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The African Textile and Clothing Industry: From Import Substitution to Export Orientation

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The African[1] Textile and Clothing Industry: From Import Substitution to Export Orientation

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1. Introduction

The African textile and clothing (T&C) industry is in a major crisis. Domestically it is hit by imports (in particular from Asian countries) with which it finds it difficult to compete. Not much of the once impressive T&C sector built during the phase of import substitution is left. It is hit on foreign markets, where it has made some inroads in recent years, and where fierce competition among suppliers is now threatening exports from Africa.

The future and, to some extent, even the survival of the African textile and clothing industry is closely linked to two international processes: The changes taking place on the global T&C market after the expiry of the Agreement on Textiles and Clothing (ATC) on 1 January 2005; and the restructuring of the multilateral trade system, being negotiated in the current World Trade Organization (WTO) Doha round.

The expiry of the ATC marks the end of a period of some 40 years, during which much of the global T&C trade was subject to a special regime which centred on a politically motivated quota system. With the end of the quota system, the T&C trade is moving inside the world of WTO agreements, becoming an integral part of the WTO system, governed by the general rules and principles of this multilateral trading system.

The WTO Doha round is the second major reference. Current WTO agreements do allow the use of certain rules, which can provide protection for national T&C companies through customs duties or safeguard measures and promote exports through preferential market access. All these policy instruments are on the WTO table for negotiations again.

The survival of the T&C sector and the design of domestic and international trade and industrial policies is of major relevance for the development prospect

1 In the context of this paper, “Africa“ refers to Sub-Saharan Africa

of many African countries. Looking in broad terms at the development pattern of successful countries from other regions, the following key issues become apparent:

(a) As part of a labour-intensive manufacturing sector, the textile and more so the clothing industry may be considered as the first step towards industrialisation. During the transformation from an agrarian to an industrial society, virtually all countries passed through an initial period of accelerated development of the T&C sector. Those who tried to concentrate their first development stages on heavy industries like Russia and China usually failed and had to re-consider their growth pattern in later years.

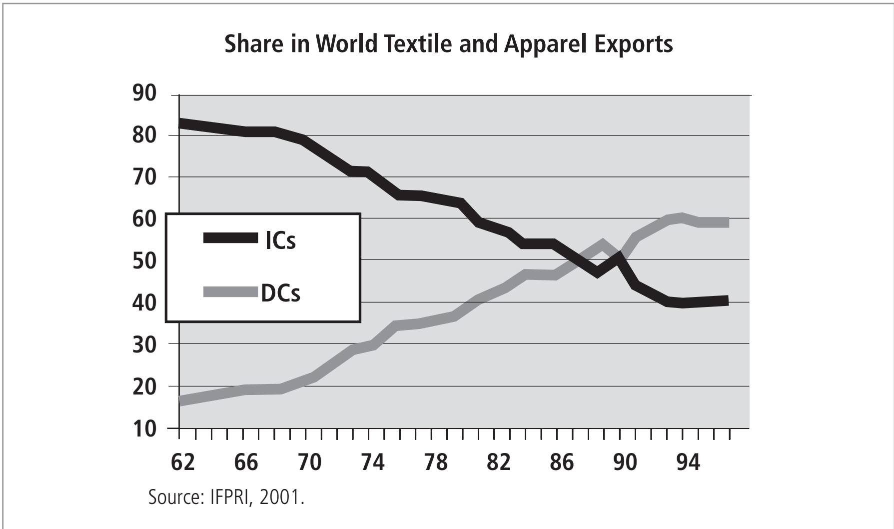
(b) At no point in time (in the pre-WTO world) did any country ever try to develop its T&C sector without applying some protection for its infant industries before opening up to competition. No industry was ever able to survive in open competition on domestic or foreign markets before it had a chance to mature within a protected environment. Customs duties and other protective measures were always intended to equalize between productivity differentials, and most countries applied a full import ban when it fitted their own industry.

(c) There is generally no reason to believe that T&C industries today could not play the same developmental role what it did in history for the UK, the US, Germany and Japan. T&C industries have played a key role in the several waves of industrialising economies of East Asia such as: Hong Kong, Singapore, Taiwan, South Korea, Malaysia and, more recently, China, Indonesia, Thailand and Viet Nam. Similar efforts to develop T&C industries were undertaken in South Asia, including India, Pakistan, Sri Lanka and Bangladesh.

(d) Historically, T&C industries constituted the first manufacturing sector, where export production became dominated by developing countries. “In the mid-1960s, developing countries accounted for nearly 15% of world textile exports and less than 25% of world clothing exports. In 2000, these shares are more than 50% and 70%, respectively” (Evolution of Trade: 6).

(e) T&C production in developing countries has been dominated by Asia. Korea and Taiwan were the leading world suppliers in the 1st half of the 1980s, with China replacing both as lead economy in the 2nd part of the 1980s (IFPRI: 7). In 2003, China alone accounted for 20 per cent of total world exports of textiles and 28 per cent of clothing (UNDP: 5).

(f) Trade in the T&C sector has grown faster than total trade in goods between 1962 and 2001 and it will remain an economic springboard for many developing countries.



Source: IFPRI, 2001.

(g) In view of the increasing disparities between developing countries, there is a need to further qualify and distinguish between advanced developing countries and least developing countries (LDCs). Between 1995 and 2003, the share of T&C from LDCs in world exports increased from 2% to 5%, driven by an annual average growth rate of 15.7% (UNDP: 3). Comparing these figures to the total share of LDCs in all world's merchandise exports (0.63%) puts the clothing sector into perspective: For LDCs, it is by far the main source of growth in manufacturing output which can be sold on world markets.

Looking at these trends it becomes obvious that "using the T&C road" may still be a promising path for African countries which want to initiate industrial development. It allows relatively easy entry, is labour intensive and may provide African countries with a "competitive advantage" due to large pools of low-skilled labour and relatively low wage levels. Furthermore, the clothing sector can be diversified into more complex production processes for higher-skilled labour; and it allows building of linkages to textiles, which is a more capital intensive business and comparatively better suited for more advanced countries.

On the other hand, the "T&C road" can lead to highly exploitative production processes and the emergence of the "working poor": workers in full-time employment but unable to meet even the most basic needs of their households. The T&C industries are notorious for creating poor working conditions in many developing countries.

What matters most from an economic perspective, is the extent to which an industrial development strategy based on T&C is primarily focusing on supplying domestic markets, where national policies may provide a protective environment or whether it is primarily targeting international markets, where market share must be captured from advanced competitors.

