

In February 2017, USAID and the American Apparel & Footwear Association united in partnership with the East African public and private sector to ensure best-in-class business practices that lead to wins for trading partners.

THE PARTNERS

- **The American Apparel & Footwear Association** - representing 1,000 world famous brands and contributing \$361 billion in annual U.S. retail sales.
- **USAID East Africa** - focused on ensuring that East Africa grows into a mature market where both local and international companies can contribute to regional livelihoods and trade and enhancing American influence abroad.
 - USAID advances enterprise-driven solutions to unlock Africa's growing markets.
 - The USAID East Africa Trade and Investment Hub (the Hub) boosts trade and investment in East Africa, and between East Africa and the United States.
- **The East African public and private sector**

THE AFRICA ADVANTAGE

USAID East Africa and the Hub supports U.S. buyers and manufacturers to consider East Africa as their next sourcing and investment destination.

- The East African region has emerged as a leading economic hub in Africa. In 2016, East Africa was the fastest growing region on the African continent, with a 5.3% real gross domestic product growth.
- With six of the world's ten fastest-growing economies, Africa shows vast investment potential.
- The African Growth and Opportunity Act (AGOA) advantage
 - Up to 35% savings with duties waived on nearly 7,000 products from AGOA-eligible countries.
 - In 2015, the U.S. Government renewed AGOA until 2025.

PARTNERSHIP GOAL

Help East African governments and private sector entities institutionalize the best practices and standards that American apparel, footwear, and travel good sourcing companies require, particularly through:

- Workforce development
- Enabling policy, specifically power tariffs, work permits, and the movement of goods and capital
- Implementation of social, environmental and worker safety standards.

OUTCOMES

- Increased U.S. – Africa trade and investment
- Job creation, in East Africa and the U.S.
- A path toward self-reliance, i.e. East Africa as a competitive, reliable sourcing destination

HOW CAN AAFA MEMBERS CONTRIBUTE?

- Encourage your members to buy into the Workforce Development Program, outlined below.
- Meet our vendors at the apparel and footwear trade shows where the Hub is supporting East African apparel and footwear vendors to participate
- Discuss your sourcing needs with our Apparel Trade Linkages Consultant, Andre Saldias.
- Visit East Africa to explore sourcing from experienced vendors, through the Hub's Buyer Missions to East Africa, planned for May and October this year.

PROGRESS TO DATE



In June 2017, the Hub launched a new Workforce Development Program, in partnership with the McKinsey Company, to further its partnership goals with the American Apparel & Footwear Association. The program addresses two key constraints to increased growth in the East African apparel industry – high turnover and low-labor productivity. The skilled workforce that will emerge from this partnership will reduce operating costs associated with high turnover, low productivity and inefficiency. The program will ultimately lead to greater competitiveness in the export market and attract more investment in East Africa.

Over the next year, the workforce development pilot program in Kenya will train 2,000 sewing machine operators on technical sewing skills, behavioral skills and “soft skills,” such as positive and reinforcing mindsets. The employer-led methodology is designed to ensure a return on investment for both employers and students.

In May 2018, the Hub incorporated stakeholder feedback from the pilot phase and increased the amount of time trainees spend on sewing machines. The Hub also expanded the range of sewing machines on which the trainees practice and hired more trainers with factory floor management experience.

Enabling policy, specifically power tariffs, work permits, and the movement of goods and capital

To better understand the challenges facing the apparel and textile sector in East Africa, the Hub has undertaken a benchmarking exercise in six East African countries. The final document will detail the following investment factors for each country: incentives, industrial parks, power tariffs, infrastructure availability, transport and logistics cost and time, cost of finance, and availability and costs of work permits. The document will compare East African investment factors with apparel-producing countries in Asia.

Implementation of social, environmental and worker safety standards

The Hub is developing a training and certification audit program for medium-sized apparel manufacturers in the region. The intervention will provide internal audit training support and support for the cost of external auditors to conduct certification audits. The Hub will conduct the program on a cost-share basis. The Hub has identified East African firms that could benefit from the program and will commence collaboration soon.

Improved sourcing transparency

The Hub has created an Apparel Supplier Database on its website www.eatradehub.org

The database contains 68 potential clothing and accessory suppliers throughout Madagascar, Kenya, Mauritius, Uganda and Tanzania. The mapped firms include apparel manufacturers, vertically integrated apparel/textile producers and manufacturers of apparel trims, findings and accessories. The profiles outline contact details, product range, annual value of production, export markets served, certifications held and key competences.



