Burundi	3,250	738
Kenya	21,000	500
Rwanda	0	0
Tanzania	321,893	750
Uganda	66,517	1,187
South Sudan	NA	NA
Bangladesh	17,806	3,516
Burkina Faso	844,895	999
Egypt	91,000	3,296
China	3,625,385	4,730
India	12,200,000	1,519
World	32,979,140	2,255

Source: FAO Stat and country reports

Yields in EAC Region are far below the world average of 2,255 kg/ha. Furthermore, apart from Tanzania which grows organic cotton, the other countries grow commercial varieties, HART 89M and KSA 81M, which have a Regional potential of 2,500 kg/ha. The low yield is due to poor agronomic practices, low soil fertility, rainfall patterns, diseases

and pests. Other conventional varieties that can be considered have a potential yield of over 4,000 kg/ha, but need irrigation.

Cotton seed prices determine the amount of land farmers use for its production. Farm gate prices for medium staple cotton lint in Kenya and Uganda from 2015 to 2017 averaged US\$0.42/ kg; and in 2018, it averaged US\$0.34/ kg in Burundi, and US\$0.47/kg in Tanzania (see Table 3), compared to US\$0.72/kg in India. EAC cotton prices are low because of high production costs related to pesticide control. Farm gate prices in India provide a 50 percent margin over all paid out costs, including family labour. India and other cotton producing countries use minimum price guarantees, and support prices to farm gate prices. Cotton lint prices in EAC reflect international prices, taking into account transportation costs. Tanzania's cotton lint prices are however higher than those of other EAC Partner States because Tanzania grows high quality organic seed cotton.

Table 3: Recent Trends in Farm Gate and Lint Prices in Kenya, Uganda and Tanzania

	Seed Cotton (US\$/kg) 2015			Lint price (US\$/kg) 2017			
	Kenya	Uganda	Tanzania	Kenya	Uganda	Tanzania	World (Cat A)
2013	0.42	0.48	0.28	1.6	1.7	1.7	1.83
2014	0.42	0.41	0.30	1.3	1.3	2.0	1.83
2015	0.42	0.43	0.32	1.4	1.3	1.7	1.55
2016	0.42	0.50	0.34	1.4	1.5	1.6	1.64
2017	0.46	0.49	0.52	1.6	1.4	1.7	1.84

Source: Country reports

Genetically Engineered Cotton and Organic Cotton in EAC

Genetically Engineered Cotton

The EAC Region does not commercially grow genetically engineered cotton (*Bacillus thuringiensis* (Bt) Cotton), partly due to contentions regarding genetically modified production. Bt Cotton has high yields as it is more resistant to boll worm attacks, which lessens the need for chemicals thus reducing the cost of production. After concluding two seasons of National Performance Trials on Bt Cotton, Kenya found that the technology works in enhancing yields by protecting the crop from insect attacks, while also reducing pesticide usage. Kenya is in the final phase of approving commercialisation of Bt Cotton. Trials on Bt Cotton were however suspended in Uganda due to unsatisfactory results. By 2018, 60 percent of globally produced cotton was Bt Cotton.

Organic Cotton

Organic Cotton is grown under strict conditions, free of pesticides and herbicides, and certified to organic agricultural standards. The inputs are certified as organic and applied under strict supervision which extends to post production and ginning, to avoid contamination. With the world gravitating towards natural products, organic cotton fetches premium prices and is used to make the most high-end and premium products in the developed world. Organic cotton can fetch up to 50 percent higher than the price of conventional cotton, depending on production steps and certification body. India, China, Turkey, Tanzania and USA are the top five producers of organic cotton in the world, totalling 97 percent of global production. From Tanzania's success, EAC has the potential to develop its organic cotton sector.

3.3.2 Ginning

Ginneries in the EAC Region are either owned by farmers' cooperative societies or the private sector, and are underutilised. Due to limited supply, and seasonal production of cotton, just over 50 (a few) ginneries are currently operational (see Table 4). Most ginneries in Kenya and Tanzania lie idle.

Table 4: Number of Ginners and Utilisation Capacities (2018)

Country	Operational Ginneries	Ginneries' average capacity utilisation (%)
Burundi	1	30
Kenya	5	8
Rwanda	0	0
S. Sudan	0	0
Tanzania	55	30
Uganda	30	10
Total/average EAC	91	19.5

Source: Country consultations (2018)

The cooperative owned ginneries are poorly maintained, due to mismanagement and high operation costs, and the machines need to be modernised, building leases renewed, and in some cases, power and water connected to improve performance. Trends in cotton lint production are shown in Table 5.

Table 5: Trends in Cotton Lint Production in EAC (2013-2017, MT) *

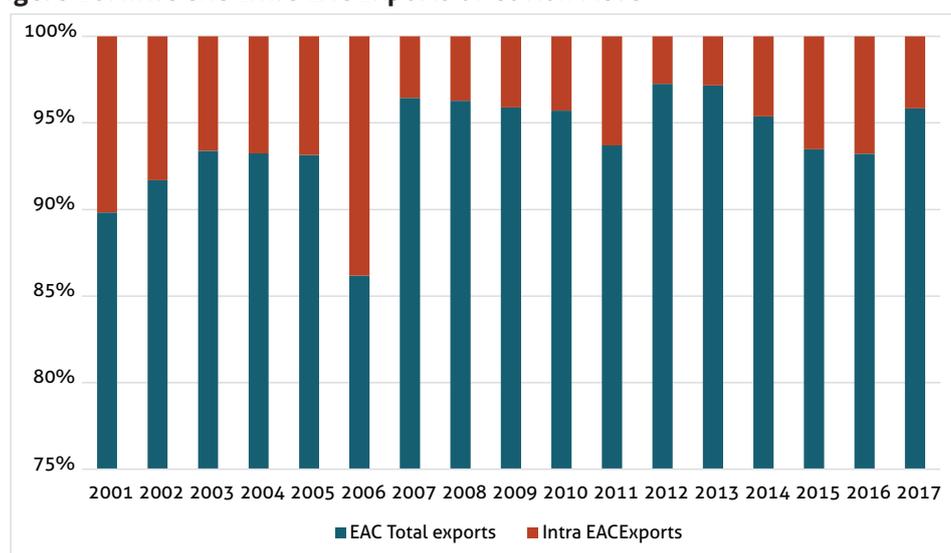
Year	2013	2014	2015	2016	2017	Annual Average (2013-2017)	Share (%)
Uganda	14,497	17,222	20,480	27,948	37,436	23,517	23
Tanzania	118,039	82,399	67,812	50,200	40,953	71,881	71
Kenya	4,039	4,491	5,243	5,267	3,950	4,598	5
Rwanda	-	-	-	-	-	-	0
Burundi	946	1,011	968	854	779	912	1
S. Sudan	-	-	-	-	-	-	0
EAC	120,717	88,060	74,087	67,412	77,122	100,908	100

*1 bale=185 kg

Source: Country reports

Most cotton lint (fibre) produced in the EAC is exported out of the Region, with just about 10 percent traded intra-Regionally (see Figure 11). The EAC Region consumes little cotton lint due to weak textile milling capacities, and subdued demand for apparels.

Figure 10: Intra and Extra EAC Exports of Cotton Fibre



Source: COMTRADE database

3.2.3 Production of Other Natural Fibres in the EAC

Although cotton is arguably the most produced natural fibre (accounting for 40 percent of all fibres) and its demand growing at about 5 percent per annum, it is also increasingly being used in combination with other natural and synthetic fibres. The other natural fibres include vegetable-based fibres like jute, sisal, coir, flax, hemp, abaca and ramie, the most important fibres being wool and silk. EAC has potential to develop her natural fibre sector.



Silk

Through public-private partnerships, Rwanda is engaged in silk production through its national sericulture centre, with about 40 pilot sericulture cooperatives distributed countrywide. The cooperatives receive logistical and technical support for sericulture operations. Additionally, the country has established a silk factory in Kigali, with the capacity to process 70 to 100 MT of cocoons per year, and a sericulture training centre with the capacity to train 3,000 farmers per year. The factory is at infancy with an annual production of about 18 MT of silk per year. Silk production depends on mulberry which is cultivated on about 2,250 ha, most of it small-scale farms (3,249 individual farmers and 27 cooperative societies).

Kenya's silk production is ongoing on a small scale with the Kenya Agricultural and Livestock Research Organization leading research and development of the sector. The world's largest silk manufacturer, Guangdong Silk-Tex Group, plans to set up a manufacturing base in Kenya to leverage on Kenya's big market networks in Europe and

USA. Uganda plans to reintroduce silk production in western Uganda under the auspices of the National Textile Policy which stalled due to several setbacks and low production. Silk is not only important for blending with cotton for textile production, but also for producing high end and niche fabrics like scarves, ties and other fashion items.



Wool

Wool is a raw material derived from specific breeds of sheep and other animals, such as goats (cashmere and mohair), muskoxen (qiviut), bison (hide and fur), rabbits (angora), and camelids, most of them found in cold habitats around the world. In the EAC Region, Kenya is the only wool producing country, predominantly in the rift valley region. The average production is 10,000MT per annum, some of which is exported and some used locally to produce knit wear and other warm clothing. Efforts are underway to increase productivity by encouraging small holder farmers to rear sheep for wool, especially as a spin-off of mutton production. Wool comes in different grades, which are used differently, for example, very soft fibres are used to swathe coarser fibres, for stuffing, blankets, suits, warm clothing, insulation, carpets, carpet padding, lagging and sound proof purposes, among others.



Sisal

Tanzania and Kenya are among the world's top five leading producers of sisal, accounting for about 65,000MT per year. Uganda grows sisal on small-scale basis for local cordage. The growing demand for sisal in the world and EAC has seen Tanzania and Kenya promote growing of the crop which requires low water and therefore less threatening to other crops and green manufacturing industry. Sisal is used to produce twines, cordage, packaging bags, carpets, fine yarn, padding and handicraft, among others. Sisal is a solution in the world and in the EAC Region in particular to the polythene bag problem which is being phased out. Tanzania and Kenya are promoting investment in the growing and processing of sisal. Tanzania targets annual production of 100,000MT by 2023. Kenya has attracted investment of over US\$100 million in sisal processing. The main challenge however is low regional synergy to grow the sector and make the EAC the world's leading source of raw material and value-added sisal products.



Banana Fibre

The EAC Region, especially Uganda, is one of the world's leading producers of bananas, yet exploitation of banana stems for fibre is still in infancy. Following years of research, Uganda, under the National Textile Policy, currently produces packaging bags. It is yet to develop comfortable and wearable clothing. The Government of Japan supports Uganda with technology to convert banana fibre into coarse fabric for table mats, floor mats and place mats.



Industrial Hemp

Usually confused with the intoxicating hemp, this particular variety is grown for industrial use, including clothing, shower curtains, window dressing, upholstery and fiberglass, among others. Advocates for industrial hemp mention its softness on the skin, resistance to bacteria and natural UV protection, implying that it has good colour retention properties than other fabrics. Although industrial hemp is potentially the most suitable for the reduction of chemical use in textile production, no EAC Partner State is currently engaged in its commercial production. Its cultivation must however be highly regulated to avoid abuse.

3.3.3 Textile, Apparels and Made-ups

Spinning and weaving firms in the EAC Region are large-scale, while garment manufacturers range from large to micro enterprises. The cost of spinning depends widely on the quality and origin of the cotton. Textile mills producing yarns and fabrics for export apparels depend on imported man-made fibres and local lint. The import market is directed and controlled by apparels buyers who dictate the quality of fabrics, the production process, CSR requirements, code of conduct and environmental production concerns of the fabric manufacturing firms. The Region's integrated mills do not operate at full capacity as shown in Table 6.

Table 6: Textile and Garment Manufacturing and Capacities in EAC

Country	Number of operational integrated textile mills	Mills in Spinning Fabrics	Mills in Weaving Fabrics	Mills in Fabrics Knitting & Printing	Made-ups companies	Textile/ Garment mills average capacity utilization (%)
Burundi	1	1	1	1	1	50
Kenya	52	8	17	17	22 for EPZ 82 for local	50-60 for mills 100 for apparel
Rwanda	1	1	1	0	2 operational 2 planned to open 2 coops	10
S. Sudan	-	-	-	-	-	-
Tanzania	5	10	6	5	6 operational 2 planned to open	3 at 100 7 at 40-60
Uganda	2	2	1	2	2	61-65

Source: Country consultations, 2017.

3.3.3 EAC Trade in Textiles, Apparels and Made-ups

For the purposes of our analysis, trade in textiles and made-ups is in three categories: cotton textiles, other textiles, and made-ups products, as classified under the Harmonized Commodity Description and Coding System (HS code) 50 – 63. More description of these categories is shown in Annex 2.1.

EAC trade in textiles, apparels and made-ups accounted for an average of 3.7 percent of the total EAC trade from 2013 to 2017. In the same period, EAC CTA exports averaged US\$680 million per year, accounting for about 4.9 percent of the Region's total exports, against imports at US\$2.7 billion per year, and accounting for about 3.3 percent of the Region's total imports.

Trends in exports of textiles and made-ups by EAC Partner States between 2013 and 2017 show a decrease from US\$719 million in 2013 to US\$645 million in 2017. Cotton textile exports fell from US\$153.25 million in 2013 to US\$106.22 million in 2017; while other textile exports increased marginally from US\$97.7 million in 2013 to US\$115.03 million in 2017, and made-up exports also increased from US\$420 million in 2013 to US\$502 million in 2017.

Imports of textiles and made-ups by EAC Partner States grew slightly from US\$2.1 billion in 2013 to US\$2.5 billion in 2017. Imports of cotton textile decreased from US\$245 million to US\$70 million; while imports of other textiles grew from US\$78 million to US\$86 million; and imports of made-ups increased from US\$404 million to US\$491 million. Made-ups account for the largest share in trade, followed by other textiles and cotton textiles as shown in Annex 2. The composition of cotton exports and imports is shown in Table 7.

Table 7: Structure of Cotton Textile Exports and Imports (2017)

Product	Exports		Imports	
	Value US\$ '000	Proportion (%)	Value US\$ '000	Proportion (%)
Cotton, not carded or combed	41069.9	42.9	1247.6	2.2
Cotton waste (incl. yarn waste)	619.4	0.6	16.0	0.0
Cotton, carded or combed	36913.1	38.6	3.0	0.0
Cotton sewing thread	197.9	0.2	360.4	0.6
Cotton yarn, with >=85% cotton, not put up for retail sale	5534.3	5.8	158.3	0.3
Cotton yarn (excl. sewing), put up for retail sale	9266.2	9.7	101.0	0.2
Woven fabrics of cotton, with >=85% cotton weighing not more than 200g/m2	1469.4	1.5	42777.6	76.5
Woven fabrics of cotton, with >=85% cotton, weighing more than 200g/m2	140.5	0.1	7976.1	14.3
Woven cotton fabrics with man-made fibres with <85% cotton, weighing more than 200g/m2	4.0	0.0	2450.7	4.4
Woven cotton fabrics with man-made fibres with <85% cotton, weighing not more than 200g/m2	469.1	0.5	357.6	0.6
Other woven fabrics of cotton	15.1	0.0	500.2	0.9

Source: Computed from COMTRADE database

India, Singapore, Indonesia and China were the top export markets in 2017, accounting for about 58 percent of the export market for EAC (Table 8). China and India are the top import markets, with China alone accounting for 84 percent of EAC cotton textiles import.

Table 8: Export and import Markets for EAC Cotton Textile (2017)

Exports			Imports		
Market	Value US\$ '000	Market share (%)	Market	Value US\$ '000	Market share (%)
India	17,606.2	18.4	China	47,153	84
Singapore	17,393.9	18.2	India	2,585	5
Indonesia	11,171.4	11.7	Uganda	1,381	2
China	9,306.6	9.7	Pakistan	1,243	2
Bangladesh	7,588.6	7.9	Kenya	935	2
Switzerland	5,963.0	6.2	United Arab Emirates	563	1
Kenya	5,236.4	5.5	Hong Kong, China	455	1
United Kingdom	3,509.9	3.7	Tanzania	396	1
Vietnam	3,112.6	3.3	Congo, Dem. Rep.	260	0
Other countries	14,810.5	15.5	Other countries	976	2

Source: Computed from COMTRADE database

Trade in Other Fibre Textiles

The largest export of other textiles for EAC at 70 percent, includes other vegetable textile fibres such as paper yarn, flax, hemp, jute, coconut, their respective yarn fabrics, and other woven fabrics. This shows the potential of the EAC Region to develop such textiles. With respect to imports, man-made filaments which consist of sewing thread, synthetic filaments and filament yarn, artificial and man-made filament yarn, woven fabrics of synthetic fabric yarn, and artificial filament yarn, at 33 percent. These are followed by man-made staples (synthetic and artificial filament tow, synthetic and artificial staple fibres, their yarns and wastes, and their woven fabrics) at 29 percent, (Annex 2.3). This underlines the importance of EAC Partner States developing the man-made textiles sector.