2. Three Phases of T&C Development in Sub-Saharan Africa

2.1. Pre-Colonial and Colonial Era

The history of the African textiles industry dates back to pre-colonial times. There appears to have been no degree of specialization to the extent, that manufacturing with wage labour on a large scale mushroomed everywhere, but certain regions were well advanced in not only supplying their own clothing needs but becoming large-scale exporters of textiles. Heinrich Barth, the famous German Africa traveller gave a vivid picture of the cotton fields in the Sahel region and the size of the Kano weaving industry in the middle of the 19th century. Most weaver households were still linked to agricultural activities and produced their basic needs of food. But during non-farming seasons they supplied textiles in such quantities and with such skilled labour that markets for them stretched from today's Senegal to the Chad and many entered the Trans-Sahara-Trade to North Africa and were even sold in Europe. Barth estimated cotton textiles to have made up some 30% of all Kano exports, which made it economically more significant than the slave trade.

Most of the local spinning and weaving industry in West Africa was destroyed between 1880 and 1930. The steamships appeared in Africa after 1852, reducing transport costs and bringing to the shores an influx of small traders who moved inland and tried to sell European textiles and other industrial goods in exchange for agricultural raw materials. England and France started their race in setting-up spheres of influence to connect West African markets to the needs of their national industries before they finally began, as from the 1990s onward, to conquer territories with military force and annex them as colonies. The Yoruba industry, an important producer of West African textiles in South-West Nigeria, which had supplied forest regions along the Atlantic coast as well as slave markets in Brazil, was first crowded out due to its proximity to the European trading posts along the coast and succumbed to cheaper imports and political interference between 1880 and 1900. The Kano industry further inland prospered behind high transport costs until 1912, when the railway reached the city. World War I brought some relief, but before World War II most of the once famous textile industry had van-

ished and, thereafter, some 90% of the Nigerian textile market was supplied from imports (Johnson; Prest/Stewart).

Between 1900 and 1960 the colonial regimes ensured that Africa supplied European markets with unprocessed raw materials whilst being a selling ground for fully processed consumer goods. As a result, Africa's economy suffered: its craft industry was destroyed and autocentric processes of economic development were turned back. Until close to the end of colonial rule, no projects of industrial development were started. It was only in Southern Africa, in particular in South Africa and former Rhodesia, where white settlers pushed for industrial development to protect their political environment. The rest of Africa reached independence with no significant industry in place.

After independence, Africa adopted two distinct approaches to develop its clothing and textile industries. The first phase, the period of import substitution, in most cases lasted from the end of colonialism till the 1980s. It virtually ended when national Governments lost the capability to service their foreign debts and were forced by World Bank and the International Monetary Fund (IMF) to open national economies to foreign trade. Whilst some countries were caught in an on-going process of de-industrialisation, others opted for export orientation with T&C products. It is in this context that Export Processing Zones (EPZs) became the new concept for industrial development.

2.2. Import Substitution

(a) Industrialisation with IS

Import Substitution (IS) is based on the principle that the state plays a key developmental role and an active state policy is the main tool to transform an agrarian economy into an industrial society. IS is a strategy to target the domestic market. Companies set up through national (private or public) or foreign investment were provided with a local market and protected from outside competition through customs duties, through quantity restrictions on imports or by out-rightly banning them. The first two of the so-called development decades (1960s and 1970s) were at a time when the WTO was not yet in existence, when no Most Favoured Nation (MFN) clause made discrimination policies difficult and when no binding of tariffs or prohibition on quantity restrictions narrowed the policy space of national Governments. This was the time, when UNCTAD was the central agency for UN endeavours towards development, when import substitution was even the favoured development approach by the World Bank, when foreign debt was not yet an issue and the IMF had no say in the macro-economic policies of African states.

In the absence of comprehensive statistics, it is difficult to empirically assess the relevance of the textile and clothing industry in Sub-Saharan Africa (SSA) between 1960 and 1980. With the exception of a few, mostly small countries which pushed for beneficiation of agricultural or mineral exports, and the special case of Mauritius, SSA made import substitution the centrepiece of its industrial strategy and T&C products one of their top focus. Growth rates in the manufacturing sector were usually higher than overall growth rates. Whilst only the settler regimes in Southern Africa showed a manufacturing sector capturing more than 20% of the national GDP, most other countries were able to double or treble the contribition of manufacturing since the end of colonial rule. Country reports suggest that between 20% and 30% of formal wage employment in manufacturing came from textiles and garment industries, making it the second most important manufacturing industry after food, beverage and tobacco processing.

(b) IS and In-built Tendencies

Import substitution (IS) is based on incentives for investment and domestic production through protection from competing imports. It usually commences by substituting imports of consumer products with local production, thereby creating demand for the importation of machinery, raw materials and intermediate products. It is the logic of IS that in later stages replacement of imports moves "upstream" (higher levels of processing) and "sidestream" (wider range of processing, covering additional sectors). Raw cotton was easily available and the T&C sector was without any doubt the best suited strategy to create vertical linkages and set up domestically integrated production lines, including cotton ginning, spinning, dyes and fabrics.

IS was first oriented towards satisfying demand on the local markets, but there was hope that at a later stage the domestic textile industries would move beyond the protected national environment and become internationally competitive, entering foreign markets. It was this sequence which worked well for several Asian countries, but fell short in SSA.

There are several lessons which can be learnt from the African experience. The growth of IS must be supported by export sectors which earn hard currency. Otherwise it has to be financed from foreign loans. The financial dependency on other sectors ends only, when the IS-industry is fully integrated vertically or turns towards exports and earns foreign currency itself. The financing problem is multiplied, when several production lines are put under IS strategies at the same time, pushing upwards imports and the need to earn more hard currency.

IS has an in-built tendency to create monopolies behind tariff barriers. Foreign investors are likely to demand protection from potential local or foreign rivals

and to insist on grace periods before licenses are granted to others. This happens particularly when markets are small, as is the case in most African countries. State companies behave in a similar way and governments are usually keen to see inefficient state-owned companies picking an additional monopoly rent to keep subsidies low. Nigeria is a case in point: In 1980, when IS reached its climax, the whole of the manufacturing sector was characterised by the absence of competition. In 14 out of 63 industrial branches (ISI-classification), the largest company enjoyed a full monopoly over the whole range of its products, while in another 21 ISIC-branches the market share of the largest firm was between 50% and 90%. Nigeria's IS-manufacturing sector during the 1970s can indeed be said to have 'prospered' under monopolistic market controls (Traub: 251-4).

