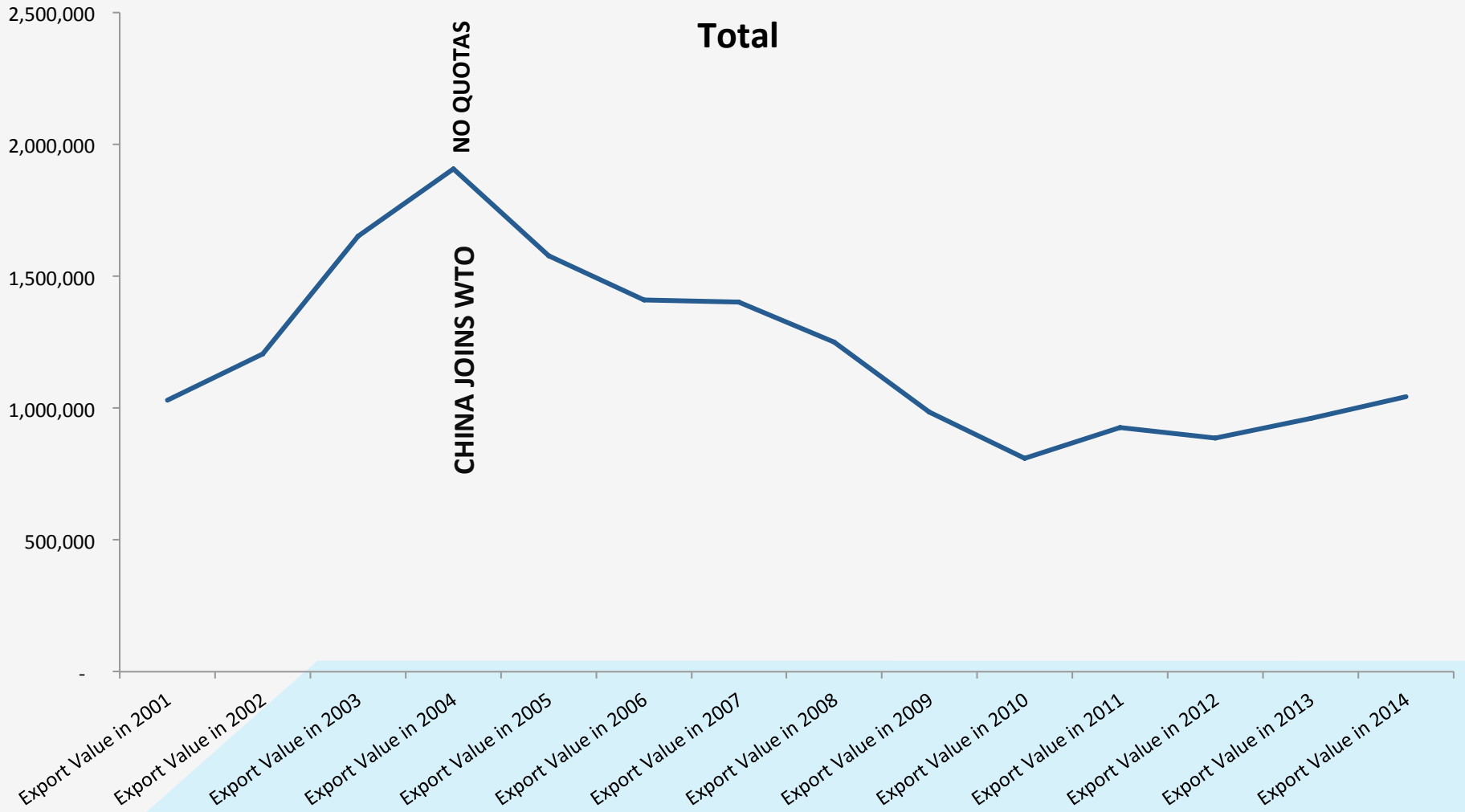