Man-made staples, woven fabrics of artificial and synthetic fibres such as polyesters, nylon and nylons unbleached, bleached, dyed and printed fabric, account for 63 percent of other textile imports. EAC export and import markets for other fibre textiles are shown in Annex 2.4. China and the EU were the top export markets in 2017. Nigeria, Uganda, Kenya, Morocco, Egypt and Tanzania are among the top ten export destination markets, this showing an existing market for EAC. China, India and Pakistan top the import market.

Of the made-ups category, the Region imports about 2.6 times the value of its export. EAC Partner States exported apparels and other made-ups of about US\$616 million per year, between 2013 and 2017. Knitted or crocheted articles of made-ups accounted for 57 percent, made-ups not knitted or crocheted accounted for about 35 percent, while other made-ups (clothing and clothing accessories; blankets and travelling rugs; bed, table, toilet and kitchen linen; furnishing articles except carpets; and footwear and headgear of any material other than asbestos) accounted for 8 percent. The Region exported worn clothing and other worn articles¹ worth US\$1.2 million per year.

Imported apparels and made-ups for the same period were valued at of US\$1.6 billion per year. Made-up knitted or crocheted articles accounted for 30 percent, while made-ups not knitted or crocheted and other made-ups (clothing and clothing accessories; blankets and travelling rugs; bed, table, toilet and kitchen linen; furnishing articles except carpets; and footwear and headgear of any material other than asbestos) accounted for 35 percent. The Region imported worn clothing and other worn articles worth US\$268 million per year, which accounted for 16 percent of imports of all apparels and made-ups. Top worn clothes and other worn articles import market in 2017 were China, Canada, US and United Kingdom, accounting for 24, 10.3, 10.1 and 9.1 percent, respectively. US accounted for 78 percent of the export markets in 2017. Interestingly, EAC Partner States are among the top ten export market destinations for worn/used clothes, with Kenya, Uganda, Burundi and Tanzania combined accounting for about 8.3 percent share of the region's export market. China and India top the list of the import markets (Table 9).

¹ Worn clothing and other worn articles are covered under HS code Heading 63.09. This includes articles of textile materials including: (i) Clothing and clothing accessories, and parts thereof; (ii) Blankets and travelling rugs; (iii) Bed linen, table linen, toilet linen and kitchen linen; (iv) Furnishing articles, some carpets and tapestries. The Heading also covers footwear and headgear of any material other than asbestos. For articles to be classified under this heading, they must comply with the following two requirements: (i) they must show signs of appreciable wear, and (ii) they must be presented in bulk or in bales, sacks or similar packings.

Table 9: EAC Export and Import Markets for Made-ups (2017)

Exports			Imports		
Market	Value US\$ '000	Market share (%)	Market	Value US\$ '000	Market share (%)
United States	39,2584.4	78.1	China	986,443.1	64.4
Kenya	13,787.1	2.7	India	185,595.3	12.1
Uganda	12,678.5	2.5	EU	72,435.1	4.7
Burundi	11,345.6	2.3	Tanzania	39,805.1	2.6
European Union	10,926.6	2.2	Canada	26,129.4	1.7
Zambia	9,437.7	1.9	Pakistan	24,516.7	1.6
South Africa	8,549.2	1.7	United States	23,176.1	1.5
Germany	7,265.2	1.4	Korea, Rep.	20,585.9	1.3
Canada	6,364.2	1.3	UK Kingdom	19,446.1	1.3
Tanzania	4,218.6	0.8	Poland	17,176.7	1.1

Source: UNCOMTRADE database

Intra-EAC Trade on Textiles and Made-ups

The combined total Intra-EAC textiles and made-ups exports grew from US\$95 million in 2013 to US\$222 million in 2015, but dropped down to US\$91 million in 2017, as shown in Table 10. Intra- EAC exports of textiles and made-ups accounted for 7.3 percent of the total regional exports of the products between 2013 and 2017, which means the EAC exports most of its textiles and made-ups to non-EAC countries.

Table10: Intra-EAC Textiles and Made-up Exports (2013-2017; US\$'000)

Exporting country	US\$'000						Share (%)
	2013	2014	2015	2016	2017	Total (2013-2017)	
Burundi	409.3	94.1	32.0	67.1	130.6	733.1	0.3
Kenya	17,479.3	22,710.8	22,743.5	21,316.5	1,7067.1	101,317.2	39.4
Rwanda	677.9	969.7	437.9	449.1	426.3	2,960.9	1.2
S. Sudan	0	0.1	0.2	4.2	27.1	31.6	0.0
Tanzania	38,722.3	17,945.9	7,443.5	14,222.7	40,899.2	119,233.7	46.4
Uganda	5,096.1	3,430.5	3,398.3	5,061.2	5,593.3	22,579.3	8.8

Source: UNCOMTRADE database

Intra-EAC imports of textiles and made-ups accounted for 4.3 percent of the region's total imports of the products from 2013 to 2017. Intra-regional imports reduced from US\$94 million in 2013 to US\$34 million in 2015, thereafter increasing to US\$64 million in 2017 (Table 11).

Table 11: Intra- EAC Imports of Textiles and Made-ups

Importing country	US\$'000						Share (%)
	2013	2014	2015	2016	2017	Total (2013-2017)	
Burundi	5,345.6	5,212.6	1,622.0	2,664.1	16,339.8	5.3	0.3
Kenya	33,217.0	107,874.0	212,822.2	29,429.0	32,003.7	70.8	39.4
Rwanda	8,462.0	2,951.6	2,247.1	2,790.9	6,948.4	4.0	1.2
S. Sudan	4,327.5	1,349.2	480.8	1,105.6	5,279.7	2.1	0.0
Tanzania	15,645.5	239.6	34.9	2,246.9	8,341.7	4.5	46.4
Uganda	28,970.8	13,883.1	4,903.6	7,771.5	22,447.7	13.3	8.8

Source: UNCOMTRADE database

Woven fabrics take the largest share of cotton textile exports accounting for 37 percent, followed by cotton not carded or combed at 22 percent, carded or combed at 17 percent, yarn at 19 percent, sewing thread at 0.4 percent, while wastage accounts for 4.6 percent.

Knitted or crocheted fabrics account for 50 percent, man-made filaments 32 percent, wadding, felt and non-wovens, special yarn, and twine 11 percent, special woven fabrics, tufted textile fabric, impregnated, coated, covered or laminated textile, and carpets and other textile floor coverings, each account for about 1 percent while, silk, wool and over vegetables fibres are negligible.

Intra-EAC trade in apparels and other made-ups for 2013 to 2017 was worth about US\$34.7 million per year. Other made-ups (clothing and clothing accessories; blankets and travelling rugs; bed, linen, linen and kitchen linen; furnishing articles except carpets; and; footwear and headgear of any material other than asbestos) accounted for the largest share at 79 percent and a total of US\$27.4 million. Knitted or crocheted articles accounted for about 13 percent, while made-ups not knitted or crocheted accounted 8 percent of the total made-ups traded in the region.

The structure of intra-EAC trade in worn clothing, other worn textiles, sets and rags (HS 6309) for 2013 to 2017 show that sacks and bags used for packing goods accounted for the largest share of trade in these products, accounting for 42 percent. Intra-EAC trade in worn clothing and worn articles alone was valued at US\$668,000, and accounted for 2.4 percent of all worn clothing, other worn articles, sets and rags.

3.3.4 Potential for CTA and Made-ups Sector in EAC

Based on the garments/apparels industry² estimates, the current per capita consumption of clothing by various countries stands at: USA³ 39 kg; EU⁴ 25 kg; China 15 kg; India 6 kg; and Africa 2.5 kg. The Africa per capita clothing consumption of 2.5 kg is representative of EAC.

United Nations, DESA (Population Division) estimates the population of the six EAC Partner States in 2019 as 196.5 million people, and is expected to increase to 256.9 million people by 2029. Based on a per capita clothing of 2.5 kg, this translates to a regional demand of 491.3 million kg or 491,300 MT of clothing, which is likely to increase to 642,450 MT by 2029.

To estimate the amount of lint required in EAC per year, three assumptions are made:

- Clothing of a ratio of 40 percent cotton and 60 percent other fibres,
- 86 percent conversion of cotton lint to fabric⁵, and
- Intra-EAC trade in cotton lint increases by 30 percent.

Consequently, the EAC Region exports of cotton lint to non EAC member countries reduces from the current 70 to 40 percent. For the EAC Region to meet the self-sufficiency level of lint, while also exporting 40 percent of its lint production, it will need to produce about 320,000 MT of lint per year in 2019, which is likely to increase to 420,000MT of lint by 2029. The region produced a combined total 85,480 MT of cotton lint in 2017and therefore faces a deficit of about 234,520MT of cotton lint if she were to sufficiently meet her regional market demand for clothing and export 40 percent of her total lint production.

Assuming that after ginning, cotton lint represents 38 percent of the seed cotton harvested, then to meet the EAC market demand and export requirements, the EAC Partner States need to produce at least 842,000 MT of seed cotton per year, which is likely to increase to about 1,105,000 by 2029. Between 2013 and 2017, the Region produced about 290,000 MT per year, which translates to a deficit of about 552,000 MT of seed cotton to meet lint self- sufficiency and 40 percent export of produced lint.

In terms of regional fabric requirements, the consumption of 2.5 kg per capita in EAC is equivalent to 14 m² of fabric per person per year⁶, which translates to about 2.75 billion m² of fabric per year. Assuming 50 percent of this fabric i.e., 1.35 billion m² of fabric is supplied domestically and that weaving in EAC garments accounts for 60 percent, and knitting 40 percent, then the region would need to produce 810 million m² of fabric. To estimate the number of factories in woven fabric needed, we assume weaving capacity of 70 looms producing 3,300 m² of fabric per day⁷. In one year, the production capacity would be 8.7 million m² of fabric, hence to produce 810 million m² of woven fabric per year, the EAC Region would require at least 93 factories producing woven fabrics alone.

2 TEGAMAT, which represents the views of Tanzania textile and garments/apparels industry. These indications are the same as those sourced from the Kenya textile/garments industry based on estimates by the International Textile Manufacturers Federation.

3 United States of America

4 European Union countries

5 Based on COGERCO weaving projections

6 1 square Metre is approximately 180 grimes of fabric

7 This is based on Burundi weaving mills output as of 2018 (as reported by COGERCO).



3.3.5 Textiles and Made-ups Policies in EAC

At the EAC level, EAC Common External Tariff (CET), EAC Industrialisation Policy (2012-2032), EAC Agricultural and Rural Development Policy and Strategy are the main policies guiding development of the CTA.

The EAC Industrialisation Policy (2012-2032)

The overall goal of this policy is to *"Improve the competitiveness of the industrial sector so as to enhance the expansion of trade in industrial goods within the Community and the export of industrial goods from the Partner States"*. Agro-processing, under which the textiles and apparels sector lies, is one of six strategic priority sectors identified in the strategy with potential for regional value chains. The policy has five main strategic objectives:

1. Diversifying the manufacturing base and raising local value-added content of manufactured exports to at least 40 percent from the current 8.6 percent by 2032;
2. Strengthening national and regional institutional capabilities for industrial policy design and management for effective strategy implementation;
3. Strengthening of R&D, technology and innovation capabilities to support structural transformation of the manufacturing sector;
4. Expanding trade in manufactured products by:
 - Increasing the share of the region's manufactured exports relative to imports from the current 5 percent to about 25 percent;
 - Growing the share of manufactured exports relative to total merchandise export to 60 percent from an average of 20 percent;
 - Transforming micro, small and medium enterprises (MSMEs) into viable and sustainable business entities capable of contributing at least 50 percent of manufacturing GDP from the estimated 20 percent base rate.

The EAC Common External Tariff

The EAC CET governs importation of CTA products in the region. Raw material including cotton (whether or not carded or combed) and yarn waste attract 0 percent duty, while yarn attracts 10 percent duty. Finished products such as sewing thread, wadding of textile materials and articles, carpets and other textile floor coverings, special woven fabrics, apparels and clothing accessories whether or not knitted or crocheted attract 25 percent duty, except for Khanga, Kikoi and Kitenge; bed, table, toilet and kitchen linen, which attract 50 percent duty based on the EAC CET, (2017). The current CET does not offer a level playing field by failing to take into account the value chain of seed cotton, ginning, milling and garmenting, hence incentives to invest in the value chain are limited.

Export Processing Zones and Special Economic Zones Policies

The EPZ and SEZ Policies also affect the EAC garmenting sectors. The purpose of these zones is to promote export by attracting foreign direct investment. Firms located in the zones enjoy inputs duty and other tax exemption incentives, among other privileges, which are not extended to firms not located in such zones, even if they produce apparels for export. In line with the EAC Customs Management Act, companies located in these zones can sell only up to 20 percent of their total produce in the local market.

The provision of 20 percent sells in the local market is complicated by the issue of multiple membership of the EAC Partner States e.g., apparels produced under EPZs in Egypt can access the markets of EAC Partner States that belong to COMESA, on duty free bases, yet apparels produced under EPZs and SEZs in the EAC have limited market access in terms of quantity and applicable duty. Additionally, since apparel producing companies located in the EPZs and SEZs are oriented to export markets, they have limited linkages with the local economy. For a better playing field, similar incentives should be provided to non-SEZ and EPZ garment exporting companies. Besides regional policies, Partner States have in place national strategies and policies that guide the development of cotton, textile and apparels industries, including the development of other fibres.

3.3.6 Potential Investment Opportunities Based on Demand

Numerous investment opportunities exist in the EAC textiles, apparels and made-ups sector, and include:

1. Investments in Seed Cotton Production

There is a huge investment potential in conventional seed cotton growing through irrigation and organic cotton in cotton growing areas which are largely underutilised. E.g., only 11 percent of land suitable for cotton growing in Kenya is utilised. As of 2019, EAC Partner States needed 842,000 MT of seed cotton, which is likely to increase to about 1,105,000 MT per year by 2029 for the region to be self-sufficient in apparels production while also exporting about 40 percent of the produced lint. From 2013 to 2017, the Region produced about 290,000 MT per year, with a deficit of 552,000 MT.

2. Investment in Production of Other Natural Fibres

Production of other natural fibres such as protein-based fibres including silk, and wool, and vegetable-based fibres e.g., sisal, coconut, industrial hemp and banana, present an investment opportunity.

3. Investment in Production of Synthetics Fibres

Synthetic fibres including nylon, polypropylene, viscose and polyester, and dyes are important in fabric manufacturing since most fabrics are blended with cotton and synthetic fibres. Additionally, there exists potential investment in dyes, starch and accessories incorporated in garment manufacturing, as well as manufacture of spare parts, as the bulk of these inputs are imported into the Region.

4. Investment in Modern and State of the Art Equipment in Textile and Made-up Value Chain

Analysis has shown that based on current technology, the EAC needs at least 93 mills for making woven fabrics if it is to supply 50 percent of the region's demand. A technological upgrade of the existing equipment in the textiles and made-ups value chain from farm production to fibre processing, fabrics and fashion garments, is needed. The EAC also needs to be integrated into the international garments market. Dormant textile mills also need to be revitalised and operationalised by urgently reversing stiff competition posed by second hand and cheap clothing





following the 1990s liberalisation in the region. Mills that produce below capacity also need to be refurbished, based on availability of cotton lint for fibre and spinning, a necessary step to facilitate accreditation by major garment brands buyers / retailers. The revitalisation and refurbishment plans should be strategic to facilitate access to cotton lint, modern technologies, skilled manpower, production of internationally fashion-driven apparels, niche and high value fabrics/garments products, local and external markets, availability of affordable and sufficient utilities (power and water), and efficient logistical services for clearing imported inputs and exports at the region's entry/exit ports.

5. Investment in Findings, Trims and Other Textiles and Apparels Industry Inputs

It is estimated that garment accessories such as trims, buttons, elastics, zippers, labels and badges, among others, contribute a significant cost to the garment, yet currently there is limited capacity in the region to make such accessories.

6. Investment in Apparels and Other Made-ups

The EAC has a population of 196.5 million, and COMESA has over 560 million people, all of who depend on imported garments. Furthermore, the Af-CFTA presents an additional market for EAC garments. There lies an opportunity to make garments with less stringent standards for the vast majority who are not high-income earners in the EAC and Africa. In the wake of the phase-out of used clothes in the EAC, along with the high youth population, and sense of fashion, there lies an opportunity for SMEs and FDIs in the garment sector to dress the region, particularly in the areas of knitting and garment making which are highly consumed by this generation.

Similarly, market access in the USA and the European markets under AGOA and EPAs respectively present opportunity for the region to produce made-ups for the high-end markets. It is also expected that there will be major changes in global consumption patterns of textiles and made-ups by 2025, with China and India expected to focus more on producing garments for their own domestic markets, which are fast increasing in number and income, thus influencing a rise in demand. This presents a huge opportunity for Africa based apparels manufacturers to produce for developed and developing countries which have largely depended on supply from China and India.

7. Investment in Manufacture of Absorbent Cotton for Medical and Cosmetic Needs

The EAC market has a huge opportunity for this product in the health institutions which largely rely on import markets while the region's absorbent cotton producers operate at below capacity. In Uganda for example, the existing six producers operate at about 34 percent of their installed capacity.