Integrating manufacturing capacity into national markets can not work in the absence of adequate physical infrastructure, most important of which are transport systems, communication and energy. African governments usually treated the construction of roads, railways, bridges and ports, the installing of telephone lines and electricity generation and the supply of fuels as matters of state sovereignty and reserved them for state companies. There are many examples of state infrastructure projects in SSA, which never developed despite heavy financial investment. Locations were decided based on political considerations instead of economic ones. Some infrastructure projects collapsed after they had just been implemented due to wrong technical specifications or because maintenance requirements were ignored. The manufacturing sector, therefore, had to cope with a deteriorating physical environment which forced ever-increasing additional costs on its products.

The dilemma is obvious: IS-industries, initially, are not competitive in international markets – protected domestic market must be carved out and high tariff barriers are essential stages. Without them, IS may not take-off at all. But when tariff protection is applied, room for building monopolies in the domestic economy is provided and market pressure is missing to upgrade facilities and productivity. IS tends to get stuck with unsuitable production systems, supplies domestic markets where consumers can not shop elsewhere. It requires subsidies and foreign currency, forces taxation on exporting sectors or increases foreign debt. They way out is political intervention on two fronts: Upgrading of physical infrastructure to reduce transaction costs for the business sector; and restructuring of monopolistic markets under a strict competition policy or, where monopolies are unavoidable, coming up with trade surveillance, which places companies under scrutiny from the relevant ministries, with clear performance criteria which force them to modernise and to use productivity gains to reduce prices.

(c) Foreign Debt Crisis and the End of IS

Asian counties have shown that IS can work and that a domestic market-led strategy can be the platform of getting ready for an export-led deepening of industrial production. But Asian counties have also shown, that a sequence should be observed and, at the beginning, there must by heavy investment to build the physical environment for market integration. Trade policy surveillance on company performance and provision of public infrastructure are two prerequisites needed to raise productivity levels and to make IS-branches ready for exports and for competition on foreign markets.

It is in both areas that African governments failed to meet the challenge in the 1960s and 1970s. Despite all sorts of policy decrees to deepen IS, such as local content clauses, indigenisation quota, or even competition bills, their implementation was hardly monitored. Technocrats to oversee company behaviour lacked skills or got involved in shady deals with multinational companies. Licensing of imports became the main game of corrupt politicians and the group of influential ministry officials and politicians grew, whose main interest it was to increase import dependency of the IS-branches and to place themselves into the role of middlemen.

The end of the IS-phase was triggered by the two oil price shocks, when the price of a barrel of crude oil first jumped from US $ 2 (1972) to US $ 12 (1974) and later on from US $ 17 (1978) to US $ 40 (1980/81). Many African governments were forced to finance their fuel imports with foreign loans, for political reasons mostly not daring to increase the price of local fuel accordingly. The African oil producers, in particular Nigeria and Cameroon, followed suit after 1981, when world demand for crude oil crumbled, export volumes decreased and they still tried, with support from the World Bank, to maintain high levels of imports with foreign loans. The World Bank, worried about a major depression of the world economy, was keen to see the huge amount of freshly accumulated “petro dollars” in OPEC-counties flow back to trade finance, called African governments “underdebted” and advised them to obtain more foreign loans, without giving much consideration to their future capacity to service debts.

When the foreign debt crisis exploded in the 1980s, import substitution came to a virtual standstill and was rolled back by the infamous structural adjustment programmes. The developmental role of the state was curtailed or eliminated under the new World Bank/IMF dogma of “leaving development to the market forces”. Government subsidies to the manufacturing sector were cut, restrictions on foreign trade removed and currencies depreciated. Domestic manufacturers suddenly had to openly compete with importers and, in most cases, lost large parts of domestic markets.

This policy shift resulted in the widespread destruction of Africa's manufacturing capacity that was built in the IS phase. Ghana reported a reduction of textile output by about 50% between 1975 and 2000, whilst T&C employment even declined by 80% (1975: 25,000 / 2000: 5,000). In 2004, T&C imports claimed a share of 70% of the local market leaving to domestic producers just the remaining 30% (see article on Ghana). Other countries point to a similar loss of T&C capacity. In Zambia, T&C employment dropped from 25,000 (1980s) to below 10,000 (2002). Kenya used to have 24 ginneries with an installed capacity of 140,000 bales, but today only 10 ginneries are in operation and their total lint output is down to 20,000 bales. The country's clothing sector shows the same picture. Before the crisis hit in the early 1990s, there were an estimated 110 large-scale garment manufacturers. Today, their number stands at 55, and some 55% of local consumption is supplied from imports. Nigeria's T&C sector once employed some 200,000 workers but is now threatened by extinction. The government in 2001 ordered an outright ban on all imports to save the national industry from collapse but smuggling appears to take place on such a scale that most T&C companies have gone out of production.

(d) South Africa: A Successful Case of IS till recent

South Africa differs from the rest of SSA. The T&C sector was highly developed and heavily protected, supported by the (apartheid) state, which built up a public infrastructure and successfully monitored its borders. When apartheid rule ended, South Africa joined the World Trade Organisation in 1994, reduced tariff protection and opened its market to international trade without being forced to do so by an IMF designed structural adjustment programme. T&C companies invested heavily in modern technology and were supported by the local currency, the Rand, which depreciated steadily. During the late 1990s and early 2000s, the industry rapidly increased exports whilst at the same time remaining competitive against imports, despite liberalisation.

Since 2002, the value of the local currency appreciated substantially and, with it, production costs were pushed upwards. Much of the export performance has evaporated and a very rapid surge in imports, particularly from China, is crowding out national industries on home markets. Business closures and liquidations have reached unprecedented levels and, according to trade unions statistics, the T&C sector recorded more than 55,000 job losses since 2003. A major public debate has sprung up as to the duty of the state to provide protection to local producers and to use exchange rate policies to support of manufacturing sector.

2.3. Export Promotion through EPZs

During the 1990s, several countries adopted a different approach to build a textile and garment industry in Sub-Saharan Africa, this time based on export processing zones (EPZ). Several countries tried to copy the “Mauritian model” which focused on export production. EPZs are special zones which are isolated from the domestic economy. Investors are either not allowed (or only to a very limited extent) to supply local consumers as production is geared towards foreign markets. Domestic investors may be granted access but EPZs are usually schemes to attract Foreign Direct Investment (FDI). In countries like Mexico, China and the Philippines, EPZ-production has become a dominant feature of those countries’ economic growth strategy.

EPZs are the legal framework for a special sort of subsidised production for exports where Governments provide a package of incentives (such as tax holidays, duty free importation, low fees for public services like water and electricity supplies, lower environmental or social standards, sometimes exclusion of labour laws, provision of infrastructure etc.) to provide EPZ investors with better investment conditions than they receive elsewhere. In some cases, these incentives have led to a “race to the bottom” with regard to labour and environmental standards. Host governments, desperate to keep foreign investors within their national border, offered ever increasing concessions, using public resources to cross-subsidise foreign capital. The case of Ramatex in Namibia (see Namibia case study) exemplifies this point.

