

Supply Chains & Business Models in Times of Rapid Change

International Textile Manufacturers Federation (ITMF) Organised Conference on "Supply Chains & Business Models in Times of Rapid Change" September 7 – 9, Hotel Kempinski Nairobi -Kenya

Opening Session was graced by Jas Bedi, EBS, MBS, President, ITMF and ACTIF, The Hon. Mukhisa Kituyi, Secretary-General, UNCTAD, Switzerland, The Hon. Peter G. Munya, MGH, Cabinet Secretary Ministry of Industry, Trade & Cooperatives, Kenya



A recurring theme in presentations from both industry leaders and external thought leaders was the increased pace of change in Supply Chain, African demographics, business models, communication trends and the impact these will have on the textile business. Subjects like fibres, innovation, design-driven innovation and e-commerce, New disruptive technologies in textile manufacturing highlighted these trends and challenged everyone to check their assumptions on the potential for Textile Business. The conference gathered more than 400 international decision-makers, representing 30 countries, who influence the future of the Textile trade and technology. Attendees learned about perspectives on the technology, products and business trends of the global Textile industry, and beyond, from speakers representing China National Textile and Apparel Council, Sateri, Otto Group, RWTH Aachen, WTiN, TRADEMARK EAST AFRICA, SCLP, Software Automation, International Finance Corporation, GHERZI, Cotton Analytics and ITMF.

Analysis of Africa's competitive position in the textile industry. The Opportunities in Africa, Huge labour pool, Sub-Saharan Africa will have the highest growth in working-age population anywhere over the next 20 years, more than 900 million people, Strong purchasing power for domestic markets, Fastest growing middle

class in the world. African consumer spending will hit US1.4 trillion by 2020. More trade agreements, Massive lands for the sources of raw materials

The Fiber Session discusses With the development of an economy, the upgrade of consumption, and the pursuit of functional, differentiated and fashionable products of the market, the chemical fibre can meet the above needs based on physical and chemical modification, and actively replace parts of the cotton application market. In China, the cotton price difference between domestic and overseas caused by the quota policy makes the cost of cotton different, so the substitution of chemical fibre is more obvious.

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In the future, the cotton market and chemical fibre market will have their own space but are interdependent with each other. Blending makes cotton and chemical fibre complementary in performance, and the change of market demand and consumption habit makes cotton and chemical fibre supplement each other as the main textile raw materials

Africa offers several opportunities however challenges must be overcome, Africa is not a single market, Africa's textile industry is driven by FDI, Preferential market access to EU/US is a key attraction and large domestic market (ECOWAS: 350 million), Fragmented value chain Potential for improving the "enabling environment" and "doing business" to capitalize on the willingness of global players to invest across African textile value chain. Textile Machinery Investments, African ring spinning capacity has faced decline and stagnation during 2010-2017. Africa's shuttle-less weaving and circular knitting capacity have shown some recovery. Africa's global textile & clothing trade at US\$35 bn shows a growing deficit, Africa's textile & clothing export trade witnessed a slowdown in 2016. ...whereas textile & clothing imports have been growing, especially readymade garments.

Three North African countries account for 70% of total apparel exports from Africa Nigeria is the No. 1 importer of textiles(US\$ 2.4 bn), mainly for domestic consumption, Whereas South Africa is the major importer of clothing in Africa Africa's market share in the US imports has been stagnant at around 2.5% with further potential to grow to leverage preferential market access. EU imports of clothing from Africa have been stagnant around 7% with further potential to grow. Africa with a per capita textile consumption of 2.6 kg has huge growth potential.

Opportunities in Africa are apparent however challenges must be understood. Gherzi has accumulated a very strong experience in Africa with over 100 successful projects with presence through 2 offices. In the case of East Africa- Fastest growing economic bloc in Africa and second in the world. - Your gateway to Africa,. GDP Growth: 5.3% (Above-average GDP growth), World's fastest-reforming region, The largest single market in Africa with a population of 150+m. Diversified economy/business and investment opportunities in the textile and apparel Sector, Growing middle class (Ready Market)., Preferential market access to the US, E.U amongst others, Harmonized tariffs within the EAC –Customs Union and Single Customs Territory, Improved political environments. Cotton and Textile is a key priority sector for the EAC Partner States(Strong political goodwill). Cotton production in Uganda, Tanzania and Kenya is growing rapidly, and Governments are investing heavily in cotton farming and reviving the value chain. Pilot projects on cotton production using BT technology are underway in Kenya. All EAC States are expanding Export processing and Special Economic Zones (Textile cities) – Tanzania, Rwanda and Kenya Leading Ports of Mombasa being upgraded to enhance turnaround time. The idea is to present to investors the prospects and opportunities available in investing in the cotton, textile and garment (CTG) industry in East Africa. In case of technology High demand for ever more automated and ever more energy- and water-efficient textile machines.

During the Techtexil 2017 and the ITMF meeting in Bali, ITMF had initial discussions with the IAF to join forces to address audit fatigue. Currently, social compliance practices in the textiles and garment industries are redundant, confusing and unnecessarily complicated, leading to increased costs, The social compliance sector is very complex and has lot of different players. There are multiple reasons why retailers would join the initiative. It will Increase efficiency, Consolidate know-how, Expand supplier base faster, Visibility into the entire value chain, Support a universal industry standard.

In case of a Social Compliance, the Social Labor Convergence Project is an industry effort with over 160 signatories including the German and Dutch governments from various disciplines within the entire textile and garment manufacturing and retail chain.

ITMF 2018 widespread acclaim as the ideal platform for the key textile professional to network, do business and catch-up on the exciting potential of the African region. The Conference highlight New technologies, Internet of Things (IoT) offers new potential to increase productivity, Sustainability is a trend and an integral part of a business (CSR), Infrastructure Projects (OROB-Initiative) – Creating new opportunities,- Textile production concentrated in Asia (especially in China)And it Shifts of textile production to other countries (Asia and partially Africa). Production in other regions (Africa, Americas, Europe) has more potential due to- Technologies (digital and 3-D printing, automation)- Fashion trends (fast fashion).

The Conference decided that the next ITMF Annual Conference will convene In Porto, Portugal, October 20-22,2019. The Conference expressed its sincere gratitude to the Government of Kenya for their warm hospitality, as well as for Jas

Bedi, EBS, MBS, President ITMF, Chairman ACTIF, for excellent arrangements made for the Conference. The Conference was a grand success.

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