8. Investment in CTA Skills Training Facility

The EAC Region is limited in facilities for training in skills in textiles and made-ups. Relevant short courses in fashion and graphic design, machinery and equipment maintenance, and upgrade of skills in the whole textiles and made-ups industry value chain are urgently needed.

9. Investment in Natural Fibres Research

Due to the current low cotton productivity levels and limited production of other fibres including silk, wool and vegetable fibres (sisal, coconut, banana, hemp), there is need to invest in research to enable development of innovations and regional knowledge sharing on modern production technologies. Controversial topics such as organic and Bt Cotton production will also be considered.

3.4 Strengths, Weaknesses, Opportunities and Threats

The Strengths, Weaknesses, Opportunities and Threats (SWOT) of the EAC CTA sector are summarised in Table 12.

Table 12: SWOT Analysis of the EAC CTA Sector

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Good agricultural conditions 2. Favourable varieties (middle to long staple length of cotton) 3. Availability of potential large market (EAC, COMEASA, AfCFTA) 4. Strong political will 5. Strong comparative advantage in land-based production of raw materials (e.g., cotton) 6. High quality, hand-picked cotton 7. Availability of low wage unskilled and semi-skilled labour. 	<ol style="list-style-type: none"> 1. Low cotton yields 2. Low ginning out-turn 3. Inadequate supply of cotton lint for the existing mills 4. Low quality cotton lint due to contamination 5. Low level of local processing (low value addition) 6. Weak supply chain integration 7. Obsolete processing technology and dilapidated infrastructure 8. Inadequate skills and technology 9. Under-developed linkages with technical institutes for research and innovation support 10. High cost and unstable power supply 11. Lack of appropriate and affordable financing options (high lending rates) 12. Weak market institutions (export financing etc.) 13. Poor backward and forward linkages 14. Inefficient textile and garment factories 15. Slow and costly trade logistics which undermine labour cost advantages 16. Lack of clear national policies on CTA and an effective national coordination framework 17. Lack of support offered by governments in major cotton producing countries through the "buy and hold" or "stockpiling".
Opportunities	Threats
<ol style="list-style-type: none"> 1. Idle capacity in EAC textile sector 2. Phasing out importation of worn cloths 3. iPotential to mobilise critical mass of actors up to the micro level, including small-holder producers 4. Large and growing market (EAC, COMESA and SADC) and Africa through AfCFTA 5. Increased and growing demand and per capita consumption in the EAC population 6. Significant opportunities to invest in more export-oriented value addition, manifested by the negative trade balance in woven fabrics and yarn 7. Huge, untapped potential in the apparel sector, especially in the fashion industry 8. Significant trade and growth prospects in the woven fabrics and knitted yarn 9. Duty free, quota free market access in the EU 10. Duty free imports to the US through AGOA 11. Increasing costs in competing developing countries, notably China 12. Online-based sales. It is predicted that about 20 percent super malls in USA will shut down their doors for online based systems. 	<ol style="list-style-type: none"> 1. Cotton production is rain-fed and raw material supply is thus susceptible to drought 2. Importation of cheap second-hand clothes 3. Cheap, dependence on extra-regional imports for apparel production 4. Smuggled new clothes / dumping of cheap apparel and textile products 5. Potential impact of major trade agreements e.g., Rules of Origin (RoO) under the proposed TFTA may not benefit the EAC-CTA sector, due to evidence that 'substantial' CTA value chain processing happens outside the EAC Region 6. Inability to take full advantage of the "third country fabric provision" given the infantile nature of the CTA industry in the EAC 7. Domestic production support and subsidies offered to farmers in major cotton producing countries 8. Online-based sales. It is predicted that about 20 percent super malls in USA will shut down their doors for online based systems 9. Fourth Industrial revolution. Many companies are employing artificial intelligence instead of salesmen.

3.5 Rationale for the Strategy

3.5.1 Need to Actualise the Summit Decision

The development of Cotton, Textiles and Apparels Strategy is a response to the decision by the EAC Heads of State and Government during the 17th Summit in 2016. The 17th Summit prioritised development of a competitive domestic textile and leather sector for affordable, new and quality options of clothing and leather products for EAC citizens. Additionally, the 19th Summit, with regards to promoting the sectors, making them more competitive and creating jobs, directed the Council to implement this Decision and put in place a mechanism that supports textile and leather manufacturing in the EAC.

3.5.2 Emerging Shifts in Textile and Garment Production Base

The production bases for textile and garment industry has witnessed a major shift in the last three decades, starting in the 1980s where the centres were located in the US and the EU. Over the years production has shifted majorly to Asian countries, particularly China and India. This shift was driven by attractive low-cost manufacturing advantages, particularly availability of abundant and cheap manpower, vast natural resources and favourable economic policies which support manufacturing of textiles. As wages rise in China, it is projected that garment manufacturing will migrate to low-cost centres in Africa and other East Asian countries such as Vietnam and Bangladesh. The EAC being at a vantage geographical location for export to Asian, Africa and US markets, presents opportunities for investors targeting these markets. A regional strategy will therefore send the right signal to prospective investors by ensuring access to the domestic market, harmonised policy environment, ease of accessing inputs and raw materials needed for the development of competitive business.

3.5.3 Growing Trade Deficit and Missed Opportunities for Intra-regional Trade

From the EAC context, there are significant trade prospects for cotton and cotton products within the Region and beyond. Overall, the EAC has a negative trade balance in woven fabric and yarn. Between 2005 and 2011, the region imported woven fabric and yarn worth US\$708,935,000 compared to US\$2,046,670 exports. This gives a huge negative trade balance of US\$ 706,888,330. A joint strategy geared towards holistic development of the CTA value chain will create opportunity to plug in the trade deficits, create employment opportunities across the region, improve intra-regional trade and ensure an integrated value chain development giving opportunities for each Partner State to fully exploit their comparative advantages.

3.5.4 Need for Collective Effort to Reverse the Sector's Poor Performance

The opportunities aside, the sector has experienced poor performance over the past decade, a situation which calls for collective effort by the Partner States. The following trends in the sector could motivate joint regional action:

1. Although the region has potential, the actual production of cotton in the EAC is low compared to global scale. E.g., the best yields in the EAC are from Uganda at 1,187kg/ha compared to yields in China of 4,730 kg/ha.
2. Intra-EAC cotton fibre trade accounts for less than 10 percent of the total cotton fibre exported from the Region. In addition, globally a big percentage of cotton lint is internally consumed, at about 70-75 percent, and only 25 – 30 percent is exported. In the EAC however, most of the cotton produced by EAC Partner States (75-90 percent) is exported as lint.
3. Spinning mills in the EAC run at low capacity (about 35-40 percent) due to inadequate cotton lint.
4. Imports of used clothing and other textile articles are on the increase in the EAC, standing at a total of US\$282 million in 2017, and the trade in used clothes is rapidly growing, accounting for 2.4 percent.

The Region needs a strategy to exploit existing trends, reverse the negative trends and position itself to participate in the ever-increasing regional and global opportunities in the sector.

3.6 Key Challenges and Constraints Affecting EAC Cotton, Textiles and Made-ups Sector

3.6.1 Seed Cotton and Lint and Production Challenges

1. Poor cotton agronomic practices due to inadequate extension services.
2. Due to 75-90 percent exportation of raw cotton, the region is a price taker, thus gets affected by fluctuations in international lint prices, which in turn affects farmers' morale to plant cotton and adopt recommended agronomic practices, thereby affecting production and productivity.
3. Lack of strong farmers' associations to support service delivery, inputs supply, collective marketing, transport, pricing, storage and other needs of cotton farmers.
4. Lack of financing for small holder farmers to purchase necessary inputs.
5. Stiff competition for labour between cotton and other crops during rainy seasons resulting in late cotton crop planting.
6. Declining soil fertility worsened by limited capacity of farmers to purchase fertilizers.
7. Poor roads infrastructure (feeder roads) to transport inputs to farmers and deliver outputs to markets, while alternative rail transport system in the region is in serious disrepair.
8. Poor post-harvest systems: insufficient farm storage and warehousing, leading to qualitative deterioration of cotton due to contamination.
9. Poor funding for cotton research and technology development leading to insufficient capacity to develop new varieties and production technologies, especially in view of changing stakeholder demand and emerging production constraints such as climate change.
10. Attacks by pests and diseases, lack of proper knowledge in application of pesticides and fungicides.
11. Reliance on rain-fed cotton farming characterised by unpredictable weather patterns resulting to fluctuating harvest and producer prices.
12. Low number of skilled ginning technicians and lack of readily available spare parts, use of inappropriate ginning technology in some ginneries (use of saw gins), high transport costs, unreliable power supply, difficulties accessing affordable working capital for ginneries.

Combined, all these constraints result in limited capacity to supply sufficient high-quality cotton lint to textile mills.

3.6.2 Textiles and Garments Sub-sector

1. Unreliable power supply and high cost of power: Estimated at US\$0.11 kWh in the region, compared to US\$0.04 kWh in China, and 0.035Kwh in Ethiopia, ginning and textile processing is too expensive, leading to uncompetitive finished fabrics and garments/apparels in local and export markets.
2. Access to skilled labour: Shortage of skilled workers in the garments industry has been identified as a major constraint in the industry. To maintain the industry's current average growth rate, the industry needs an additional hundred thousand skilled workers each year. Organised skills development is still at an early stage as most training is done on the job, and is seldom complemented by other trainings. The difficulties in getting work permits for skilled expatriates to train local workers on operations of new technologies/machines further compounds the problem. In other countries however, almost all garment and textile manufacturers rely on foreign experts.
3. Outcomes of vocational training institutes do not match the skills needed by textile/apparel mills, while training levy is charged on annual turnover under TVET programmes for most EAC countries, e.g., Kenya and Tanzania.
4. iv. Anomalies in the CET regime for raw materials, semi-finished products (yarn, grey fabric, fabric) and final products discourage investment in value addition along the value chain.
5. High logistics cost resulting from customs and port clearance procedures: The number of days to clear exports at exit ports and imports in EAC entry ports are considered uncompetitive compared to competing countries. For example, 6.5 is the average number of days needed for export documentary and border compliance in the EAC Partner States, while in China and India it is 1 and 3 days, respectively. Likewise, documentary and border processes import compliance in the EAC Partner States takes about 14 days while it takes 3 and 5 days in China and India, respectively⁸. This affects the ability to deliver orders on time.

8 Based on ease of doing business score; World Bank (2019), Doing Business Report

6. There is stiff competition between EAC made fabrics and garments, and smuggled, wrongly declared, under-invoiced imported fabrics and garments. The imported fabrics/garments end up costing cheaper than locally manufactured products. For example, the international average ex-factory price of cotton fabric is US\$0.36 per metre, e.g., in China, compared to the cost of imported cotton fabric in Tanzania at US\$0.4 per metre. This price difference is too small to cater for the cost of insurance and freight for delivered cotton fabrics in an EAC country. Consequently, EAC garments/apparels made from such imported fabrics are uncompetitive in the regional markets.

7. Limited access to affordable finance

The official interest rate on loans in the EAC countries averages 15-24 percent, but the effective rate is higher at about 30 percent when collateral valuation fees, legal fees and bank charges are included. Compared to lending rates in China; India and Ethiopia at 4.35, 6.25 and 7 percent respectively, the EAC lending rates are very prohibitive and uncompetitive. This affects the ability to invest in new plant, modernise technologies (machinery and equipment), and purchase inputs.

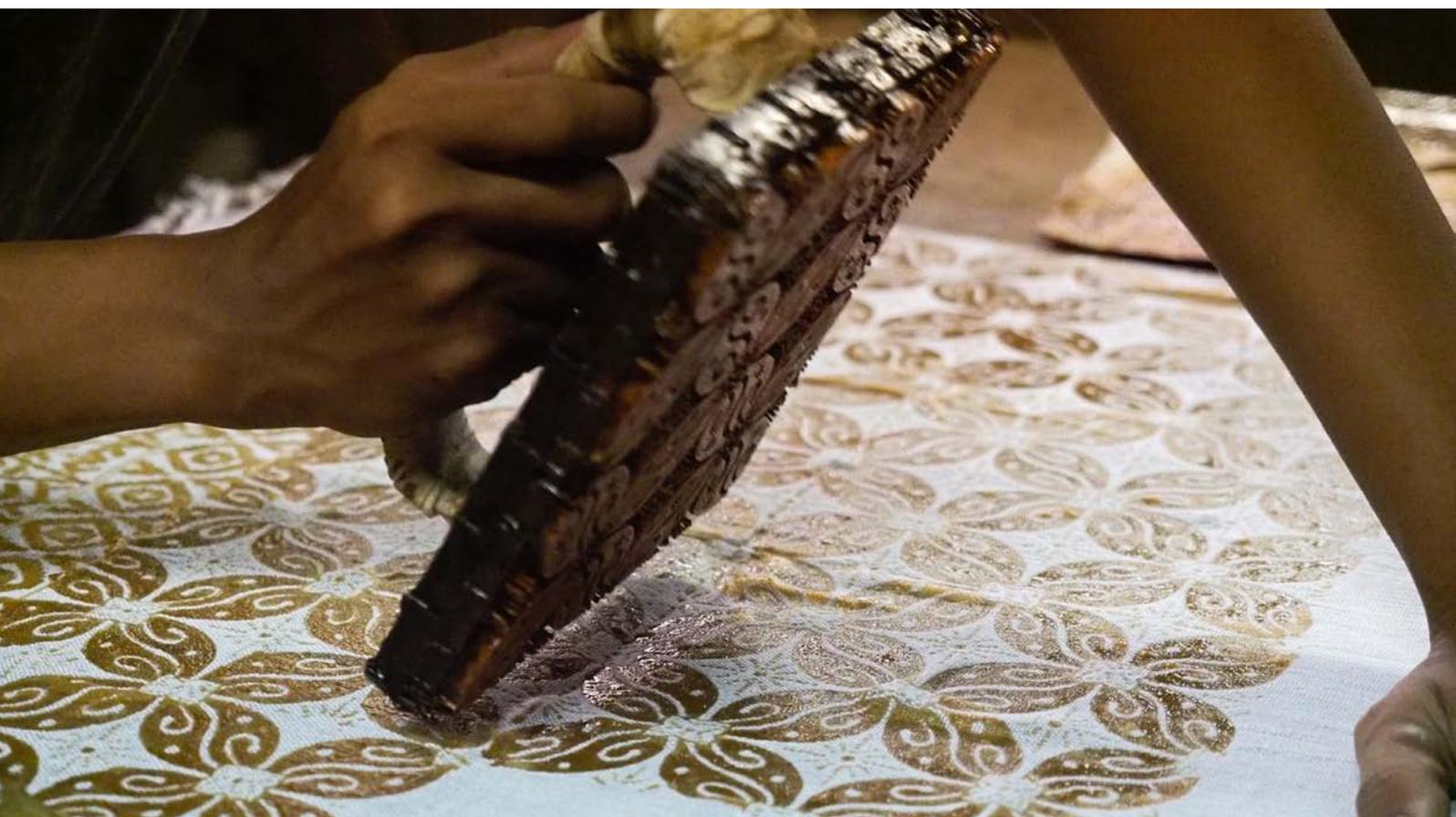
8. Lack of cotton lint buffer stock mechanisms in the region for guaranteed availability of the commodity to the millers during off seasons. Cotton, being a seasonal crop while mills are run throughout the year, millers are either forced to buy and hold stock covering one-year production cycle, or halt production during off-season if they lack funds for bulk purchases, as is the case often. Further, there is stiff competition/demand for cotton lint, making it attractive to ginners to purchase available cotton lint and sell to international merchants who often pay in advance. This implies that by the time local millers require lint, it would have long been sold off, causing low-capacity utilisation, and in some cases, shut-down of mills due to lack of cotton lint. This challenge was ably handled in Uganda by creating cotton lint buffer stock revolving fund. There are no such similar mechanisms in Kenya, Tanzania and Burundi to guarantee availability of cotton lint to millers for continuous year-round production.

9. Low technology adoption leading to reduced productivity

The international apparel makers strive to cope with the ever-changing fashion styles by the time it takes to design, produce, and deliver the goods. The industry is now placing greater emphasis on advanced technology to fulfil the extended demand for production, speed, and quality requirements for the competitive export market. Recent technological changes in clothing manufacturing include: development of robotics for automated assembly line for garment making; high-speed sewing machines; new pressing and fusing techniques; computer-aided design; computer-aided manufacturing; and computer-aided marketing. EAC producers must embrace these technologies in order to compete for export markets.

10. Used clothes challenges to the development of garment sector

Between 2013 and 2017, the EAC Partner States imported an average of US\$268 million per year of used clothing, accounting for about 16 percent of imports of all apparels and made-ups. Used clothing is far cheaper than new clothes. Additionally, some new clothes are mis-declared as used clothing to evade taxes. Import of used clothing therefore leads to unfair competition and hurts development of the domestic apparels industry.