EPZs are expensive undertakings to host countries due to the direct costs in the form of infrastructure created with public funds and because of the indirect costs such as lost tax revenue. Despite the often negative experiences with EPZ policies elsewhere, a host of African states have adopted such policies since the 1990s. This includes Kenya, Zimbabwe, Namibia, Madagascar, Swaziland, Malawi and Zambia.

Overall, EPZs in Africa have not been very successful in attracting investment and generating production and employment. In economies which suffered from de-industrialisation, EPZs failed to turn the manufacturing sector around and they could not compensate for the loss of IS industries. Although EPZs were meant to attract a range of manufacturing industries, they are usually concentrated in electronics, clothing and textiles. Apart from Zimbabwe, were agro-processing is dominant, all other African EPZs show a clear bias towards T&C products which account for two-thirds or more of all EPZ employment and, possible, an even higher share of output.

Table 1 gives an indication of the EPZ growth pattern. Since inception of the various export schemes, some 400 T&C companies have invested in EPZs in Kenya, Madagascar, Mauritius and Swaziland, have created some 170,000 jobs and have generated more than US $ 1.5 billion in export sales (see also Mike Murphy in this volume). However, the T&C export boom cannot be accounted for solely by the EPZ initiatives. Table 1 lists Lesotho and Swaziland, which went into export production without creating EPZs, and became fast growing exporters of T&C products. Lesotho's 49 companies and Swaziland's 25 companies (2004) together employed some 83,000 workers and made sales of US $ 450 million and US $ 179 million, all of which were realised in the US.

Table 1: **Number of Companies and Employment in T&C Export Production: Selected Countries**

EPZ law	Country	Year	Number of Companies			Employment	
			Textiles	Clothing	T&C	Number	% of EPZ
1990	Kenya	2000	n.a.	6	n.a.	6487	n.a.
		2003/4	n.a.	34	n.a.	32095	85.1%
1995	Madagascar	1995	n.a.	n.a.	n.a.	38700*	n.a.
		2003/4	n.a.	n.a.	~75	75600*	94.1%
1971	Mauritius	1995/7	34	236	270	73462*	66.5%
		2004	41	224	265	67249*	66.1%
1995	Zimbabwe	2001	n.a.	n.a.	n.a.	4710	30.2%
		2004	n.a.	n.a.	3	4163	n.a.
None	Lesotho	1999	0	n.a.	n.a.	9847	n.a.
		2004	1	49	49	53087	n.a.
		2005	1	42	42	40364	n.a.
None	Swaziland	2000	0	4	4	5000	n.a.
		2004	1	24	25	30000	n.a.

* including T&C workers outside EPZs. Mauritius share of T&C jobs in EPZs is around 80% and possibly similar in Madagascar.

Source: Country reports

Much of the export boom with T&C products has to be understood in the context of two other schemes which worked in favour of exports from Africa: The Multi-Fiber Arrangement and the Preferential Market Access.

3. Pulling Clothing Exports from Africa: The MFA/ATC and Preferential Market Access

3.1. Quota Hopping and Asian Investors

The textiles and clothing sector (T&C) was one of those industries, which was kept outside the general rules of the GATT and WTO for 40 years. Until the end of 2004, T&C was regulated through special quota-based agreements, known as the Multi-Fiber Arrangement (MFA). The MFA was intended to protect the industry of developed countries, primarily the United States and the European Union, from cheap supplies from Asia. It constituted a major departure from the rules of the GATT (General Agreement on Trade and Tariffs), as it violated the two fundamental principles: most favoured nation (MFN, Article I of GATT) and limits on imposition of quantitative restrictions (Article XI of GATT). It allowed buying countries through bilateral deals to apply a quota system, discriminating between suppliers and blocking imports from countries which had exhausted their quota. In the end, the MFA did not prevent the destruction of substantive production capacity in the clothing industry in industrialised countries (in particular in the US and the EU) and the emergence of this industry in various parts of Asia. However, it helped to slow down this migration process considerably.

The MFA regulations for T&C supplies gave rise to a special form of FDI: quota hopping. Companies from countries, which had exhausted their quota were searching for countries which had not, opting for investments there to benefit from the quotas. The way quotas were distributed raised opportunities for countries with no T&C sector to develop an export industry of their own. T&C firms from China, Taiwan, Malaysia and other Asian countries with exhausted export quantities at home moved into SSA to capture additional quota access in the protected markets of the US and the EU.

The contribution of Asian companies to Africa's T&C exports is varied. EPZs in Mauritius and Kenya, for example, experienced a significant contribution from local capital. In Madagascar, on the other hand, French and Mauritian investors played a significant role. In Swaziland and Lesotho, T&C firms are mostly owned by people of Chinese origin – both from People's Republic of China (including Hong Kong) and the Republic of China (i.e. Taiwan).

3.2. Preferential Market Access

T&C markets in industrialised countries are one of the most heavily protected sectors with the average tariff as high as 32% on clothing (UNDP:22). African producers are badly positioned to catch export markets when forced to compete on equal level with China and other big T&C suppliers by paying the same duties under MFN tariffs. Free trade agreements (FTA) are a means to restrict market opportunities for third party countries not enjoying similar FTA status. FTAs are bilateral agreements, but even the WTO rules under the generalised system of preferences (GSP) allow non-reciprocal preferential arrangements. Under these arrangements, several industrial countries including Australia, Canada, EU, Japan and United States provide preferential treatment to products originating in developing countries and LDCs. For African producers, three are particularly important: the EU's 'Everything but Arms' (EBA) initiative which gives duty-free and quota-free market access for all except a few products to all LDC since 2001; the EU-ACP Cotonou Agreement of 2000, with preferences to African, Caribbean and Pacific countries; and the 'African Growths and Opportunity Act' (AGOA) of 2000 with preferences to the African countries by the USA.

Preferential regimes are non-reciprocal free trade arrangements which provide advantages to a group of countries without the industrialised country claiming same. But while they provide privileges on one side they usually attach conditions which limit their use on the other side. The EU's EBA is of particular concern as it promises duty-free and quota-free market access but requires the observation of very restrictive Rules of Origin (RoO). Exports from LDCs are only eligible, if a T&C product has passed two stages of transformation. Where a country does not produce textiles and relies on imported inputs for its garment companies as is the case for most LDCs, the LDC does not qualify and forfeits its duty-free access (or has to buy directly from the EU at usually higher prices). Where LDCs have developed some downstream capacities in the textile sector, they may qualify, but they may not produce at competitive level and may have to use local inputs at higher prices or lower quality. As a consequence, buyers may opt out due to quality standards or accept delivery only at lower prices which again erodes much of preferences granted. The rigid RoO regime under the EBA initiative is similary applied under the Cotonou Agreement and may explain to a large extent, why the utilisation rate of preferential access for African producers is so low. With the exception of Mauritius and to some extent South Africa, African T&C exports have not captured a significant share of EU markets.