Market linkage support

The Hub supports trade shows to help East African exporters build business linkages with the U.S. and other international markets. The Hub also looks to raise the profile of African companies and promote East Africa as a sourcing destination for U.S. apparel needs. To build on trade show momentum and linkage made, the Hub organizes follow-up buyers missions to East African countries. This often where contracts are signed.

In the past three months, the Hub supported five trade shows and two buyer missions in the apparel, footwear, home décor and specialty food sector that generated 367 trade linkages, worth \$71,500 in sales and \$33,878,170 in potential orders.

Hub attends AAFA Global Sourcing Summit

At the invitation of AAFA, the Hub sent representatives to the Annual AAFA Global Sourcing Summit held in the Ronald Regan Building in Washington D.C. The Hub was represented by Apparel Trade Linkages Consultant Andres Saldias and the AGOA Trade Linkages Advisor Finn Holm Olsen. The meeting shared valuable insights into U.S. sourcing trends and emerging buyer needs and “must-haves”. These included strategies to increase speed to market and to enhance collaboration and partnership between vendor and buyer. The Hub benefited from presentations made by executives of AAFA, Chico’s, Timberland, TexOps and VF Corporation.

Hub speaks at inaugural Trade with Africa Business Summit in Walmart hometown

The Hub was a key sponsor of the inaugural Trade with Africa Business Summit in Bentonville Arkansas on May 10 and 11. The event connected U.S. businesses with African enterprises interested in doing business. U.S. trade experts contributed their insight. The event, co-sponsored by several institutions including Walmart whose hometown was the host city, featured presentations by the Hub's Apparel Trade Linkages Consultant who presented his observations from a five-country tour of 32 East African apparel factories that he completed in March 2018. The Hub's AGOA Trade Linkages Advisor spoke in a panel on "Exporting to and Sourcing from Africa". The summit provided high-level networking opportunities for firms who attended.

East Africa AGOA exports continue upward trend

The seven countries that the Hub supports continue to increase their duty-free-apparel exports to the U.S. under AGOA, with Madagascar, Ethiopia and Tanzania leading the way, see table below.

AGOA APPAREL EXPORTS TO U.S. FROM EAST AFRICA COUNTRIES (HS 61/62) IN '000 USD				2017 increase
Countries	FY2016	FY2017	FY2018 YTD March 2018	
Ethiopia	\$28,324	\$45,036	\$36,290	59%
Kenya	\$351,141	\$330,355	\$174,576	-6%
Madagascar	\$81,700	\$136,043	\$78,214	67%
Mauritius	\$191,805	\$151,911	\$67,714	-21%
Rwanda	\$326	\$1,053	\$1,250	223%
Tanzania	\$35,398	\$39,082	\$20,162	10%
Uganda	\$4	\$375	\$29	9275%
East Africa Total	\$688,698	\$703,855	\$378,235	2%

(Source: USITC, Hub analysis) Note: The financial year runs from October 1 to September 30

CALENDAR 2018

ACTIVITY	DATES	DESCRIPTION	LOCATION
Apparel textile sourcing show	May 21 – 23, 2018	4-day apparel and textile sourcing show targeting buyers in southeast U.S. East Africa Pavilion will have 4 companies (2 from Madagascar, and 2 from Mauritius) and a Hub booth. Hub team to speak on panel focused on sourcing apparel from East Africa.	Mana Wynwood Convention Center, Miami

ACTIVITY	DATES	DESCRIPTION	LOCATION
FFANY, New York	June 5-7, 2018	3-day footwear trade show. Will feature leading footwear exporters from Ethiopia and Kenya.	New York, Academy Mansion and Warwick NY.
U.S. buyer apparel sourcing mission to East Africa	Late June, 2018	Sourcing visits for a US buyer to qualified vendors in East Africa. Support for buyer's investor vendor network to also explore investment opportunities in East Africa value chain. Hub will facilitate up to 3 senior buyer executives to meet selected East African vendors.	2 East African countries
Sourcing at MAGIC Footwear Sourcing at MAGIC	August 16-19 2018	3-day apparel and footwear trade shows. Featuring seminars and networking. East African fashion accessories & footwear enterprises will be on show.	Las Vegas Convention Center, Las Vegas, Nevada
Sourcing at Coterie / Coterie	Sept 15-17, 2018	3-day women's fashion trade show. Will showcase 6 East African producers of women's apparel and fashion accessories	Jacob Javits Convention Center, NY, NY