4. The EAC CTA strategy and Implementation Roadmap

The analysis of the CTA value chain reveals a dire need for increased investment to enable the region harness the ever-increasing regional and global opportunities in the sector. The strategy seeks to promote strategic collaboration among EAC Partner States, and between the public and private sectors, to collectively address policy and governance issues, regulatory, market and information challenges which reduce incentives for private investment in the CTA value chain.

4.1 Vision and Broad Targets

4.1.1 Vision

A globally integrated competitive cotton, textile, and apparel industry.

4.1.2 Strategic Targets

The Strategy aims to achieve the following Strategic Targets by 2029:

- Increase production of seed cotton to at least 1,000,000 MT per annum, from the current average of 290,000 MT per annum (2017 figures), and meet regional and export demand.
- Increase spinning capacity to at least 2.7 million spindles from the current less than 500,000 spindles.
- Local firms to capture and retain at least 50 percent of the EAC domestic market for textiles, garments and accessories.
- Develop/upgrade at least 10 SME Garment Clusters in each Partner State and facilitate linkage and business partnerships with regional and global textiles and apparel buyers.
- Grow the EAC textiles and garments export to US\$5 billion from the current US\$650 million (i.e., 20 percent CAGR).

4.2 Strategic Objectives

The following seven key strategic objectives will be pursued.

Strategic objective 1: Improve availability and supply of quality cotton and other fibres for domestic and export markets

Analysis of the EAC CTA sector exposes the gap of lack of cotton and other fibres (natural and man-made) to meet local and export supply. The liberalisation of EAC countries eroded networks that linked farmers to the rest of the value chain, and therefore a disjointed sector where inherent issues of quality and quantity continuously manifest in all sections of the cotton value chain till the export market.

Programme Area 1: Enhancement of farmers and value chain actors' capacity for seed cotton and cotton lint production to meet market demand

- Promote establishment/ strengthening of cotton farmers associations and cooperatives, and raise awareness on modern farming practices, including contract farming.
- Increase funding for cotton research and technology development to accelerate development and release of new cotton varieties that address stakeholders' needs in terms of high-yield potential, drought, disease and pest tolerance, early maturity and high fibre quality, and development production technologies.
- Promote increased irrigation by providing cotton farmers with appropriate irrigation systems.
- Promote increased fertilizer use by providing cotton farmers with recommended fertilizers for cotton production.
- Establish national seed cotton (farm gate) price stabilisation mechanisms to provide incentives for cotton farming, e.g., by providing minimum guaranteed seed cotton price as is the case in India.
- Promote and raise awareness on organic cotton farming to tap into the growing lucrative global niche market.
- Establish national and regional model cotton trading houses to facilitate engagement of farmers, ginners and other stakeholders, encourage standardisation and improve price offers to farmers.
- Promote more investment to enhance cotton growing acreage.
- Devise incentives to attract investment in cotton cultivation.

Programme Area 2: Development of capacity for stakeholders to harness cotton by-products to improve resilience and create new streams of income for farmers

While cotton is grown mainly for its fibre or lint, which accounts for about 40 percent of the seed cotton, other parts of the cotton plant, such as the stalks, husks, cotton seed and short-staple fibres also have commercial uses. In some countries such as China, India and the USA, by-products from the non-lint parts of the plant have been commercialised, thus adding value and income, as well as reducing waste in the cotton value chain. Other countries, especially in Africa have fewer commercial cotton by-products, often only oil and meal from crushed cottonseed, due to a variety of constraints. To harness the opportunities of the cotton by-products sector, EAC needs to do the following:

- Develop a clear roadmap, strategy and enabling policy for harnessing cotton by-products including cotton seed-cakes, cotton oil, cotton stalk and absorbent cotton.
- Improve capacity of cotton value chain stakeholders (government officials, the private sector and farmers) to assess the potential value, market situation and prospects for cotton by-products to help increase the farm gate prices of cotton.
- Provide technical assistance in relation to technology transfer, improving capacity of policymakers to formulate evidence-based policies that improve the value added to cotton by-products.
- Devise investment profiles and incentive schemes to attract potential investors into the cotton-by products processing.

Programme Area 3: Harness opportunities in other natural and man-made fibres to diversify the mix of fibres and open up new investments

- Develop policies and strategies to promote sericulture and silk production to complement cotton fibres and tap the growing niche market for silk.
- Promote awareness and exchange of information and experience in sericulture and silk production.
- Promote investments and awareness on opportunities in other natural fibres including wool, sisal, banana, hemp, jute, and synthetic fibres.
- Support international exposure, training and provision of technical assistance in other natural fibres and synthetics.

Programme Area 4: Improvement of standardisation and quality systems to eliminate cotton contamination and improve farmers' earning

- Promote collaboration in laboratory testing, certification and research on cotton and other natural fibres to facilitate sharing of knowledge and experience.
- Promote upgrading of collection centres and ginneries, grading and classification of cotton based on high volume instrument (HVI) to enable farmers get premium prices and build image of the industry.
- Develop regional guidelines and standards on seed cotton classification and grading, and build capacity of seed cotton actors (including farmers, inspectors and graders) to implement the standards.
- Introduce and implement a system of third-party cotton certification at ginning level to standardise and benchmark with best practices.

Strategic Objective 2: Upgrade technology of existing mills and ginneries, and promote investments in integrated textile mills to improve competitiveness of the sector

The need for quality fabric necessitates investment in modern ginning, spinning and weaving technologies to maintain quality. With some technologies as old as 30 years, EAC industries cannot compete against established Asian and European powers that have huge incentives and access to capital for investment. Upgrading the technology used in the sector will see sector efficiency or utilisation rise to at least 75 percent in medium term from the current rate of about 50 percent.

Programme Area 1: Improvement of competitiveness and productivity of textile mills and ginneries to ensure access to quality and affordable fabric and garments

It is worth noting that about 70-90 percent of the cotton lint produced in EAC is exported while the region imports almost 90 percent of its fabric requirements. This undermines the development of the local textile industry, as well as value added activities for cotton by-products. Development of local cotton industries would, in addition to adding more value to local lint, contribute to substitution of imports including used clothes. There is need to support the development of the local textile industry to increase demand for seed cotton, generate increased raw material for cotton by-products, and ensure steady and competitive supply of fabrics to the garment industries. Consequently, the EAC needs to do the following:

- Develop and implement integrated textile mills upgrading and technical assistance programme by undertaking an audit of textile mills in the region, training in best practice for textile mill management, developing technology transfer arrangements, adopting financing models for the upgrading, and strengthening collaborations and partnerships.
- Create a cotton lint buffer stock to guarantee continuous availability of cotton lint for the spinning mills e.g., through a revolving fund (such as Uganda's case), private sector initiatives such as warehouse receipting, or public subsidy.
- Promote experience sharing among millers, international exposure and strengthening of national and regional millers' associations.
- Explore establishment of technology upgradation fund to facilitate technological upgrading of the sector. At regional level a similar fund could be considered as a special window within the EADB to leverage global funding targeting textile and garment development.

Programme Area 2: Promotion of new investments in integrated textile mills

- Undertake investment promotion missions targeting investors in the spinning sector.
- Establish “mega textile parks” to drive new investments needed for the transformation of the sector in collaboration with the private sector. This would enable the achievement of export growth of up to 20 percent per annum, in addition to catering for increasing domestic demand.
- Governments to partner with the private sector in the framework of PPP for investment in integrated textile mills which require large capital outlays.

Strategic Objective 3: Enhance supply and export capacity of SMEs for integration in regional and global CTA value chains

The ready-made garments (RMG) and made-ups sector is characterised by many small and medium enterprises, including those owned by women and youth groups spread out in various parts of the Partner States, which have weak capacities and operate informal and disorganised business entities. Prioritising SMEs in the textiles and made-ups sector aims at building their capacities to get integrated into the sector value chains, facilitate their export readiness, and promote women and youth employment. The made-ups sector in particular is a less capital-intensive area which could provide an excellent opportunity for SMEs to enter niche markets. Key challenges of the SMEs are low levels of capital, low levels of technology, limited skills, and limited linkages with large companies, including those operating in the EPZ and SEZ. These challenges hinder SMEs from participating in export business, and prevent them from benefiting from incentives such as those provided under EPZ or SEZ.

Programme Area 1: Development of SME ready-made garment clusters and enhancement of export capacity

- Facilitate establishment/ upgradation of at least 10 SME clusters in each Partner State. The cluster development will focus on wool, silk, garmenting, made-ups, hand loom weaving, embroidery, knitting and stitching. The programme will also include e-commerce capacity development, support technology transfer/ twinning of SME arrangements, training in KAIZEN, TQM and other modern business management practices.
- Support creation and equipping of five ‘common facility centres’ for SMEs in each Partner State.
- Develop export competition award for SME clusters and youth entrepreneurs in the garment sector to drive export business. Top fifty SMEs in exports will each year be identified and facilitated in terms of organisational restructuring, business development, export marketing, IT usage and infrastructure, among other utilities for their growth in exports and to become listed companies.
- Conduct export readiness training for SMEs in garment, accessories and made-ups. The training will include business management, marketing, branding and international accreditation, among others.
- Support strengthening/formation of tailors’ cooperatives/ associations and training of at least 100 trainers per year under TOTs programme.

Programme Area 2: Enhancement of SMEs in CTA access to finance

- Create awareness and linkages between the existing women and youth funds to facilitate access to finance by women and youth entrepreneurs in the garmenting sector.
- Train SMEs in financial management and financial literacy.

Strategic Objective 4: Develop a competitive supply chain and capability to grow domestic and export markets and gain access to the global fast-fashion industry

In a fast-paced global fashion industry, the survival for RMG producers depends on their ability to shorten lead and turnaround time from receipt of orders to shipment of goods to the market. This would help them better compete with countries that either make their own grey fabric or can import sufficient quantities on short notice. The industry does not have competitive supply base for fabrics, findings, trim, and other inputs as all these have to be imported, further adding to the long lead-times. There is need to raise RMG productivity through skills training and technology investment, and remove all obstacles in the supply chain. In addition, the region needs to improve its ability to quickly access supplies of raw materials through various options including:

- Upgrading logistics and ports handling facilities,
- Improving customs procedures, and,
- Establishing central bonded warehouse (CBW) facilities to stock essential raw materials, accessories and inputs for producers.

The highly competitive and dynamic markets on the local scene have seen local producers lose out to new products coming from Asia, and efforts to compete are further weighed down by imports of worn or used made-ups. On the international scene, regional governments have lobbied for various markets and given incentives for FDIs through SEZ and EPZ in a bid to partake of the lucrative export market.

There are however almost no linkages between SEZ and EPZ companies with the domestic supplier firms.

Programme Area 1: Improvement of supply chain and trade logistics

- Establish central bonded warehouse facilities in designated zones, including in EPZs and industrial parks through PPPs. CBWs help to cut lead-time and enhance competitiveness, thus improving performance and profit throughout the textile sector.
- Establish “apparel houses” in metropolitan cities to serve as textiles or garment hubs, and provide one-stop showcase facilities where domestic consumers and international buyers can sample a range of products and place their orders.
- Facilitate improvement of trade logistics, customs procedures and ports handling facilities to reduce lead-time and improve competitiveness.

Programme Area 2: Facilitation of development and increased access to domestic market for textiles and garments

- Promote regional trade, consumption and business partnership of textiles and RMGs through:
 1. Organising regional annual textiles and garment exhibitions and Afrika Mashariki Fashion Week to coincide with the EAC Summit meetings. These events will showcase, promote partnerships and create awareness on the available EAC garment brands to consumers, and enhance connection with international garment buyers.
 2. Promote EAC-inspired attire design competitions, where Partner States select the best designers to exhibit at the Afrika Mashariki Fashion Week.
 3. Establish “buy East African wear East Africa” (BEA WEA) campaigns.
 4. Declare and promote Fridays as Afrika Mashariki Fashion Day, during which EA citizens wear EAC made attires.
- In collaboration with garment manufacturers in the region, develop and promote low cost or affordable garment manufacturing schemes targeting industrial work-wear and low-income earner markets in the region. This would help designate selected garment clusters that can be manufactured in large volumes, such as t-shirts, trousers, blouses, skirts, and reduce their unit costs.
- Provide textile and RMG investments within and outside EPZ and SEZ with the same or equivalent incentives to create a level playing field. Such incentives would reduce the cost of production, making RMGs more affordable while also increasing the competitiveness of the local industry.
- Develop a standard garment and footwear sizing system for the EAC Region consumers by undertaking a scientific, systematic anthropometric study of the indigenous population. There is currently no standard apparel sizing system specific to EAC consumers. Apparel in the Region display European, American, Chinese and Asian sizes, which do not conform fully to the body sizes of East Africans. Providing the right size and fit will foster the growth of RMG industry in the region.

Programme Area 3: Facilitation of access to export markets and promotion of export diversification

Product and market diversification remain one of the major limitations to apparel export growth in the region. A small range of products (shirts, trousers, t-shirts, sweaters, jackets) account for more than 60 percent of RMG exports. Vigorous marketing and promotional drives should be undertaken to break into markets for other RMG products that the region can produce competitively. Lack of access to market information, particularly on the shifting trends in market is also a major hindrance to export expansion and diversification.

Image building and branding can achieve a high level of value addition and enhance EAC’s export reputation as a quality supplier of apparel. As branding is an expensive investment, incentives and opportunities should be provided to exporters, such as through a ‘Brand Fund’ and by encouraging foreign collaboration to launch collective brand names through corporate marketing companies.

- Develop regional garment export marketing and promotional tools to break into new markets for other RMG products. The promotional tools would include:
 1. Launching EAC Textiles and Garment Exporter of the Year Award, to create recognition of the role of the textiles sectors in the economy.
 2. Support and development of regional brands such as the gomesi, kitenge, kikoi, khanga and Cotton made in East Africa.
 3. Encourage companies to join Cotton made in Africa (CMIA) and Best Cotton initiative (BCI).
 4. Set up a “Brand Fund” and “Export Development Fund”, and strengthen foreign collaboration to launch collective brand names.
- Support establishment of World Textiles Centre within the EAC to serve as an international buying house and attract more export orders. The Centre would be developed through PPP and provide world class business space to attract renowned international buying houses.
- Training and building capacities of garment producers on the international requirements for full package delivery services. Capacity for full package delivery requires consolidation or partnership agreements among industry players to meet large international buyers’ requirements.

Strategic Objective 5: Develop the supply base for findings and trims industries to reduce lead-time and increase availability of inputs

Garment manufacturing highly depends on findings (labels, treads, elastics, underlying fabrics, zippers, buttons, other closures, other miscellaneous items) and trims (decorative materials such as ribbons, braids, laces, other narrow fabric trims, appliqués, flowers, beads and sequins). The sector also depends on chemicals to meet various processing requirements. All these account for up to 8 to 10 percent of the cost of manufactured garments, yet nearly all are imported due to lack of local capacity to manufacture, and fragmented demand among many small-scale importers. Programme areas to address the challenges in the findings and trims industry include:

Programme Area: Promote and attract investment in findings and trims

- Attract and promote at least 10 anchor FDI firms/ enterprises in findings and trim; machinery and spare parts; and chemicals for use in textiles and RMGs.
- Establish a special incentive scheme to promote investment in findings and trim industry.
- Identify, support and develop local SMEs capacity to supply in findings, trims and chemical inputs in textile manufacture in the region.
- Promote PPP to facilitate bulk-procurement and supply of findings, trims and other inputs into the regional market. The scale of operation of such a vehicle would reduce the cost of inputs and ensure availability of high-quality products in the market.

Strategic Objective 6: Enhance industry skills and capacity to comply with international market requirements of the fast-fashion industry

Cotton, other textiles and made-ups sector is a fast-paced industry with advanced and computerised technology to cope with the dynamic fashion trends across the world. These changes go hand in hand with human skills which are also a cornerstone for garments and made-ups in Partner States. At the same time, global buyers are now putting extra emphasis on suppliers meeting ILO codes on working conditions and labour practices, as well as adherence to international standards of waste management, and social and environmental compliance. Failure to conform to international norms would undermine competitiveness. RMG firms would do well therefore to recognise the requirements for the health and safety of employees, and implement the standards set out in SA8000. In addition, a limited number of universities, technical and vocational education and training (TVET) institutions in the EAC Region offer training in textiles and made-ups.

Programme Area 1: Strengthen capacity of training institutions (TVET, Universities) and linkage with industry

- Review, develop and implement a regional vocational training scheme to support creation of critical mass of skills needed in the industry.
- Strengthen public and private sector institutions that offer training in textile and garment technologies and fashion design, and promote linkage between academia, TVET and industry.
- Promote cross-country learning, collaboration and exchange of experience on successful CTA sector development initiatives e.g., on sericulture and other fibres, as well as sector specific research and technology programme.
- Support establishment of a regional institute of textile training and fashion to build EAC's capacity to make garments that meet local and international high fashion consumer demand. The centre would also collaborate with leading fashion institutions in other regions, e.g., the National Institute of Fashion Technology, India, to provide in-depth training in specialised high value fashion garments.