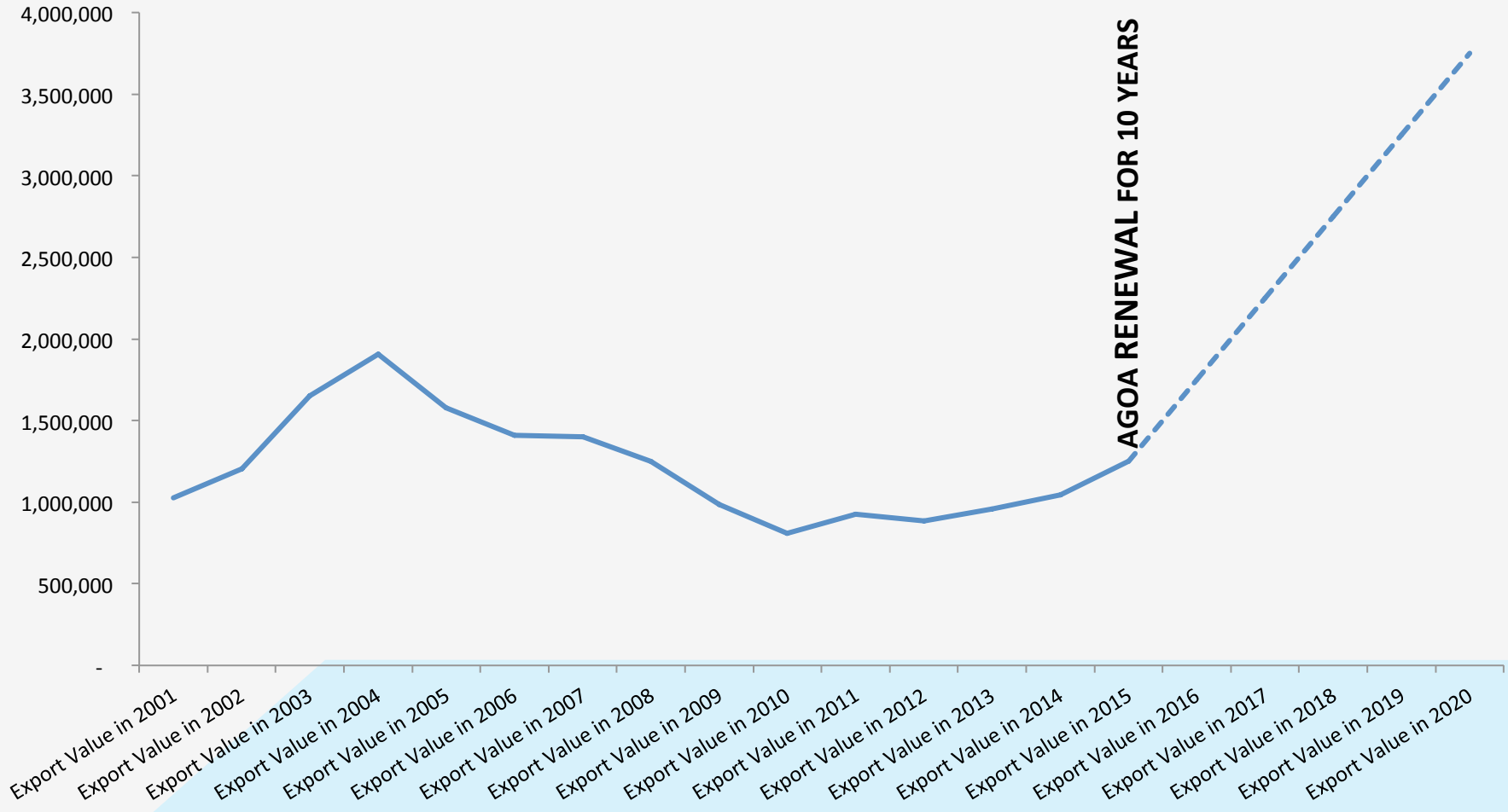