AGOA is comparatively better designed to assist African clothing exporters as its RoO is less restrictive than those of the EU. The LDC provision allows poor

African states to source the yarn and fabric used in apparel assembly from anywhere and demands only a single transformation inside the country. Furthermore, the USA does not give similar privileges to T&C products from Asian LDC (except Cambodia) which gives African LDCs an additional advantage. AGOA, however, has several shortcomings itself. Just as the EU's EBA, it is not a binding agreement under the WTO but a unilateral arrangement from an industrialised country, which can be withdrawn at any time. It does not cover textiles, and sets ceilings for aggregate clothing imports although beneficiary countries currently do not yet utilise their full quota. Only garments made from US fabric, yarn, and thread have duty-free and quota-free access without limitations. Congress has approved legislation that allows to extend the AGOA duty-free access provisions until 2015, but the LDC benefits are approved until September 2007, when more stringent RoO may be imposed. Furthermore, AGOA sets some conditions which are unilaterally imposed by the US. These include the adoption of market-friendly policies and "good governance" as defined by the US government. Currently, only 37 African countries are eligible for AGOA benefits, while Zimbabwe has been excluded for governance reasons.

Nevertheless, AGOA has provided some benefits for clothing exporters from Africa. Preferential access worked hand in hand with quota restrictions against highly competitive Asian countries.

Table 2 provides an overview of the structure of the US import market for T&C products.

About half of the US import market has been captured by the TOP 12 Asian suppliers, of which China alone accounts for close to a fifth. Within the Asian groups, some regrouping did take place between 1994 and 2004, with Korea and Taiwan giving in to newcomers like Vietnam and Cambodia, and Hong Kong, moving T&C production capacity to China. But what is important is that US trade policy under MFA/ATC quota politics holds back on Asian imports, making sure that their share fell slightly. Quantitative restrictions worked in particular against China, which was granted higher import volumes only, as they were reduced for Hong Kong, and which easily could have claimed a much higher share under a less restrictive import regime.

Changes in the market structure between 1994-2004 show that the US opened more of its T&C market to importers under preferential schemes, such as the North American Free Trade Agreement (NAFTA), which includes Canada and Mexico or the Caribbean Basin Initiative (CBI) with some 25 small T&C exporters. Looking at the market share of AGOA countries, Africa seems to be lagging far behind. However, in the early 1990s, African T&C export products were almost non-existent and developed only when AGOA was put in place with liberal RoO

Table 2: **US Imports of Textiles and Clothing: 1990-2004 (US $ million)**

	1994	2000	2004	Share 1994	Share 2004
Total Imports	39,980.9	71,691.5	83,311.7	100.0%	100.0%
Top 13 Asian suppliers				(56.3%)	(52.7%)
(excl. HK, Korea, Taiwan)				(32.1%)	(42.3%)
China	4,930.7	6,527.5	14,560.4	12.3%	17.5%
India	1,520.3	2,740.7	3,633.4	3.8%	4.4%
China – Hong Kong	4,405.5	4,707.0	3.,959.2	11.0%	4.8%
Vietnam	3.0	49,9	2,719,7	–	3.3%
Indonesia	1,170.2	2,380.2	2,620.2	2.9%	3.1%
Korea Rep.	2,448.8	3,071.8	2,579.7	6.1%	3.1%
Pakistan	767.9	1,834.7	2,546.0	1.9%	3.1%
Thailand	1,234.0	2,447.1	2,198.2	3.1%	2.6%
Taiwan	2,829.8	2,755.9	2,103.9	7.1%	2.5%
Bangladesh	927.4	2,204.7	2,065.7	2.3%	2.5%
Philippines	1,457.0	2,289.0	1,938.1	3.6%	2.3%
Sri Lanka	892,.4	1,677.4	1,585.2	2.2%	1.9%
Cambodia	–	815.8	1,441.7	–	1.7%
Preferential Groups				(21.9%)	(28.9%)
NAFTA	3,211.3	13,043.0	10,833.5	8.0%	13.0%
CBI	4,592.3	9,629.3	10,022.8	11.5%	12.0%
Andean	545.3	898.2	1,387.4	1.4%	1.7%
AGOA	387.3	776.4	1,791.6	1.0%	2.2%
Textiles	26,9	28,0	25,3	(0.3%)	(0.1%)
Clothing	360,4	748.4	1,766.4	(1.1%)	(2.7%)

Source: International Textiles and Clothing Bureau, at: www.itcb.org/Documents/ITCB-TDUS04.pdf.

in 2000. Whilst the value of imports from CBI and NAFTA stagnated or declined between 2000 and 2004, AGOA countries were able to increase their exports to the US from US $ 776 million to US $ 1,792.

The table further shows that African exports are made up of garments while textiles are insignificant. With the exception of South Africa and Mauritius, African textiles are insignificant on international markets. Where textile firms are still in existence from the time of IS, like in West Africa, they are not competitive and produce only for domestic markets. This poses one of the threats for the future of the African clothing industry: if AGOA is not renewed by the US legislature in 2007 with favourable RoO, most of its advantages may be gone. If the Congress changes the concept to a "two finishing steps" (as done by the EU), most clothing exports will not qualify for AGOA benefits. Lesotho already prepares for this possibility and managed to win a Taiwan investor to open an integrated textile manufacturing facility in 2004. It imports ginned cotton from African countries, spins it into yarn, dyes the yarn, and then weaves the yarn into fabric (see the Lesotho country report). But this covers just one product line while others are still in the one-step assembly process. Lesotho still requires a range of fabric manufacturers that can supply its garment industries. "Should AGOA third country fabric provisions expire in September 2007 and Lesotho not find alternative supplies of knitted fabrics (either via integrate knit fabric mills located in Lesotho or via competitively priced purchases of knit fabrics from AGOA eligible countries) then Lesotho will lose its knit garment industry" (Mark Bennett, Lesotho country report).

4. Mixing Export Business Afresh: The MFA/ATC-Phase-Out and China-WTO Textile Safeguard

4.1. Competition in a Quota-Free World: The MFA/ATC-Phase-Out

During the Marrakech round which created the WTO in 1994, developing countries pushed for the phasing-out of the MFA. The Agreement on Textiles and Clothing (ATC), signed on 1 January 1995 put in place a ten-year transitional regime. Since 1 January 2005, the quota-based trade in the sector has finally ended and the T&C has become part of the regular WTO discipline, allowing derogations only under very specific conditions.