Programme Area 2: Development of enterprise capacity to improve productivity and comply with occupational safety, health and environment requirements

- Promote adoption of ILO guidelines on occupational safety, health and environment (OSHE) through training and awareness seminars, especially among SMEs.
- Conduct regional productivity and OSHE audits in textile and garment companies, and support capacity building and adoption of standards on OSHE (SA 8000).
- Establish a good system of reporting on OSHE compliance standards, including an international certification scheme to distinguish firms that are compliant.
- Promote worldwide responsible apparel production (WRAP) certification and education scheme.
- Promote cleaner production and the 3Rs (Reduce, Reuse and Recycle) along the value chain for environmental mitigation and improving competitiveness.

Strategic Objective 7: Improve policy, regulatory, institutional and enabling business environment for competitive development of textiles, garments and made-up sector

Unlike in other countries like Benin, Bangladesh, China and India, the EAC Partner States lack supportive policy, regulatory and institutional boosts for the textiles and apparels sector, such as government-initiated incentives and subsidies. Other challenges include a non-supportive EAC CET; high cost of utilities, particularly water and electricity; limited market information; different tax regimes including VAT, which do not leverage regional competition; and lack of strong regional textiles and apparels sector associations, among others.

Programme Area 1: Strengthen and streamline national coordination mechanisms and capacities to oversee and regulate the industry

- Review and align national laws and regulations to streamline legal frameworks governing the entire value chain.
- Restructure and streamline coordination of the sector to establish /strengthen institutions for effective strategy implementation, coordination and monitoring.
- Set up a PPP platform to provide an avenue for advocacy and engagement by textile and garments industry players.

Programme Area 2: Strengthen regional institutional capacity for strategy coordination

- Strengthen the capacity of the EAC Secretariat to effectively coordinate and monitor implementation of the Strategy.
- Support strengthening and establishment of regional private sector associations in CTA.
- Establish a EAC Textile and Garments Market Research and Resource Centre to coordinate provision of market information, branding, technical diagnosis, business linkages and exhibitions, and organise Regional tours for international buyers.

Programme Area 3: Develop and enforce standards on garment and textiles

- Develop and create awareness on EAC standards on fabrics, finished apparels and garments to ensure local industries meet required standards and control substandard and non-conforming imports.
- Control illicit trade in worn or used clothing through the following measures:
 1. Ensure that import declaration of worn clothes and other articles is based on the World Customs Office Harmonised Commodity Description and Coding Systems (HS) classification, which provides that imported used clothing must meet the following criteria: (i) show signs of appreciable wear, and, (ii) be presented in bulk or in bales, sacks or similar packings.
 2. Build capacities of national bodies/agencies handling illicit and counterfeit products to monitor and control misdeclaration, misclassification, undervaluation and counterfeited imports of textiles and made-ups products.

Programme Area 4: Harmonisation of taxation regime to facilitate trade and improve competitiveness

- Harmonise duties, VAT and incentives applicable to imported textiles and garments and enforce relevant standards.
- Harmonise electricity tariffs for integrated textile mills within the EAC to US\$0.05 per kWh, which is the applicable rate in Uganda.



4.4 Investment Budget Projections

The estimated value of investment needed for the textiles and made-ups sector transformation in line with the programme areas proposed above is summarised in Table 13.

Table 13: Budget Estimates for the Proposed Strategic Interventions

Strategic Objectives	Programme Areas	Budget Estimates (US\$)
Strategic Objective 1: Improve availability and supply of quality cotton and other fibres for domestic and export markets	Programme Area 1: Enhance farmers and value chain actors' capacity for seed cotton and cotton lint production to meet market demand	3,500,000
	Programme Area 2: Develop capacity of stakeholders to harness cotton by-products to improve resilience and create new streams of income for farmers	2,000,000
	Programme Area 3: Harness opportunities in other natural and man-made fibres to diversify the mix of fibres and open up new investments	4,000,000
	Programme Area 4: Improve standardisation and quality systems to eliminate cotton contamination and improve farmers' earning	6,000,000
Strategic Objective 2: Upgrade technology of existing mills and ginneries as well as promote investments in integrated textile mills to improve competitiveness of the sector	Programme Area 1: Improve competitiveness and productivity of textile mills and ginneries to ensure access to quality and affordable fabric and garments	17,000,000
	Programme Area 2: Promote new investments in integrated textile mills	4,000,000
Strategic Objective 3: Enhance supply and export capacity of SMEs for integration in regional and global CTA value chains	Programme Area 1: Develop SME Ready Made Garment (RMG) clusters and enhance export capacity	20,000,000
	Programme Area 2: Enhance access to finance for SMEs in CTA	2,000,000
Strategic objective 4: Develop a competitive supply chain and capability to grow domestic and export markets and gain access to the global fast-fashion industry	Programme Area 1: Improve supply chain and trade logistics	1,500,000
	Programme Area 2: Facilitate the development and increased access to domestic market for textiles and garments	11,500,000
	Programme Area 3: Facilitate access to export markets and promotion of export diversification	3,500,000
Strategic objective 5: Development of the supply base for findings and trims industries to reduce lead-time and increase availability of inputs	Programme Area: Promote and attract investment in findings and trims	5,000,000
Strategic objective 6: Enhancement of industry skills and capacity to comply with international market requirements and fast-fashion industry	Programme Area 1: Strengthen Capacity of Training institutions (TVET, Universities) and linkage with industry	5,000,000
	Programme Area 2: Develop enterprise capacity to improve productivity and comply with Occupation Safe Health and Environment requirements	6,000,000
Strategic objective 7: Improve policy, regulatory, institutional and enabling business environment for competitive development of textiles, garments and made-up sector	Programme Area 1: Strengthen and streamline the national coordination mechanisms and capacities to oversee and regulate the industry	3,000,000
	Programme Area 2: Strengthen Regional institutional capacity for strategy coordination	4,700,000
	Programme Area 3: Develop and enforce standards on garments and textiles	1,500,000
	Programme Area 4: Harmonise taxation regime to facilitate trade and improve competitiveness	1,000,000
Strategy Coordination and Monitoring		3,000,000
Total		104,200,000

4.5 Models for Financing Strategy Implementation

Implementation of this strategy shall be funded by EAC Partner States, the private sector and development partners. While most interventions related to policy and infrastructural support will be implemented through national budgeting, some Regional actions will require joint financial and technical resources, hence some feasible financing models are presented below:

1. Financing strategy coordination and monitoring

The EAC Secretariat will coordinate Regional-level activities, while Partner States will coordinate national-level activities, but well-synchronised with the overall regional strategy.

2. Financing programmes and projects

- **EAC Partner States Budget**

Each EAC Partner State's national strategy will be principally financed through the country's budgeting cycle.

- **National Special Purpose Vehicle**

National development corporations have the option to create special purpose vehicles to invest directly in the CTA sector, or through PPP.

- Credit guarantee facilities targeting high risk SMEs could also be encouraged to prioritise garmenting enterprises.

- **Development partner and international financing institution support**

- A grant facility could be created within national development banks or EADB, and financed by multilateral lending agencies such as the World Bank and AfDB to support upgrading and modernising ginneries and textile mills.
- The sector could also benefit from concessionary loans from relevant partners, as the sector presents a huge multiplier effects in all spheres of the economy
- The EAC could also leverage on financing and technical support programmes from development partners targeting the cotton, other fibres, textile and apparels value chain; these include: Trademark East Africa, the European Union, USAID, SIDA, CIDA, DFID, ITC and Msingi, among others.
- The sector could also exploit credit guarantee by development partners.

- **Domestic and Foreign Direct Investment**

With well-packaged opportunities, the value chain and diverse opportunities in the CTA are favourable for, and open to all volumes of local and foreign investment.

4.6 Institutional and Coordination Mechanism Arrangements

The CTA sector cuts across several ministries in the EAC, thus presenting coordination challenges. Coordination at production and at T&A are done by the Ministries of Agriculture, and of Industrialisation, respectively, with separate mandates which might also overlap. The following proposals will ease the coordination challenges:

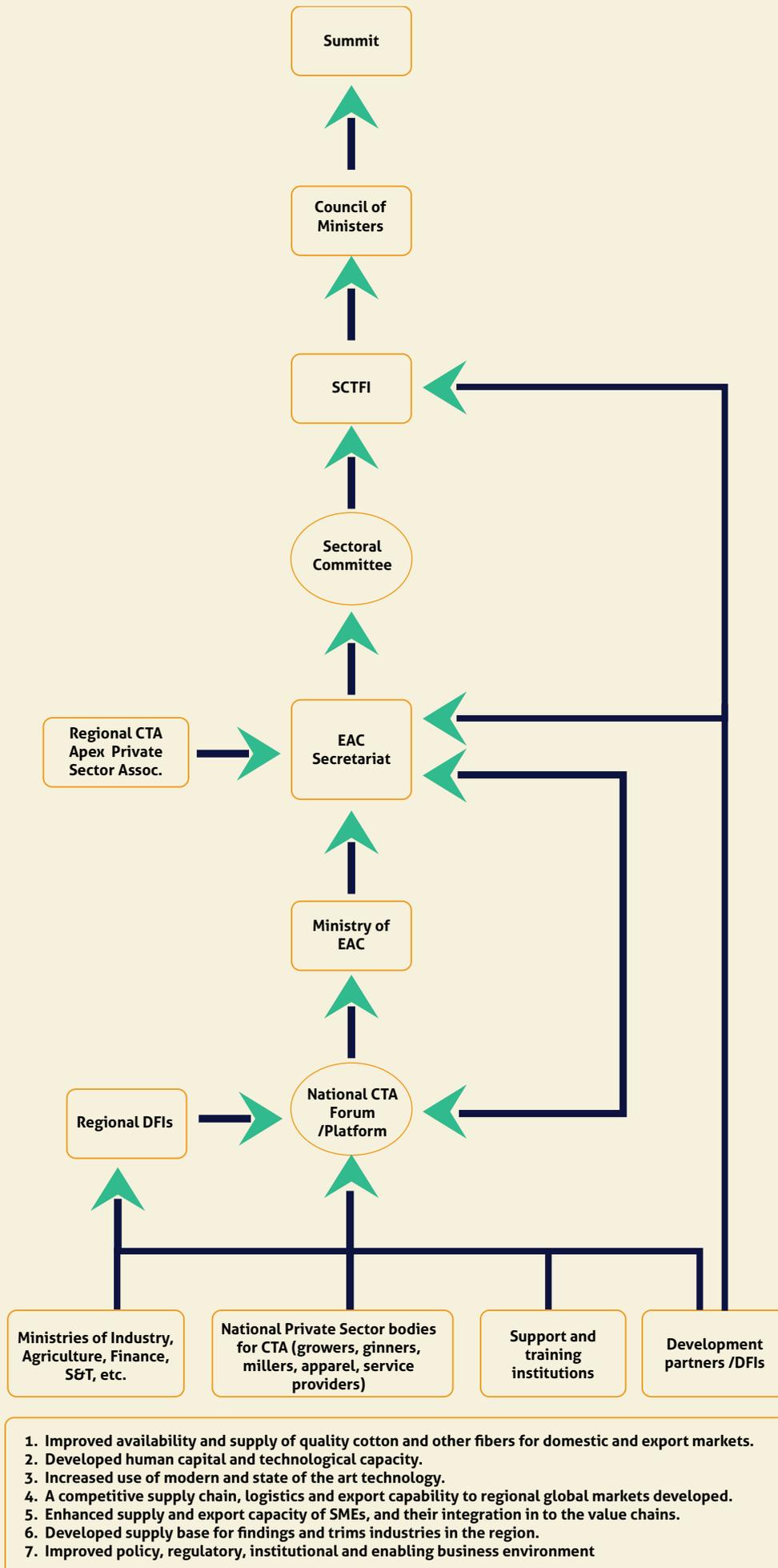
National Level Coordination

It is proposed that implementation of the strategy be accorded the highest priority, hence the implementation unit be hosted in the Office/Ministry mandated to oversee functions of other ministries. A national apex coordination mechanism comprising relevant public and private sector institutions, e.g., the National Inter-Ministerial and Multi-stakeholder Committee (NIMC) will be best placed for the task. The National Committee will comprise of relevant Ministries, Departments or Agencies involved in cotton fibre, other fibres, textiles, and apparels development programmes in each Partner State, and the relevant private sector associations. Other agencies responsible for technical and vocational training and skills development, research and technology organisation and national development finance institutions will also be incorporated. Liaising with the EAC Secretariat, the Committee will be responsible for initiating, coordinating and monitoring the implementation of the strategy at national level. The NIMC will have a technical committee to assist in its deliberations.

Regional Level Coordination

The EAC Secretariat will oversee and coordinate implementation of the Strategy. A CTA Unit will be established to facilitate coordination of the implementation. Reporting on the Strategy implementation will follow the structures of the EAC Regional Policy Organ, including EAC Sectoral Committee on Industrialisation; EAC Sectoral Council on Trade, Industry, Finance and Investment; and the Council of Ministers. Additionally, a Regional private sector apex body, *the East African Fibre, Textiles and Apparels Industry Federation* will be established within the auspices of EABC. The Federation will provide a voice for the industry, and assist in coordinating and facilitating engagement with EAC policy making organs. The Federation will comprise national CTA associations/councils. The proposed institutional structure for the strategy implementation is provided in Figure 11.

Figure 11: CTA Strategy Implementation Institutional Arrangements



4.7 Monitoring and Evaluation (M&E), and Reporting

Monitoring and Evaluation (M&E) of implementation of this strategy will be undertaken at Regional (EAC Secretariat), and at national (Partner States' level). Being a 10-year plan, an external consultant will be engaged to review the Strategy's implementation after every three years. The findings will be shared with the national platforms, after which the stipulated channel of communication between Partner States and the Secretariat will be followed.

4.8 Implementation Risks

Implementation of this strategy faces a number of risks, among which include:

- Inadequate financial and human resources to support the strategic activities.
- Adverse effect of fluctuations in prices and supply of domestic raw cotton.
- Production support in main cotton producing areas may affect competitiveness of textiles produced in the region.
- The fourth industrial revolution technologies and application of robotics may impact the EAC strategy to attract investors targeting low wage rates, as the use of robots in factories in advanced countries could change the attractiveness of EAC as a hub for low wages.

4.9 Priority Actions for Strategy Implementation and Roadmap

The roadmap for the implementation of the strategy is elaborated in section 4.10. The implementation of the strategic interventions will be undertaken in four phases as shown below:

4.9.1 Phase 1: Preparatory Phase

To Kick-start implementation of the strategic interventions, the first six months will see Partner States establish the National CTA Platform and mainstream the Regional CTA Strategic Plan into their respective national planning and budgeting process for appropriate budgetary allocations. National CTA implementation focal points will be appointed in each Partner State to coordinate strategy implementation and sensitise stakeholders. At Regional level, the EAC Secretariat will set up a CTA Unit for implementation of the Strategy.

4.9.2 Phase 2: Priority interventions (1-3 years)

The immediate actions to be implemented in the next 1 to 3 years to kick-start strategy implementation will include:

1. Supporting initiatives to promote consumption and use of locally produced garments and textile fabrics by East Africans (WEA BEA) by:
 - Organising regional annual Textiles and Garment Exhibition and Afrika Mashariki Fashion Week, to coincide with EAC Summit meetings. These events will showcase, promote partnerships, and create awareness on the available EAC garment brands to consumers, and enhance connection with international garment buyers.
 - Promote EAC-inspired Attire Design Competitions where respective Partner States will select the best designers to exhibit at the Afrika Mashariki Fashion Week.
 - Buy East African Wear East African (BEA WEA) campaigns.
 - Declare and promote Fridays as Afrika Mashariki Fashion Day, during which EA citizens wear EAC made attires.
2. Support cross-country learning missions and benchmarking to facilitate exchange of experiences and knowledge on the development of cotton, textiles and apparels industry, and to explore viable mechanisms for stabilising cotton farm-gate prices. Partner States can learn about such a price stabilisation mechanism from countries like Burkina Faso, India and China.
3. Set up national cotton lint buffer stock financing mechanisms (revolving fund as the case for Uganda) to ensure availability of cotton lint spinning mills. This may require organising farmers (cooperatives), ginner and millers to explore modalities to set up cotton lint reserve fund/ cotton lint revolving fund.
4. Undertake an audit of textile mills and apparel capacities in the Region to inform upgradation and modernisation programmes, and creation of market information.
5. Control illicit trade in worn or used clothing by undertaking to build the capacities of national bodies/agencies handling illicit and counterfeit products to monitor and control misdeclaration, misclassification, undervaluation and counterfeited imports of textiles and made-ups products.
6. Eliminate duties and VAT on a harmonised list of inputs and accessories required to promote the sector; and intensify marketing and promotion efforts for the sector.
7. Facilitate establishment/ upgradation of at least 10 SME clusters in each Partner State, and create and equip five common facilities centres in each Partner State.

8. Support strengthening/formation of tailors' cooperatives/ associations and training of at least 100 trainers per year under a TOTs programme.

