

# Kenyan textile exports decline under AGOA initiative

17 Jul, 2009 - Kenya

Kenyan manufacturers Thursday lamented the decline in their export volumes to the US since the introduction of trade rules that do not offer exclusive access to textile products to the American market.

The Apparel Sector chairman of the Kenyan Association of Manufacturers (KAM), Jaswinder Bedi, said Kenya's exports to US under the US African Growth and Opportunities Act (AGOA) had continued to decline over the last six years.

Kenya's textile sales to US had been declining since a high of US\$ 272 million in 2003, to an estimated US\$ 180 million in 2009, based on the figures for the first four months of 2009 when the country had sales of US\$ 60 million.

Bedi noted that the decline was because producers had reduced operations following the end of the multi-fibre agreement in 2005, which allowed states to import textile products from other countries and use it for the local production of textiles for export.

There was also a reduction of buyers targeting Kenya as a source.

KAM Chief Executive Betty Maina urged Kenyan businesses to take advantage of other products that are eligible under AGOA, including tea, coffee and horticultural products, instead of focusing only on textiles and apparels.

Kenya is to host the eighth AGOA forum.

KAM is asking the government to give incentives to the country's apparels and textiles sector in order to prevent job losses and capital flight.

Bedi said the sector, with great potential in Kenya's economy, had been on the decline over the years as a result of the high cost of doing business in the country.

Kenya's textile sector has been declining over the years from a high of 40 firms in 2003 to only 20 at the end of April this year.

Bedi attributed the decline to uncompetitiveness of the sector, which had been occasioned by high production costs, including cost of electricity.

Bedi, who was speaking during a media briefing on the upcoming AGOA forum scheduled for 4-6 August, said the textile sector could contribute greatly to the government's ambition to create 500,000 jobs annually.

"The textile sector is capable of creating thousands of jobs annually, thereby making a major contribution to job creation in Kenya," Bedi said.

Maina said the AGOA forum presented a major opportunity for the country because various stakeholders would be able to showcase and even sell their products and services both during

the forum and the exhibition that would run concurrently with the meeting.

AGOA provides duty-free and quota-free treatment for eligible apparel articles made in qualifying sub-Saharan African countries through 2015.

Qualifying articles include: apparels made of US yarns and fabrics; apparels made of African (regional) yarns and fabrics until 2015, subject to a cap; apparel made in a designated lesser-developed country of third-country yarns and fabrics until 2012, subject to a cap; apparels made of yarns and fabrics not produced in commercial quantities in US.

Others are textiles originating entirely in one or more lesser-developed beneficiary sub-Saharan African countries; certain cashmere and merino wool sweaters; and eligible hand-loomed, handmade, folklore articles and ethnic printed fabrics.

Bedi expressed regret that over the years, sub-Saharan countries had not taken advantage of AGOA and currently account for the less than one per cent of the total trade volume.