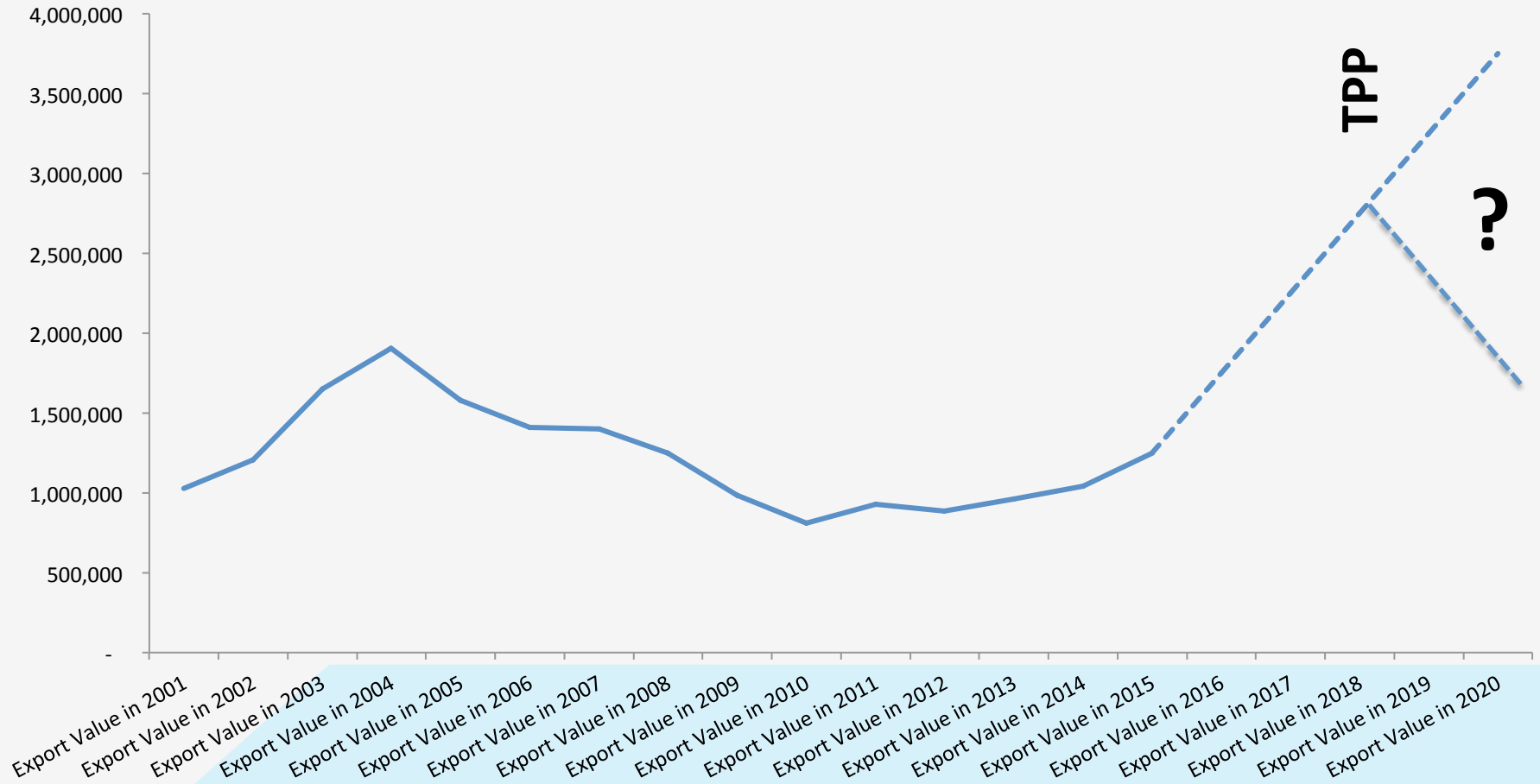
CURRENT EXPORT VALUE- THE LAST 15 YEARS



TOTAL EXPORT VALUE PROJECTION TO REFLECT AGOA RENEWAL



TOTAL EXPORT VALUE POTENTIAL IMPACT FROM TPP



LOGISTICS COMPARISON OF AFRICA TO ASIA

40 FT. CONTAINER	DJIBOUTI/HAWASSA		KENYA		HO CHI MINH	
FROM SHANGHAI	TIME	COST (\$)	TIME	COST (\$)	TIME	COST (\$)
FACTORY TO PORT	1	240	1	240	1	240
PORT TO PORT	30	2,645	38	2,785	30	1,700
CUSTOMS	4	1,100	3	225	3	140
PORT TO FACTORY	4	3,600	1	1,250	1	460
TOTAL	39	7,585	43	4,500	35	2,540

GROWTH OF APPAREL EXPORTS UNDER AGOA AND POTENTIAL IMPACT OF TPP

• TODAY

- As we saw from the graphs, exports doubled in value from 2001 to 2004
- China joined WTO and therefore quota went away. So AGOA now only benefits from duty free
- Costs in Asia were lower than Africa
- Lead times and logistics costs made Africa less competitive
- Exports decreased to less than \$1 billion in 2010

• TOMORROW

- Increases in costs in Asia make Africa more cost competitive
- Factory safety and compliance issues in Asia
- AGOA renewal for ten years opens opportunity for investment
- East Africa seeing renewed interest from textile and apparel suppliers
- Growth potential is huge

• AFTER TPP

- If Africa continues on the same path, i.e. rely outdated manufacturing processes and imported fabrics then potential challenges are:
 - Duty free in Vietnam will enable them to compete on price with Africa
 - Vietnam needs 3 stage conversion, i.e. spin/weave/garment so lead times and logistics cost will be reduced
 - Exports from Africa will be impacted.

WHAT CAN AFRICA DO TO MINIMIZE THE RISK OF TPP

1. COST

- a. Improve training of operators to build more productivity so that CM cost will remain competitive
- b. Improve training of industrial engineers to develop manufacturing capabilities and efficiencies

2. SUPPLY CHAIN- Perhaps the Greatest Challenge but also the Greatest Opportunity

- a. If Africa is to minimize the impact of TPP, it needs to be cost efficient and reduce lead times:
 - i. Logistics is the biggest challenge (Slide 4)
 - ii. Manufacturers, buyers and governments need to encourage vertical supply chains. If africa has fabric and accessories, it can compete equally with Vietnam
 - iii. Add to that cotton then Africa becomes a world leader

WHAT CAN TODAY'S AUDIENCE DO?

- Simply encourage your suppliers to invest in Africa- Africa can become a world leader not only in cost, but in leadtime and also sustainability and compliance

Let's build it together!