4.9.3 Phase 3: Medium-Term (3-6 years)

Key interventions in the medium-term (3-5 years) include promoting FDI in the production of natural and man-made fibres in the region; promoting procurement of all work wear from the EAC region; promoting regional /domestic sourcing of apparel by public institutions; instituting training in textiles at university and TVETs, and developing suitable training curriculum; and providing credit linked capital investment subsidy (CIS) technology upgrade.

4.9.4 Phase 4: Long-Term (6-10 years)

Key interventions in the long-term (6 to over years) include coordinating farmers' capacity building; promoting regional collaboration in research in cotton and other fibres; establishing regional skills training facility for short courses in fashion and graphics design, machinery/ equipment maintenance; and establishing EAC textile and garments resource centre.



4.10: CTA Implementation Road Map (2019 – 2029) Matrix

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)	
Strategic objective 1: Improve availability and supply of quality cotton and other fibres for domestic and export markets								
Programme Area 1: Enhance the capacity of farmers and value chain actors for seed cotton and cotton lint production to meet market demand.	Establish and strengthen cotton farmer associations/ cooperatives and raise awareness on modern farming practices.	Train farmers on formation and management of cooperatives/ associations.	No. of farmer cooperatives/ associations established.	Reports by: Cooperatives, EAC Secretariat, relevant Government Ministry Departments. No. of contractual linkages between cooperatives and ginneries.	EAC Secretariat, Government Ministries/ State Departments responsible for cotton production, Cotton Development Agencies (CDAs), Ministries of Cooperatives.	1-2 years	3	
		Organise seminars to raise awareness on contract farming and Bt cotton.	No. of seminars organised.					
		Promote increased irrigation using modern irrigation systems.	No of irrigation schemes setup					
		Promote increased use of fertilizer with recommended fertilizers in cotton production.	Increase in kg/acreage of fertilizer.					
	Establish national seed cotton (farm gate) price stabilization mechanism	Provide minimum guaranteed seed cotton price.	Minimum guaranteed seed cotton price exists.	Reports by: Ginneries, Farmer Cooperatives, Cotton Development Agencies, Ministry of Finance.	CDAs, Government Ministries/ State Departments responsible for cotton production, Ministries of Finance.	2-3 years		
		Partner States establish cotton lint revolving fund.	Cotton lint revolving fund.					
	Increase funding for cotton research and technology development to accelerate development and release of new cotton varieties with high yield potential, drought, disease & pest tolerance, early maturity and high fibre quality, and development production technologies.	Develop Funding mechanisms.						
	Promote and raise awareness on organic cotton farming.	Organise regional farmer workshops on organic cotton.	Annual regional farmer workshops organised.	Reports by: CDAs, Government Ministries/ State Departments responsible for cotton production	Government Ministries/ State Departments responsible for cotton production.			

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
	Establish national and Regional model cotton trading houses to facilitate engagement of farmers, ginners and other stakeholders	Establish a Regional model cotton trading house	A regional model cotton trading house established	Reports by: EAC, EABC.	EAC Secretariat, Ministries of Trade.	4-6 year	
		Establish model cotton trading houses at Partner State's level.	No. of national model cotton trading houses established.	Reports by: Ministry of Trade.	EAC Secretariat, Ministries of Trade.		
Programme Area 2: Develop capacity of stakeholders to harness cotton by-products.	Develop a roadmap, strategy and enabling policy for harnessing cotton by-products.	Prepare policy guidelines on development of cotton seedcakes, cotton oil, cotton stalk and absorbent cotton.	Policy guidelines prepared.	Reports by: EAC Secretariat.	EAC Secretariat.	1-3 years	2
		Prepare a regional strategy on development of cotton by-products.	Regional strategy developed.				
	Improve capacity of cotton value chain stakeholders to assess the potential value, market and prospects for cotton by-products.	Organize and facilitate workshops for government officials, private sector and farmers on cotton by- products value addition.	No. of workshops organised.	Reports by: EAC Secretariat, Ministries of Industrialisation and CDAs.	Reports by EAC Secretariat, Ministries of Industrialisation, CDAs.	2-4 years	
		Prepare and disseminate sensitisation material on cotton by-products.	No. of sensitisation material prepared and disseminated.				
	Improve capacity of policy makers to formulate policies for cotton by- products valued addition.	Provide technical assistance capacity building for policy makers.	Technical assistance available to respective ministries.	Reports by: EAC Secretariat, Ministries of Industrialisation, CDAs, Development partners.	Reports by EAC Secretariat, Ministries of Industrialisation, CDAs, Development partners.		
	Devise investment profiles and incentive schemes to attract potential investors.	Train policy makers on formulation of cotton by-products polices	No. of trainings undertaken. No. of policy makers trained.				
	Devise investment profiles and incentive schemes to attract potential investors.	Prepare investment profiles for cotton seedcakes, cotton oil, cotton stalk and absorbent cotton in each Partner State.	Investment profiles prepared.	Reports by: EAC Secretariat, Investment promotion agencies (IPAs).	EAC Secretariat, IPAs.	1-2 years	
		Implement an investment incentive scheme for investors in cotton by-products sector.	Investment incentives for investors in cotton by-products sector in place.	Reports by: EAC Secretariat; Ministries of Finance; IPAs.	EAC Secretariat, IPAs, Ministries of Finance.	2-5 years	

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
Programme Area 3: Harness opportunities in other natural and man-made fibres	Develop policies and strategies to promote sericulture and silk production.	Develop a regional policy on sericulture and silk production	Regional Sericulture policy developed.	Reports by: EAC Secretariat, Government Ministries/ State Departments responsible for cotton/ fibre production.	EAC Secretariat, Government Ministries/ State Departments responsible for cotton production.	2-3 years	4
		Develop national strategies on sericulture and silk production	National strategies on sericulture and silk production developed.				
	Promote awareness and exchange of information and experience in sericulture and silk production.	Organise Regional workshops on sericulture and silk production.	No. of Regional workshops				
		Prepare and disseminate material on sericulture and silk production.	No. of material on sericulture and silk production prepared and disseminated.				
	Promote investments and awareness on opportunities in other natural fibres.	Organise and facilitate Regional workshops on other natural fibres including wool, sisal, banana and jute; and synthetic fibres.	No. of Regional workshops on other natural fibres organized	Reports by: EAC Secretariat, Ministries of Industrialisation.	EAC Secretariat, Ministries of Industrialisation.	2-3 years	
		Organise an annual Regional investor conference on investment in other fibres.	Annual Regional investor conference on investment in other fibres organized.	Reports by: EAC Secretariat, Ministries of Industrialisation, IPAs.	EAC Secretariat, Ministries of Industrialisation, IPAs.		
	Support international exposure, training and provision of technical assistance in other natural fibres and synthetics.	Organise and facilitate field missions outside EAC Region for experience sharing on natural fibres.	No. of field missions organised.	Reports by: EAC Secretariat, MEAC, Government Ministries/ State Departments responsible for cotton production.	EAC Secretariat, MEAC, Government Ministries/ State Departments responsible for cotton production.	1.3 years	
		Second to the Departments of Industrialisation in Partner States with a staff specialised in natural fibres other than cotton.	No. of staff seconded to the Departments of industrialisation.	Reports by: EAC Secretariat, Ministries of Industrialisation, Development Partners.	EAC Secretariat, Ministries of Industrialisation, Development Partners		
		Organise and facilitate trainings on processing of other natural fibres.	No. of trainings undertaken. No. of people trained.				

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)	
Programme Area4: Improvement of standardisation and quality system.	Promote collaboration in laboratory testing, certification and research on cotton and other natural fibres.	Organise annual Regional workshops for testing laboratories and certification bodies.	Annual Regional workshop testing laboratories and certification bodies organised.	Reports by: EAC Secretariat, Testing laboratories, Certification institutions.	EAC Secretariat, Testing laboratories, Certification institutions.	1-5 years	6	
		Organise an annual researchers' workshop.	Annual researchers' workshop organised.	Reports by: EAC Secretariat, Research institutions.	EAC Secretariat, Research institutions			
	Promote up-grading of collection centres and ginneries, grading and classification of cotton based on HVI.	Train collection centres and ginneries staff on grading and classification based on HVI.	No of trainings undertaken.	No. of ginneries' staff trained.	Reports by: EAC Secretariat, Ministries of Industrialisation, Seed collection centres, ginneries.			EAC Secretariat, Ministries of Industrialisation, seed collection centres, ginneries.
			Develop regional guidelines and standards on seed cotton classification and grading, and build capacity of seed cotton actors.					
	Train farmers, inspectors and graders on the developed standards.	No. of trainings.	No. of farmers, inspectors and graders trained.					
		Introduce and implement a system of third-party cotton certification at ginning level.		Support Partner States to introduce a third party to provide certification of cotton at ginning level.	Third-party certification body introduced.			
	Strategic Objective 2: Upgrade technology of existing mills and ginneries and promote investment in integrated textile mills to improve competitiveness of the sector							
Programme Area 1: Improve competitiveness and productivity of textile mills and ginneries	Develop and implement integrated textile mills upgrading and technical assistance programme.	Undertake an audit of textile mills in the region.	Audit of textile mills undertaken.	Reports by: EAC Secretariat, EADB, investment authorities, Ministry of Industrialisation, Ministry of Finance.	EAC Secretariat, Ministries of Finance, Ministry of Industrialization, Ministries of Science and Technology, investment authorities, private sector/ associations, EADB, Development Partners	Short - Medium term	17	
		Carry out training on best practice in textile mill management.	No. of trainings.					
			No. of people trained.					
		Provide technical assistance for technology transfer.	No. of technical assistance provided.					
		Device and implement financing models for the upgrading.	Financing models for the upgrading in place.					
Strengthen collaborations and partnerships.	No. of partnerships in place.							

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
	Create a cotton lint buffer stock to guarantee continuous availability of cotton lint for the spinning mills.	Establish a cotton lint revolving buffer fund.	Revolving fund established.	Reports by: EAC Secretariat, Ministry of Finance, Ministry of Industrialisation, investment authorities, the private sector/ associations, development partners.	EAC Secretariat, Ministry of Finance, Ministry of Industrialisation, investment authorities, the private sector/ associations, development partners.	1-3 years	
		Promote establishment of warehouse receipting by private sector.	Warehouse receipting established.				
		Promote subsidisation of storage of cotton lint by Partner States.	Cotton lint storage cost subsidised.				
	Promote experience sharing among millers.	Establish/ strengthen national and Regional millers' associations.	Each Partner State has a millers' association.	Reports by: EAC Secretariat, EABC, national private sector associations.	EAC Secretariat, EABC, national private sector associations.	2-3 years	
		Facilitate organisation of international exposure missions for miller.	No. of international missions organised for millers.				
		Organise cross-country millers' missions in the region.	No. of cross-country missions to the Region organised for millers.				
Support establishment of Technology Up-gradation Fund.	Provide technical assistance for the establishment of up-gradation fund and management of the fund.	Up-gradation fund established.	Reports by: EAC Secretariat, Ministry of Industry, Ministry of Finance, EADB, private sector associations, development partners.	EAC Secretariat, Ministry of Industry, Ministry of Finance, EADB, the private sector /associations, development partners.	2-5 years		
Programme Area 2: Promote new investments in integrated textile mills.	Undertake investment promotion missions targeting investors in the spinning sector.	Organise missions to promote investments in spinning.	No. of investment missions organised.	Reports by: EAC Secretariat, IPAs, EABC, Ministry of Industrialisation, the private sector / associations.	EAC Secretariat, IPAs, Ministry of Industrialisation, EABC, the private sector / associations.	1-3 years	4
	Establish mega textile parks to drive new investments.	Partner States collaborate with the private sector to establish mega textile parks.	No. of mega textile parks established	Reports by: EAC Secretariat, Ministry of Industrialisation, IPAs, EABC the private sector /associations.	EAC Secretariat, Ministry of Industrialisation, IPAs, EABC, the private sector /associations.	5-10 years	

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
Strategic Objective 3: Enhance supply and export capacity of SMEs for integration in regional and global CTA value chains							
Programme Area 1: Development of SME ready-made garment clusters and enhancement of export capacity	Facilitate establishment/ upgradation of at least 10 SME clusters in each Partner State; focusing on: wool, silk, garmenting, made-ups, hand looms, embroidery, weaving, knitting and stitching.	Train clusters on e-commerce.	No. of trainings undertaken.	Reports by: Ministry of industrialisation, the private sector / associations, Ministry of Cooperatives, the private sector / associations, EPZA/ SEZAs.	Ministry of Industrialisation, the private sector / associations, Ministry of Cooperatives, the private sector / associations, EPZA/ SEZAs.	1-3 years	20
		Provide technical assistance for technology transfer/ twinning of SMEs.	Technical assistance for technology transfer/ twinning of SMEs provided.				
		Train clusters on modern business management practices such as KAIZEN and TQM, among others.	No. of trainings.				
	Support the creation and equipping of 5 common facility centres for SMEs, in each Partner State.	Partner States collaborate with private sector to establish common facility centres.	No. of common facility centres established.	Reports by: EAC Secretariat, Ministry of industrialisation, the private sector/ association, Ministry of Finance, development partners, EPZA/ SEZAs.	EAC Secretariat, Ministry of Industrialisation, the private sector/ association, Ministry of Finance, development partners, EPZA/ SEZAs.	1-3 years	
	Develop export competition award for SME clusters and youth entrepreneurs in the garment sector.	Identify each year, top fifty SMEs in export.	Each year's top fifty SMEs in export identified. Utilities to enable SMEs become listed companies provided.	Reports by: EAC Secretariat, Ministry of industrialisation, the private sector /associations, development partners, EPZA/ SEZAs, Ministry of Youth.	EAC Secretariat, Ministry of Industrialisation, the private sector /associations, development partners, EPZA/ SEZAs, Ministry of Youth.	1-2 years	
		Facilitate the identified SMEs with utilities and in organisational restructuring, business development, export marketing, IT usage and infrastructure to enable them become listed companies.					
	Conduct export readiness training for SMEs in garment, accessories and made-ups.	Carry out training of SMEs on business management, marketing, branding and international accreditation, among others.	No. of trainings.	Reports by: EAC Secretariat, Ministry of Industrialisation, the private sector / associations, Ministry of Cooperatives, EPZA/ SEZAs.	EAC Secretariat, Ministry of Industrialisation, the private sector / associations, Ministry of Cooperatives, EPZA/ SEZAs.		

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
	Support strengthening/ formation of tailors' cooperatives/ associations and training.	Facilitate formation of tailors' cooperatives/ associations in each Partner State.	Tailors cooperatives/ associations in each Partner State formed.	Reports by: EAC Secretariat, Ministry of Industrialisation, the private sector / associations, Ministry of Cooperatives, development partner.	EAC Secretariat, Ministry of Industrialisation, the private sector / associations, Ministry of Cooperatives, development partners.	1-2 years	
		Train at least 100 trainers per year under TOTs programme.	100 trainers trained per year.				
Programme Area 2: Enhancing access to finance for SMEs in CTA	Create awareness and linkages between the existing women and youth funds, and women and youth entrepreneurs in the garmenting sector.	Create awareness of existing women and youth funds.	No. of awareness creation activities. No. of linkages established between existing women and youth funds, and women and youth entrepreneurs.	Reports by: EAC Secretariat, Ministry of Industrialisation, the private sector / associations, Ministry of Cooperatives, Ministry of Gender, Ministry of Youth, development partners.	EAC Secretariat, Ministry of Industrialisation, the private sector / associations, Ministry of Cooperatives, Ministry of Gender, Ministry of Youth, development partners.	1-3 Years	
		Facilitate establishment of linkages between women and youth entrepreneurs in the garmenting sector, with existing women and youth funds structures					
	Train SMEs in financial management and financial literacy.	Carry out training of SMEs on financial literacy and management.	No. of trainings done.	Reports by: EAC Secretariat, Ministry of Industrialisation, the private sector /associations, development partners.	EAC Secretariat, Ministry of Industrialisation, the private sector /associations, development partners.	3-5 years	
			No. of SMEs trained.				
Strategic objective 4: Develop a competitive supply chain and capability to grow domestic and export markets and gain access to the global fast-fashion industry							
Programme Area 1: improvement of supply chain and trade logistics	Establish central bonded warehouse (CBW) facilities in designated zones through PPPs.	Partner States in collaboration with private sector, establish CBW in EPZs / SEZs and industrial zones.	CBW established in EPZs / SEZs and industrial zones	Reports by: EAC Secretariat, investment promotion agencies, EPZA /SEZA, Customs Department, Ministry of Finance, the private sector / associations.	EAC Secretariat, investment agencies, EPZs /SEZs, Customs Department, Ministry of Finance, Ministry of Industrialisation, the private sector /associations, development partners.	5-7 years	1.5