Since the expiry of the MFA/ATC, a deep re-structuring process is underway. Table 3 shows T&C import values to the US for the period Jan.-Sept. 2005, comparing them with the same period of the previous year. These figures are a mani-

festation of what happened, when the quota expired. The T&C suppliers were allowed full market access, and a distinction was only made between those countries who paid full import duties and those, who enjoyed preferential access, which put them on equal footing with domestic producers.

The figures of Table 2 and 3 differ slightly, as they are taken from different sources and do not show the same sample of countries. However, they still provide a clear picture. Total imports grew within the span of one year by around 10%, much higher than the US economy. When the quota expired, US retailers increased their orders abroad and purchased less from domestic producers.

The big winner was China, which increased its exports to the US by nearly 60%, followed in some distance by India. The rest of Asia, as listed in the table, was able to keep its share constant in a rising market, benefiting as well from the expiry of the quota. Korea, Taiwan and Hong Kong, which are not listed in the table, may be losers but not to such an extent, as to make the growth of China and India a zero-sum-game within Asia.

On the losing side are groups, which enjoy preferential market access. Just as US producers could not withstand the influx of cheap T&C imports from Asia, duty-free access was not sufficient for AGOA countries to hold their market share against China and India. A decline from 2.2% to 1.6% is a loss of a quarter of the market. In value terms, exports from AGOA countries have declined by more than 10%. If this is a sign of things to come, Africa's T&C share in the US market is under serious threat. All AGOA countries have experienced a production and employment crisis since late 2004. Swaziland reported a loss of 10,000 jobs, Lesotho of 13,000, and South Africa of 18,000. In all three cases, however, the appreciating Rand currency was an additional factor to contribute to the deterioration of T&C exports.

Table 3: **US Imports of Textiles and Clothing Jan.-Sept. 2005 (US $ million)**

	Jan.-Sept. 2004	Jan.-Sept. 2005	Share Jan.-Sept. 2004	Share Jan.-Sept. 2005
Total Imports	64,918.1	70,362.8	100.0%	100.0%
Top 10 Asian suppliers			(41.4%)	(50.2%)
(excl. China + India)			(19.3%)	(19.6%)
China	11,179.2	17,729.9	17.2%	25.2%
India	2,987.3	3,741.6	4.6%	5.3%
(China – Hong Kong)	n.a.	n.a.	n.a.	n.a.
Vietnam	2,057.5	2,028.0	3.2%	2.9%
Indonesia	1,994.8	2,327.1	3.1%	3.3%
(Korea Rep.)	n.a.	n.a.	n.a.	n.a.
Pakistan	1,911.9	2,120.5	2.9%	3.0%
Thailand	1,605.0	1,631.1	2.5%	2.3%
(Taiwan)	n.a.	n.a.	n.a.	n.a.
Bangladesh	1,484.5	1,779.1	2.3%	2.5%
Philippines	1,413.4	1,397.3	2.2%	2.0%
Sri Lanka	1,162.2	1,286.9	1.8%	1.8%
Cambodia	1,068.4	1,254.4	1.6%	1.8%
Preferential Groups				
CBI + Mexico	13,945.6	13,511.0	21.5	19.2
AGOA	1,290.6	1,145.7	2.2	1.6

Source: UNDP (2005 – Table A-1a)

4.2. Trade Remedy Measures and China-WTO Textile Safeguard

The multilateral trading system is not a laissez-faire free trade arrangement but allows trade remedy measures such as anti-dumping, countervailing and safeguards to protect domestic industries from 'unfair' foreign competition. Anti-dumping can be applied, when a product is sold cheaper abroad than on the domestic market. It is a company-specific measure and works against targeted firms in

targeted countries. Safeguards can be used, should imports arrive in such volumes and at such prices that they cause serious market disruptions. Their application falls under the Most Favoured Nation (MFN) rule and import restrictions must be applied indiscriminately against all companies and countries.

Under the accession rules for WTO-membership, it has become standard procedure to force applicants to adhere to temporary rules which aim to prevent major market disruptions in member countries. China, which joined the WTO in 2001, had to accept in its Protocol of Accession special provisions, which allow WTO members to protect their industries. They could impose quantitative restrictions until the end of 2008, limiting Chinese T&C imports to an annual growth of 7.5%. In a second provision, WTO members hold the right to impose selective safeguard measures against Chinese imports until 2013. China also had to agree to be classified as a non-market economy until 2016, which makes it easier to impose anti-dumping duties on their imports (UNDP: 19; see Hayashi in this volume).

China has been seen as the country benefiting most from the expiry of the MFA/ATC-quota system. When quantity restrictions were removed, Chinese T&C exports to the US and the EU multiplied and within a few weeks, both Governments re-imposed quotas on a number of items. The EU struck a deal with China on 10 June 2005 to limit 10 Chinese T&C products to an annual growth between 8 and 12,5% until 2008. The USA started with seven items in May 2005 and finally reached with China an agreement on textile trade on 8 November 2005, which becomes effective 1 January 2006 and expires end of 2008. It covers 34 products and contains quotas which impose tighter restriction on 'core apparel' than on non-core products (UNDP:19-20).

While both agreements limit T&C exports from China and are intended as protective barrier for national industries, it is more likely that they will be advantageous for other T&C exporters and allow them to gain higher market shares in the USA and the EU. Two groups may be distinguished: T&C exporters from developing countries and T&C exporters from LDC.

For African producers they may provide a temporary relief. They are now left with 2-3 years during which quota and preferential access will be maintained before they may be thrown into a full-blown competition with other T&C suppliers.

5. The Doha Development Round: How much Development?

5.1. The Doha Round

What is at stake with any WTO round is the extent, to which national policy space of individual countries to protect and promote domestic industries is preserved and to what extent countries agree to narrow the scope of national policy intervention under multilateral rules and regulations. The use of policy tools is always discriminative by its very nature and where such rights to discriminate are restricted or even closed, governments have less possibilities to assist domestic economic sectors in need.

Superficially, trade negotiations appear to be simple give-and-take rounds. In a rational choice, no government would want to participate in trade talks if there is no hope for gains. Trade negotiators of the two leading economies, the US and the EU, have time and again declared during preparatory talks that concession on opening their highly protected agricultural markets must be compensated with more market access for their products in developing countries, in particular industry.