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
Programme Area 2: Facilitate the development and increased access to domestic market for textiles and garments	Promote Regional trade, consumption and business partnership of textiles and RMGs.	Organising annual Regional textiles and garment exhibitions and Afrika Mashariki Fashion Week to coincide with the EAC Summit Meetings. These events will showcase, promote partnerships and create awareness on the available EAC garment brands to consumers and enhance connection with international garment buyers	'Textiles and Garment Exhibition' and 'Afrika Mashariki Fashion Week' organized annually coinciding with the EAC Summit meetings.	Reports by: EAC Secretariat, Ministry of EAC, Ministry of Industrialisation, Ministry of Trade, the private sector /associations, development partners.	EAC Secretariat, Ministry of EAC, Ministry of Industrialisation, Ministry of Trade, the private sector /associations, development partners.	1-5 years	11.5
		Promote EAC-inspired attire design competitions.	Attire design competitions held annually during the Afrika Mashariki Fashion Week.				
		Carry out campaigns on Buy East African Wear East Africa (BEA WEA).	No. of BEA WEA campaigns undertaken.				
		Declare and promote Fridays as Afrika Mashariki Fashion Day, during which EA citizens wear EAC made attires.	Declaration of Afrika Mashariki Fashion Day, done during the launch of the Strategy.				
	All uniforms procured by state agencies made locally from textiles and fabrics produced from the region.	Heads of State make this Declaration during the EAC Summit.	Declaration that procurement of all uniforms be made by state agencies from the region made at the Summit during the launch of the Strategy.	Reports by: EAC Secretariat, Ministry of EAC, Ministry of Industrialisation, the private sector / associations.	EAC Secretariat, Ministry of EAC, Ministry of Industrialisation, the private sector / associations.		
	Promote low cost or affordable garment manufacturing scheme targeting industrial work wear and low-income earner markets in the region.	Identify and designate selected garment clusters that can be manufactured in large volumes, such as t-shirts, trousers, blouses, skirts and reduce their unit costs.	Garment clusters for volume production identified and designated.	Reports by: EAC Secretariat, Ministry of EAC, Ministry of Industrialisation, the private sector / associations.	EAC Secretariat, Ministry of EAC, Ministry of Industrialisation, the private sector / associations.		
			Garment clusters doing volume production				

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
	Provide textile and RMG investments within and outside EPZ and SEZ with the same or equivalent incentives.	Partner States roll out incentive schemes to RMG investments outside EPZ and SEZs which are similar or equivalent to those provided for RMG investments located in the EPZs.	Uniform incentive schemes available to RMG investments located in and out of the EPZs and SEZs.	Reports by: EAC Secretariat, Ministry of EAC, standard bodies, Ministry of Industrialisation, the private sector /associations, development partners.	EAC Secretariat, Ministry of EAC, standard bodies, Ministry of Industrialisation, the private sector /associations, development partners.	5-10	
	Develop garment sizing system for East Africa region consumers.	Undertake scientific, systematic anthropometric study of EAC population to facilitate development of standard garment & footwear sizing system.	Scientific, systematic anthropometric study of EAC population undertaken. Standard garment & footwear sizing system for EAC developed.				
Programme Area 3: Facilitation of access to export markets and promotion of export diversification	Develop regional garment export marketing and promotional tools.	Launch of EAC textiles and garment exporter of the year award.	EAC textiles and garment exporter of the year award held annually.	Reports by: EAC Secretariat, EPZAs/ SEZs, Ministry of Trade, Ministry of Industrialisation, the private sector / associations.	EAC Secretariat, EPZAs/SEZs, Ministry of Trade, Ministry of Industrialisation, the private sector / associations.	1-3 years	
		Support and develop regional brands like the gomesi, kitenge, kikoyi, khanga Cotton Made in East Africa.	No. of Regional brand names developed.				
		Encourage companies to join Cotton Made in Africa (CMIA), Best Cotton initiative (BCI).	No. of companies joining initiatives such as CMIA and BCI.				
		Set up a brand fund and export development fund and strengthen foreign collaboration.	Brand fund established.				
	Support establishment of world textiles centre within the EAC to serve as an international buying house.	Develop world textiles centre through PPP arrangements.	World textiles centre developed.	Reports by: EAC Secretariat, Ministry of Trade, Export Promotion Bureau, the private sector /associations, investment promotion agencies.	EAC Secretariat, Ministry of Trade, Ministry of EAC, Export Promotion Bureau, the private sector /associations, investment promotion agencies, development partners, lead garment buyers/brands.	5-10 years	
Train and build capacities of garment producers on the international requirements for "full package delivery services".	Promote consolidation or partnership agreements among industry players to meet large international buyers' requirements.	Increase in no. of garment producers exporting to international markets.					

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
Strategic objective 5: Development of the supply base for findings and trims industries to reduce lead-time and increase availability of inputs							
Programme Area: Promote and attract investment in findings and trims	Attract and promote at least 10 anchor FDI firms/ enterprises in findings and trim; machinery and spare parts; and chemicals for use in textiles and RMGs	Carry out investment promotion missions within and outside the EAC.	No. of investment promotion missions.	Reports by: EAC Secretariat, Ministry of Industrialisation, IPAs, the private sector/ associations, Ministry of Finance.	EAC Secretariat, Ministry of Industrialisation, IPAs, the private sector/ associations, Ministry of Finance.		
			10 FDI firms in findings and trim promoted.				
		Establish a special incentive scheme for investments in findings and trim industry.	Incentive Scheme for firms investing in findings and trims available.				
	Identify, support and develop local SMEs' capacity to supply findings, trims and chemical inputs in textile manufacture in the Region	Clusters of SMEs in findings, trims and chemical inputs in textile manufacture.	No. of clusters in findings, trims and chemical inputs in textile manufacture.	Reports by: EAC Secretariat, IPAs, SME authorities, Ministry of Industrialisation, the private sector/ associations.	EAC Secretariat, IPAs, SME authorities, Ministry of Industrialisation, the private sector/ associations.	1-5 years	5
		Link SMEs in findings, trims and chemical inputs in textile manufacture to credit providers.	No. of linkages established between SMEs in findings, trims and chemical inputs in textile manufacture, and credit providers.	Reports by: EAC Secretariat, IPAs, SME authorities, Ministry of Industrialisation, Ministry of Trade, DFIs, the private sector/ associations.	EAC Secretariat, IPAs, SME authorities, Ministry of Industrialisation, Ministry of Trade, DFIs, the private sector/ associations		
		Facilitate bulk-procurement of findings, trims and other inputs for supply into the Regional market.	Promote PPP in bulk-procurement of findings, trims and other inputs.	Bulk procurement of findings, trims and other inputs for textiles and garment industry established.			
Strategic Objective 6: Enhancement of industry skills and capacity to comply with international market requirements and fast-fashion industry							
Programme Area 1: Strengthening Capacity of Training Institutions (TVET, Universities) and linkage with industry.	Review, develop and implement Regional vocational training scheme.	Facilitate a review and development of vocational training scheme	Vocational training scheme in EAC reviewed.	Reports from: EAC Secretariat, Ministry of Education, Ministry of Industrialisation, the private sector /associations, universities /TVETs.	EAC Secretariat, Ministry of Education, Ministry of Industrialisation, the private sector /associations, universities /TVETs, NGOs, development partners.	3-10 years	2
		Identify and designate an institution in the Region to offer the Regional vocational training.	A Regional vocational training institution identified, designated and undertaking training.				

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
	Strengthen public and private sector institutions that offer training in textile and garment technologies and fashion design and promote linkage between academia, TVET and industry.	Support review and development of curriculum for TVETs and Universities.	Curriculum for textiles, garment technologies and fashion design at TVETs and university level developed/ reviewed.	Reports by: EAC Secretariat, Ministry of Education, Ministry of Industrialisation, universities/TVET, Inter-University Council for East Africa, the private sector.	EAC Secretariat, Ministry of Education, Ministry of Industrialisation, universities/TVET, Inter-University Council for East Africa, the private sector, development partners.		
		Facilitate establishment of internship programmes between TVETs and textile industries.					
	Promote cross-country learning, collaboration and exchange of experiences on successful CTA development initiatives, sericulture development, and other fibre development initiatives as well as research and technology programs targeting CTA sector.	Organise and facilitate students (in textile) exchange programmes in the Region.	Regional students exchange programme in place.				
		Promote Regional collaborative research in CTA sector.	No. of students benefitting from the exchange programme.				
		Organise an annual workshop for research working on various CTA aspects.	No. of collaborative researches undertaken.				
		Organise Regional missions on CTA development initiatives such as sericulture.	Workshop for researchers in CTA organised.				
Support establishment of a Regional Institute of Textile Training and Fashion.	EAC Partner States identify and designate one TVET as the Regional Institute of Textile Training and Fashion Centre.	Regional Institute of Textile Training and Fashion Centre functional.					
Programme Area 2: Develop enterprise capacity to improve productivity and comply with Occupation Safe Health and Environment (OSHE) requirements	Promote adoption of ILO guidelines on OSHE through training and awareness seminars especially among SMEs.	Organise and facilitate seminars for training and awareness creation on OSHE.	No. of trainings and awareness seminars on OSHE.	Reports from: EAC Secretariat, Standards institutions, Ministry of Industrialisation, the private sector / associations.	EAC Secretariat, Standards institutions, Ministry of Industrialisation, the private sector / associations.	3-10 years	6
			ILO guidelines on OSHE adopted and in use.				
	Conduct Regional productivity and OSHE audits in textiles and garment companies and support capacity building and adoption of standards on OSHE (SA 8000).	Carry out OSHE audits in textiles and garment companies.	No. of OSHE audits undertaken.				
		Sensitise and train companies on OSHE standards.	No. of trainings on OSHE undertaken.				

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)
	Establish good system of reporting on OSHE compliance standards.	Facilitate introduction of international certification scheme on OSHE.	OSHE certification scheme introduced and in use.	Reports from: EAC Secretariat, Standards institutions, Ministry of Industrialisation, the private sector / associations, NGOs.	EAC Secretariat, Standards institutions, Ministry of Industrialisation, the private sector / associations, NGOs.	3- 10 years	
	Promote Worldwide Responsible Apparel Production (WRAP) certification and education scheme.	Sensitise and train companies on WRAP. Facilitate introduction of WRAP certification.	No. of trainings on WRAP undertaken. WRAP certification introduced and in use.				
	Promote cleaner production and the 3Rs along the value chain for environmental mitigation and improving competitiveness.	Sensitise textile companies on cleaner production, 3Rs and environmental conservation.	No. of sensitisation activities undertaken				
Strategic objective 7: Improved policy, regulatory, institutional and enabling business environment for textiles and made-up sector							
Programme Area 1: Strengthening and streamlining the national coordination mechanisms and capacities to oversee and regulate the industry	Review and align national laws and regulations to establish streamlined legal framework governing the entire value chain.	Partner States review or develop national laws and regulations on CTA that are streamlined to the Regional strategy and enabling governing of the entire value chain.	Each Partner State has reviewed/ developed national laws and regulations streamlined to govern the CTA value chain.	Reports by: EAC Secretariat, Ministry of Industrialisation, Ministry of Planning, the private sector / associations.	EAC Secretariat, Ministry of Industrialisation, Ministry of Agriculture, Ministry of Trade, the private sector / associations, IPAs, development partners.	1-3 years	3
	Restructure and streamline coordination of the sector to establish /strengthen institutions for effective implementation, coordination and monitoring of the Strategy.	Establish a national apex coordination mechanism (the National Inter-Ministerial and Multi-stakeholder Committee -NIMC) comprising relevant public and private sector institutions.	Each Partner State has established a national apex body (NIMC) to coordinate strategy implementation.	Reports by: EAC Secretariat, Ministry of Industrialisation, Ministry of Agriculture, the private sector / associations.	EAC Secretariat, Ministry of Industrialisation, Ministry of Agriculture, Ministry of Trade, Ministry of Education, the private sector / associations, IPAs, development partners, DFIs.	6 months	
	Set up a PPP platform to provide avenue for advocacy and engagement by textile and garments industry	Facilitate establishment of PPP platform for industry advocacy and engagement.	PPP platform set up.	Reports by: EAC Secretariat, Ministry of Industrialisation, Ministry of Trade, the private sector / associations, IPAs.	EAC Secretariat, Ministry of Industrialisation, Ministry of Agriculture, Ministry of Trade, Ministry of Planning, the private sector / associations, IPAs	1-3 years	

Programme Area	Interventions	Activities	Performance Indicators	Means of Verification	Responsible/ Lead Institution/s	Time frame	Budget (USD million)	
Programme Area 2: Strengthening Regional institutional capacity for strategy coordination	Strengthen the capacity of EAC Secretariat.	Establish a CTA Unit at the EAC Secretariat.	CTA unit developed at EAC Secretariat.	Reports by: EAC Secretariat, Ministry of Industrialisation.	EAC Secretariat, Ministry of Industrialisation	6 months	4.7	
	Support the strengthening and establishment of Regional private sector association in CTA.	Establish a Regional private sector apex body, the East African Fibre, Textiles and Apparels Industry Federation within the auspices of EABC.	Regional private sector apex body formed and functional.	Reports by: EAC Secretariat, Ministry of Industrialisation, the private sector/ associations, EABC.	EAC Secretariat, Ministry of Industrialisation, Ministry of Planning, the private sector/ associations, EABC.	6 Months – 1 year		
	Establish EAC Textile and Garments Market Research and Resource Centre.	At a later date, upgrade the CTA Unit at EAC into a Regional Textile and Garments Market Research and Resource Centre	Regional Textile and Garments Market Research and Resource Centre established and operational.	Reports by: EAC Secretariat, Ministry of EAC, Ministry of Industrialisation.	EAC Secretariat, Ministry of EAC, Ministry of Industrialisation. development partners.	6-10 years		
Programme Area 3: Developing and enforcing of standards on garment and textiles	Develop and create awareness on EAC standards on fabrics and finished apparels.	Develop EAC standards on fabrics and finished apparels.	No. of standards for fabrics developed.	Reports by: EAC Secretariat, Ministry of Industrialisation, standards institutions, the private sector/ associations.	EAC Secretariat, Ministry of Industrialisation, standards institutions, the private sector/ associations, development partners.	1-3 years	1.5	
		Organise seminars, prepare and disseminate guidelines on EAC standards.	No. of seminars organised.					
	Control illicit trade in worn or used clothing	Enforce import declaration of worn clothes and other articles based on: (a) show signs of appreciable wear, and (b) be presented in bulk or in bales, sacks or similar packings.	All declaration of used clothes based on HS code classification.	Reduction in mis-declaration of RMGs as used clothes.	Reports by: EAC Secretariat, customs departments, anti-counterfeits enforcement agencies, the private sector /associations.	EAC Secretariat, customs departments, anti-counterfeits enforcement agencies, the private sector / associations.		1-3 years
			Enforce PVoC for all textiles and garment imports					
		Build capacities of national bodies/agencies handling illicit and counterfeits products.	No. of trainings and seminars organised. Existing technical capacity (provided).					
	Harmonise electricity tariffs for integrated textile mills within the EAC.	Set and implement electricity tariff of US\$0.05 per kWh (which is the applicable rate in Uganda).	Electricity tariff of US\$0.05 per kWh applicable in all Partner States.	Reports by: EAC Secretariat, Ministry of Energy, the private sector/ associations.	EAC Secretariat, Ministry of Energy, Ministry of Industrialisation, the private sector/ associations.	1-3 years		

References

Bharath, P., Raju, K., Vigneshwar, M., Rohit, R. and V. Bharathi. Study of ginning and pressing mills. International Journal of Emerging Technology and Innovative Engineering Volume I, Issue 4, April 2015 ISSN: 2394 – 6598

EAC (2017). Common External Tariff 2017 Version. EAC Secretariat, Arusha.

EACS (2017). Final report on the comprehensive study on cotton, textiles and apparels value chain in EAC and the action plan. EAC Secretariat, Arusha.

FAO (2017). Economic importance of cotton in Burkina Faso Background paper to the UNCTAD-FAO Commodities and Development Report 2017 Commodity markets, economic growth and development. FAO, Rome.

ICA (2018). Cotton Report. Cotton production and Trade reports

ICAC (2014). Production and trade policies affecting the cotton industry

ICAC (2017). Global Cotton Production Report. Press Release. HTTPs

International Cotton Advisory Committee (ICAC, 2018). Cotton: Review of the World Situation.

WTO (2017). World Trade statistical Review.

Annex 1: Institutions Consulted in Partner States

Annex 1.1: List of People Consulted in Kenya

Name	Institution	Designation	Email
Jaswinder Bedi	Bedi Investments	Chief Executive Officer	jas@bedi.com chiefexe@epc.or.ke jas@actifafrika.com
	Export Promotion Council	Chairman	
	African Cotton & Textile Industries Federation	Chairman	
	International Textile Manufacturers Federation	Former President	
Alex Mwathi	East Africa Trade and Investment Hub	Value Chain Specialist	amwathi@eatradehub.org
Francis Rotich	Export Processing Zones Authority	Assistant Manager, Planning, Monitoring & Evaluation	Francis.rotich@epzakenya.com
Wambui Ndungu	Export Processing Zones Authority	Assistant Manager, Research & Innovation	Wambui.ndungu@epzakenya.com
Cen Williams	PVH Far East Limited	Hub Leader; Africa & Middle East	cenwilliams@pvh.com
Hezekiah Okeyo	Ministry of Trade, Industry and Cooperatives	Director of Industries	
Abel Kamau	Kenya Association of Manufacturers	Manufacturing Sectors Officer	Abel.kamau@kam.co.ke
Naomi Njeri Kamau	Agriculture and Food Authority	Interim Head; Fibre Crops Directorate	nkamau@gmail.com
John Okumu Adhola	Agriculture and Food Authority	Interim Manager, Regulations & Compliance; Fibre Crops Directorate	jadhola@cottondevelopment.co.ke jadhola@yahoo.co.uk

Annex 1.2: List of People Consulted in Tanzania

Name	Institution	Designation	Email
Sheila K Mugyezi	Uganda Investment Authority	Ag. Director Investment Promotion	skarungi@ugandainvest.go.ug
Damalie Lubwama	Cotton Development Organization	Agronomist	agronomist@cdo.or.ug
Jolly K Sabune	Cotton Development Organization	Managing Director	cdo@cdouga.org
Allan Ssenyondwa	Uganda Manufacturers Association	Ag. Manager, Policy and Advocacy	ipo@ma.or.ug
Okello William Clement	Southern Range Nyanza Textiles Limited	Logistics manager	Logistics@picfare.com

Richard Mubiru	Southern Range Nyanza Textiles Ltd	Director, Corporate Affairs	legal@picfare.com
Grace Kirabo	Uganda Textile Development Center	Centre Manager	kirabogn@yahoo.co.uk
Deepal Bhattacharya	Fine Spinners Ltd	Tech. Head Spinning	spinning@finespinners.com
James Rwaboogo	Fine Spinners Ltd	Executive HR Manager	hrexec@finespinners.com
Jerome Nuwabaasa	Ministry of Trade Industry and Cooperatives	Industrial Officer	jnuwabaasa@gmail.com
Nikhar Mishra	Bajaj Steel Industries Ltd	Assistant Manager-Sales/Admin	bsilug@bajajngp.com
Philip SsekimpiKakembo	Uganda Tailors Association	National Chairman	ugtailors@gmail.com
Prof. Aaron Wanyama	Kyambogo University	Deputy Vice Chancellor	aaronwanyama@gmail.com
Bright Kimuli Richard	Uganda Bureau of Statistics	Senior Statistician	richardkimuli@ubos.org
Fred Lugooja	Cotton Development Organisation	Market Information Officer	Fredlugojja@gmail.com

Annex 1.4: List of Institutions Consulted in Rwanda

1. Rwanda Development Board/Special Economic Zone
2. UTEXRWA
3. C&H
4. Ministry of Trade and Industry
5. Garment makers and traders in Kigali

Annex 1.5: List of Institutions Consulted in Burundi

1. COGERCO
2. Rafina
3. Afritextile
4. City Traders

Annex 1.6: List of People and Institutions Consulted in the Republic of South Sudan

Name	Institution	Designation	Email
Leo Okwahi Lole	Director General, Industry	Ministry of Trade, Industry and EAC Affairs	Okwahileo@gmail.com
Kuot Madhor	Director of External Trade	Ministry of Trade, Industry and EAC Affairs	
Joice Jore Tiberio	FSTS Coordinator	South Sudan National Bureau of Statistics	Joicejore14@gmail.com
Dr. Kuorwel Kuai Kuorwel	Dean College of Applied and Industrial Sciences	Juba University	kuorwel@gmail.com
Mary Akech Milla	Director General	Private Sector Development	maryakechmilla@gmail.com
Kok Bol Bulabek	Director General	South Sudan Investment Authority	alorbol@yahoo.com
Angelo Lado	Chairman	South Sudan Chamber of Commerce and Industry	
Dr. Loro George Leju Ligor	Director General, Agriculture Production & Extension Services	Ministry of Agriculture & Food Security	Lejuligor@yahoo.co.uk

Annex 2: Intra EAC Trade in Textiles, Apparels and other Made-ups

Annex 2.1: Description of Textiles and Made-ups

Cotton Hs 52	52 – Cotton: Cotton whether or not carded and combed, cotton sewing thread, cotton yarn, woven fabrics at least 85% cotton weighing more than 200g/m ²), other woven fabrics of cotton weighing not more than 200g/m ²)
Textiles (Hs 50 51; 53- 60)	50- Silk. Includes Silk-worm cocoons suitable for reeling, raw silk, waste, silk yarn, yarn spurn from silk waste, woven fabrics of silk or silk waste
	51- Wool - fine or coarse animal hair, horsehair yarn and woven fabrics
	53- Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn (flax, hemp, jute, coconut, respective yarns and woven fabrics)
	54- Man made filaments: Sewing thread, synthetic filament yarn, artificial filament yarn, synthetic filaments, man-made filament yarn, woven fabrics of synthetic fabric yarn, woven fabrics of artificial filament yarn

	55- Man made staples: synthetic filament tow, artificial filament tow, synthetic staple fibres, artificial staple fibres, their yarns and wastes; their woven fabrics
	56- Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof (of textile materials)
	57- Carpets and other textile floor coverings
	58- Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery
	59- Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use
	60- Knitted or crocheted fabrics
Apparels/ Made-ups (Hs 61-63)	61- Articles of apparel and clothing accessories, knitted or crocheted
	62- Articles of apparel and clothing accessories, not knitted or crocheted
	63- Other made-up textile articles; sets; worn clothing and worn textile articles; rags
Cotton Hs 52	52 – Cotton: Cotton whether or not carded and combed, cotton sewing thread, cotton yarn, woven fabrics at least 85% cotton weighing more than 200g/m2), other woven fabrics of cotton weighing not more than 200g/m2)
Textiles (Hs 50 51; 53- 60)	50- Silk. Includes Silk-worm cocoons suitable for reeling, raw silk, waste, silk yarn, yarn spurn from silk waste, woven fabrics of silk or silk waste
	51- Wool - fine or coarse animal hair; horsehair yarn and woven fabrics
	53- Other vegetable textile fibres, paper yarn and woven fabrics of paper yarn (flax, hemp, jute, coconut, respective yarns and woven fabrics)
	54- Man-made filaments: Sewing thread, synthetic filament yarn, artificial filament yarn, synthetic filaments, man-made filament yarn, woven fabrics of synthetic fabric yarn, woven fabrics of artificial filament yarn
	55- Man-made staples: synthetic filament tow, artificial filament tow, synthetic staple fibres, artificial staple fibres, their yarns and wastes, their woven fabrics
	56- Wadding, felt and nonwovens, special yarns, twine, cordage, ropes and cables and articles thereof (of textile materials)
	57- Carpets and other textile floor coverings
	58- Special woven fabrics, tufted textile fabrics, lace, tapestries, trimmings, embroidery
	59- Impregnated, coated, covered or laminated textile fabrics, textile articles of a kind suitable for industrial use
	60- Knitted or crocheted fabrics
Apparels/ Made-ups (Hs 61-63)	61- Articles of apparel and clothing accessories, knitted or crocheted
	62- Articles of apparel and clothing accessories, not knitted or crocheted
	63- Other made-up textile articles, sets, worn clothing and worn textile articles, rags

Annex 2.2: Structure of EAC Global Trade in Textiles and Made-ups (2013-2017)

Product category	Exports		Imports	
	Av. Value /year (US\$ '000)	Share of total textiles and made-ups exports (%)	Av. Value /year (US\$ '000)	Share of total textiles and made-ups imports (%)
Cotton textiles	101,490.2	21.1	61,223.13	7.4
Other Textiles	20,608.5	26.0	26,1854.4	31.7
Made-ups	482,866.4	52.9	502,061.5	60.9

Source: Computed from COMTRADE database

Annex 2.3: EAC International Trade in other Fibre Textiles (2017)

Textiles Other than cotton based	EAC Exports		EAC Imports	
	Value US\$ 000	Product share (%)	Value US\$ 000	Product share (%)
Silk	145.6	0.2	57.4	0.0
Wool - fine or coarse animal hair, horsehair yarn and woven fabrics	4426.9	5.1	1336.5	0.2
Other vegetable textile fibres	61062.8	70.6	3546.6	0.5
Man-made filaments	451.0	0.5	240468.7	33.2
Man-made staple fibres	7262.7	8.4	206854.2	28.6
Wadding, felt and nonwovens, special yarns, twine, cordage, ropes and cables and articles thereof (of textile materials)	7588.0	8.8	93400.5	12.9

Carpets and other textile floor coverings	294.7	0.3	17805.0	2.5
Special woven fabrics, tufted textile fabrics, lace, tapestries, trimmings, embroidery	293.2	0.3	22031.8	3.0
Impregnated, coated, covered or laminated textile fabrics, textile articles of a kind suitable for industrial use	231.3	0.3	40135.9	5.5
Knitted or crocheted fabrics.	4729.3	5.5	98319.1	13.6

Source: Computed from COMTRADE database

Annex 2.4: Other Fibre Textiles Export and Import Markets

Export			Imports		
Market	Value US\$ '000	Market Share (%)	Market	Value US\$ '000	Market share (%)
China	34,813.4	35.9	China	447,038.2	60.7
European Union	10,364.6	10.7	India	76,066.6	10.3
Nigeria	7,180.4	7.4	Pakistan	40,142.9	5.4
Uganda	5,997.8	6.2	Korea Rep.	20,729.7	2.8
India	5,994.4	6.2	Indonesia	19,766.2	2.7
Kenya	5,960.4	6.2	Singapore	16,674.3	2.3
Spain	5,396.6	5.6	Japan	15,594.5	2.1
Morocco	2,801.5	2.9	European Union	12,997.1	1.8
Egypt	1,867.9	1.9	Hong Kong, China	12,320.5	1.7
Tanzania	1,809.0	1.9	Tanzania	10,696.9	1.5

Source: Computed from COMTRADE database

Annex 2.5: Intra- EAC Trade in other Made-up Textile Articles, Sets, Worn Clothing and Worn Textile Articles, Rags

Product	Share (%)
Blankets and travelling rags	6.0
Bed linen, table linen, toilet linen and kitchen linen	2.1
Curtains (including drapes) and interior blinds, curtain or bed valances	0.4
Other furnishing articles, excluding those of head	38.9
Sacks and bags, of a kind used for the packing of goods	41.5
Tarpaulins, awnings and sun blinds, tents, sails for boats, sailboards or land crafts, camping goods.	8.5
Other made-up articles, including dress patterns	0.5
Sets consisting of woven fabric and yarn	0.0
Worn clothing and other worn articles	2.4
Used or new rags, scrap twine, cordage, rope and cables and worn-out articles of twine, cordage, rope or cables, of textile materials.	0.2

Source: UNCOMTRADE database

Annex 3: Glossary of Words

Apparels: Clothes of a particular type being sold in a shop.

Better Cotton Initiative (BCI): A non-profit that promotes better standards in cotton farming and practices across 21 countries.

Bt (*Bacillus thuringiensis*) Cotton: A genetically modified organism (GMO) or genetically modified pest resistant plant cotton variety, which produces an insecticide to bollworm.

Findings and trims: Findings refer to labels, treads, elastics, underlying fabrics, zippers, buttons, other closures, and other miscellaneous items; while trims refer to decorative materials such as ribbons, braids, laces, other narrow fabric trims, appliqués, flowers, beads and sequins. Findings and trims are highly essential in the manufacture of garments.

Grey fabric: Also known as Greige fabric, these do not indicate the colour of the fabric, but the finish. This fabric is unprocessed or unfinished, hasn't been dyed, bleached or processed. It can be used in the making of upholstery, home linen, clothes, garments and more.

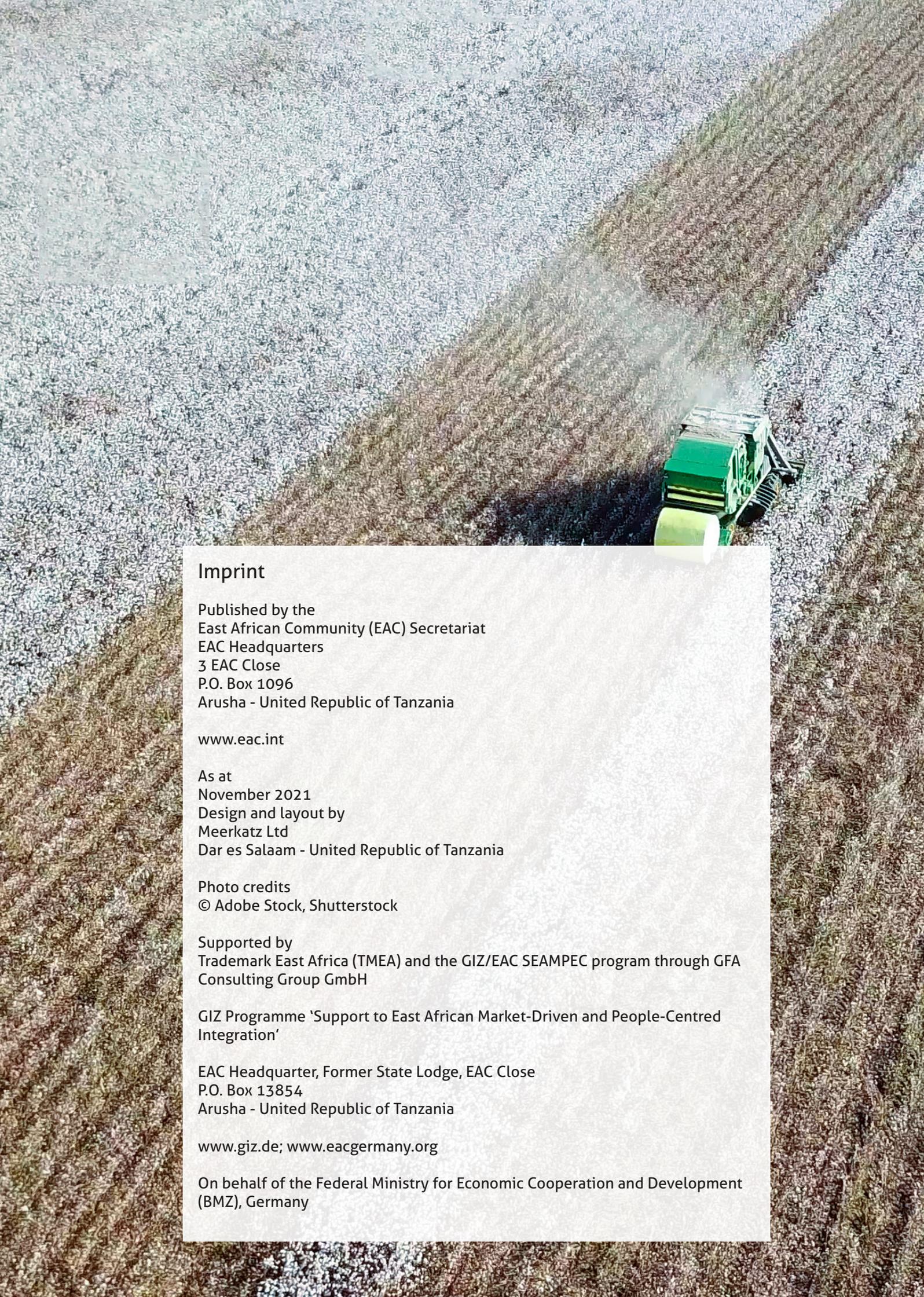
Investment allowance: This refers to a tax incentive offered to businesses to encourage capital investment, from which they can deduct a specified percentage of capital costs, including depreciation, from taxable income.

Investment credit: This refers to a tax incentive that permits businesses to deduct a specified percentage of certain investment costs from their tax liability, in addition to the normal allowances for depreciation.

Made-ups: These are manufactured articles of any textile materials except apparel. They include products such as home textiles, e.g., bed linen, pillows, bean bags, carpets, and made-up textile articles for outdoor usage.

Organic cotton: This is cotton from plants that are not genetically modified and are certified to be grown without the use of any synthetic agricultural chemicals, such as fertilizers, pesticides or defoliant, produced according to the internationally recognised organic farming standards.

Textile and Fabric: Textile refers to any material made of interlacing fibres, while a fabric is a material made through weaving, knitting, spreading, crocheting, or bonding that may be used in production of further goods e.g., garments.



Imprint

Published by the
East African Community (EAC) Secretariat
EAC Headquarters
3 EAC Close
P.O. Box 1096
Arusha - United Republic of Tanzania

www.eac.int

As at
November 2021
Design and layout by
Meerkatz Ltd
Dar es Salaam - United Republic of Tanzania

Photo credits
© Adobe Stock, Shutterstock

Supported by
Trademark East Africa (TMEA) and the GIZ/EAC SEAMPEC program through GFA
Consulting Group GmbH

GIZ Programme 'Support to East African Market-Driven and People-Centred
Integration'

EAC Headquarter, Former State Lodge, EAC Close
P.O. Box 13854
Arusha - United Republic of Tanzania

www.giz.de; www.eacgermany.org

On behalf of the Federal Ministry for Economic Cooperation and Development
(BMZ), Germany