Since the failure of the WTO Seattle round (1999) and the formation of the G20 country group, the ‘quid pro quo’ view has been challenged politically, with developing countries now demanding unilateral trade concessions from industrial countries which benefit the poor. The WTO Doha round, which took off in 2001, had been named a development round when countries led by the G20 challenged the whole WTO system and insisted that further negotiations should stop treating countries at different stages of development alike and demanded special rights to be granted to developing countries and least developed countries. The Doha Ministerial Declaration acknowledged the new focus by stating in Paragraph 16 that the coming negotiations ”shall take fully into account the special needs and interests of developing and least developed country participants, including through less than full reciprocity in reduction commitments”, while Paragraph 50 declares that the negotiations shall take fully into account the principle of Special and Differential Treatment (SDT) for developing and least-developed countries (TWN, Briefing Paper 28).

The Doha declaration outlined among others two principles: 1. that WTO member countries fall into three groups with developing countries being qualified into advanced and least developed; and 2. that ‘less than full reciprocity’ in commitments to cut tariffs and subsidies and SDT for LDCs have been agreed as major agenda items in the NAMA (Non-Agricultural Market Access) mandate.

Earlier rounds of WTO negotiations had already constrained the use of certain policy tools, for instance on TRIMS and subsidies. The local content clause, important to create backward and forward linkages, has been outlawed. Putting a ban on Government procurement to discriminate in favour of local business was originally on the Doha agenda but had to be taken off due to objections from developing countries. Such a ban may provide transnational corporations (TNCs) the space to destroy local producers of goods and services for government.

The T&C sector falls under the NAMA mandate the major focus of which is on cuts in industrial tariffs. Lowering the industrial tariffs has always been the key goal of the GATT-WTO and pressure has existed since long to reduce or abolish the use of non-tariff barriers, to bind tariff lines (to a maximum duty) and to reduce tariff peaks over time. But up to now, the developing countries used to have significant flexibilities and policy space in determining the scope of their tariff bindings, the level at which the bindings were to take place and the rate of tariff reduction in each tariff line. In the Uruguay round, developing countries were given an overall target of 27% average reduction. Countries could choose the rate of reduction in each tariff line and were allowed to increase them later again as long as the average reduction target was met (TWN Briefing Paper 28).

During the preparatory talks to the 6th Ministerial meeting in Hong Kong, trade negotiators had remained too divided on most issues on the table and the WTO secretariat was forced to reduce expectations. Even then, the Hong Kong Ministerial in December 2005 only narrowly avoided a full failure with a last minute agreement on agricultural export subsidies to end in 2013. But the Hong Kong Ministerial Declaration does not show consensus on specific numbers and formula structures for cutting subsidies and tariffs. “Instead, ministers agreed on some general parameters to guide the development of these ‘full modalities’ on agriculture and non-agricultural market access (NAMA), and set themselves an April 2006 deadline for finalising them” (Bridges, Update 7).

5.2. Conclusions from Hong Kong for the T&C sector

NAMA: Tariff cuts and Swiss formula

The meeting adopted a so-called “Swiss formula” on industrial tariff reduction. Critics have blamed a “Swiss formula” to be just the opposite of “less than full reciprocity” as it demands more cuts for higher tariffs than for lower rates. On average, tariffs in developing countries are higher than those in industrialised countries. But the “Swiss formula” received some corrective measures with a yet unspecified number of coefficients which leaves the door open to either ways.

The Hong Kong agreement reaffirms the importance of two issues but fails to operationalise them in a meaningful sense. It confirms the need for flexibilities for developing countries such as exempting a small number of tariff lines from reductions, or making cuts less onerous than those demanded by the formula. On the other hand, the text stipulates the need for "reduction or elimination of tariff peaks, high tariffs and tariff escalation, in particular on products of export interest to developing countries" (Ministerial Declaration: §14).

Preferential Market Access

In the absence of consents on most SDT proposals forwarded by developing countries, preferential market access became the main issue for LDCs. The Ministerial Declaration's Paragraph 47 on least-developed countries (LDCs) refers to Annex F, which provides details. Duty-free and quota-free access for LDC exports have been accepted as a principle of the multilateral trade system and member countries are asked to introduce the scheme till 2008. Preferential market access has moved beyond a unilateral commitment of donor countries. There are, however, three important caveats:

(a) product coverage is set at 97% of tariff lines. Given LDC's non-diversified export basket, the remaining 3% may be sufficient to restrict market access for most if not all LDC merchandise exports. This is certainly the case for T&C. The text carries an addition that member countries should take steps to progressively achieve full product coverage but no deadline is provided. Some African governments may be supportive of the reservation in the hope that the US may use it on T&C imports to restrict market access for more competitive ASIAN suppliers while keeping up on AGOA.

(b) there is no clarification as to the use of Rules of Origin (RoO). As long as RoO are not defined in a manner suitable for LDCs, countries can still use them restrictively and change their scope as it fits their needs.

(c) there is no explicit mentioning of advanced developing countries falling under the same obligation and granting LDCs duty-free and quota-free access alike. They themselves may claim the SDT clause and insist on not being put in one basket with industrialised countries.

Erosion of Preferences

Cuts on industrial tariffs automatically reduce the advantage of countries enjoying preferential access. While claims on compensation for erosion of preferences were widely articulated, no concept exists as how to go about it. In §20 of the declaration, the ministers stated: "We recognize the challenges that may be faced by non-reciprocal preference beneficiary Members as a consequence of the MFN

liberalisation that will result from these negotiations. We instruct the Negotiating Group to intensify work on the assessment of the scope of the problem with a view to finding possible solutions".

Instead, industrial countries offered an increase in aid for trade spending, to build trade-related capacity, particularly by improving infrastructure. The EU indicated its commitment to step up annual spending on aid for trade to € 2 billion by 2010; Japan announced that it would spend US $ 10 billion over three years on 'aid for trade' for LDCs, in particular on building roads and ports, as well as to revamp their customs systems, while the US promised additional spending on trade-related assistance, much of it to physical infrastructure and trade facilitation (Bridget, Update 2). The offers however, come with uncertainties, which challenge their usefulness. The money may be taken from other development aid instead of being fresh money, it may be spent bilaterally instead of channeled through multilateral institutions, and it may not be linked to preference erosion at all but to other policies.

Sectoral Negotiations

The text also opens up for sectoral negotiations which aim at harmonising or eliminating all tariffs in certain sectors. Industries, which have been identified for special sectoral treatment include textiles and apparel. Any conclusion towards reducing tariff differentials and reducing tariff levels would spell maximum disaster for the African textiles and clothing industries on exports and domestic markets. The Hong Kong Ministerial did not really make any progress on this issue and concluded that participation in such sectoral negotiations should be "on a non-mandatory basis". There is some hope that negotiations on textiles and apparels, contrary to other sectorals, may not aim for large tariff reductions or even zero tariffs, but that textiles and apparel may be treated separately and that tariffs in textiles and apparel may be reduced at lower rates than proposed by the "Swiss formula" or may even be fully exempt from tariff cuts. Much depends on how developing countries will make the textiles and clothing issue a matter of industrial development concern (see the contribution by Esther Busser).

Summary on Hong Kong

The Hong Kong agreement is a disappointment in the extent to which it has provided meaningful benefits for developed and least developed countries. Oxfam called it a "betrayal of development promises" .

African Governments had wanted the WTO's Ministerial meeting in Hong Kong to cut rich-country subsidies on cotton and to further open their markets to processed goods from Africa. Ending export subsidies for cotton by the US comes

now in 2006, but as export subsidies just make 5% of all cotton subsidies to the 25,000 US cotton farmers, the end thereof will not be very significant in pushing up depressed prices on export markets.

The right for poor countries to protect emerging industries has not been strengthened in any meaningful manner. Nothing has been done on SDT to give African countries additional rights to impose selective trade barriers behind which to develop industries. Depending on the final details of the Swiss formula (NAMA negotiations), African countries may be forced to undertake drastic cuts in their industrial tariffs. This may lead to a further collapse of local industries, de-industrialisation and massive job losses. It may be seen as a consideration of special development needs that LDCs may not be asked to reduce tariffs but just to bind tariffs. Any success in their development strategy will lead countries sooner than later to move out of the LDC group and they will then face the same pressure for tariffs cuts as all other developing countries. No matter how we look at the Doha process: it reduces the policy options for national development strategies and increases the areas, where local under-developed markets are put under increased pressure from imports. The weak is asked to stand in competition with the strong and this will further undermine prospects for Africa's industrial development.

6. Summary and Conclusions

Africa's T&C sector (with the exception of South Africa) is characterised by two distinct historical processes: The IS approach of the 1960s and 1970s had targeted a domestic value chain linking raw material, textiles production and clothing into a nationally integrated production network. The IS approach was hampered by monopolistic markets, bad policies and deteriorating public infrastructure but it were ill-designed structural adjustment programmes which brought death instead of recovery to many industries. Only remnants of the once substantive IS industry still exist today.

The export-driven development of the T&C sector also failed to ignite significant and sustainable industrialisation. The MFA/ATC quota regime coupled with preferential market access allowed African countries to attract investment for assembly type of clothing production. Over the years, Mauritius managed to link clothing into textile production and cotton textiles into regionally-sourced raw cotton supplies with much of the local production chain controlled by national capital. But other African export sectors are linked at the assembly stage into the global production networks of TNCs, notably from East Asia, which use temporary advantages like the existence of quota or preferential market access to decide on

the location of investment. The export approach often created a few industries for a few years without meaningful linkages to the host economy (Endresen and Jauch, 2000).

The African T&C sector is not (yet) able to successfully compete on foreign markets on equal terms with the big Asian suppliers, in particular China. Quotas have de facto returned after the expiry of the MFA/ATC regime through the use of the special WTO China safeguard measures in the US and the EU, but they remain less significant as they do not work towards the exclusion of additional imports from other Asian suppliers. Beyond quantitative restrictions forced on competitors, preferential market access is the single most important factor to allow African T&C products to enter exports markets. Existing non-reciprocal preferential schemes fall short and they need to be improved, particularly regarding product coverage, predictability and the rules of origin. Textiles should be covered like clothing products and benefits should be granted on a multilateral base to make them a legal right. Furthermore, compliance rules have to be relaxed, so that the benefits derived can be increased.

Widening product coverage and simplifying RoO may be the two single most important steps to compensate LDCs for any preference erosion, which will come from cuts in MFN tariffs.

Widening RoO to allow for regional accumulation is likely to increase regional trade integration and may promote a regional division of labour, where more advanced economies like South Africa concentrate on textile exports and African LDCs on clothing products.

The recent past has shown that in the T&C markets competition between industrialised and developing countries has given way to rivalry between developing countries. There are indeed dangers that changes in the WTO system may further work in favour of emerging markets, in particular the “big three” (China, India and Brasil) without substantial benefits for African LDCs.

The Doha round has finally acknowledged diverse interests within developing countries and the subject of the T&C sector is highly divisive, precisely because the interests of advanced developing countries and LDCs are in direct conflict. This is the case, where both groups compete in markets of industrialised countries and where preferences are granted to one group work to the detriment of the other. Conflicting interests also exist regarding domestic markets of emerging economies. Developing countries import less than 4% of total LDC clothing exports (UNDP: 10). This is partly due to the fact that many emerging economies apply relatively high tariffs on T&C. The Hong Kong Ministerial declaration (§47) requested developed-country members, “and developing-country members declaring themselves in a position to do so” to implement duty-free and quota-free

market access for LDC products. The G20, led by Brazil, used the Hong Kong meeting to dilute any firmer commitment on this point. It will thus be left to the LDCs and other country groupings like the ACP, to demand progress in later negotiations.

Against this background, it becomes apparent why African clothing and textile workers and their trade unions find themselves in an extremely difficult situation. When confronting T&C companies in an attempt to improve wages and working conditions, they are usually told that the company cannot afford higher wages and benefits as it is faced with stiff competition on international markets. Subsidiaries of TNCs frequently threaten with relocation when confronted by workers' demands and are often supported by host governments who believe that trade unions are unreasonable and thus pose a threat to foreign investments and job creation.

Unions may argue that the implementation of core labour standards is consistent with enterprise promotion as it reduces antagonistic social relations between capital and labour. Participatory industrial relations have often proven their superiority even in reducing production costs as they may induce gains in labour productivity. The productivity strategy, which moves from assembly type of production based on unskilled labour to a more complex production model with more skilled labour has several advantages. Increased costs of investment are compensated for by higher labour productivity from skilled labour; interest of investors in flexibility issues such as easy relocation of production is reduced as additional incentives to remain stationary are created. This is particularly so when local designs become relevant. Africa does have fashion elements, which, if fully exploited, could provide new marketing opportunities.

Workers and their trade unions are thus faced with a double challenge: On the one hand they have to confront (often hostile) employers in the T&C sector, trying to achieve better conditions of employment through shopfloor struggles and collective bargaining. On the other hand, they have to engage with complex global trade arrangements, which threaten the decision-making space of developing countries regarding their own industrialisation and development strategies. There is no doubt that most African T&C industries will not survive the onslaught of ruthless global competition without specifically designed measures of protection and support. Proposing such measures, convincing their governments to support them and fighting for the necessary space within global trade arrangements are the daunting tasks facing Africa's T&C workers and their trade unions today.

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