THE ITC-BANGLADESH COTTON VALUE CHAIN CAPACITY BUILDING AND MARKETING EVENT FOR EASTERN AND SOUTHERN AFRICAN REPRESENTATIVES

Dhaka, 31 January – 5 February 2009
Cover photo: Shows Tanzanian Ginners and Bangladeshi trader at the Buyers/Sellers Meeting

Project INT/75/24E
Introduction

The ITC African Cotton Development Initiative consists of two main components:

1. Building Cotton Trading Capacity in developing countries and
2. Facilitating South-South Cooperation in Cotton and Cotton Value-addition.

For the first component, ITC developed the Cotton Exporter’s Guide and is envisaging developing Cotton Trading Schools in Africa.

The second component includes: a) Learning from successful cotton producing countries in the south; b) Capacity development in cotton transformation; c) Understanding the cotton markets and promoting; d) African cotton; e) Sourcing cotton inputs in the south; and Intra-African cooperation.

Under the second component, ITC organized a detailed programme on South-South cooperation in Bangladesh, jointly with the Ministry of Textiles, the Bangladesh Textile Mills Association (BTMA), the Bangladesh Garment Manufacturers’ and Exporters’ Association (BGMEA) and the Bangladesh Cotton Association (BCA) from 31 January to 5 February 2009.

A total of 21 delegates from the Kenya, Malawi, Mozambique, Tanzania, Uganda and Zambia, participated in the cotton marketing and textile-training event. The participants included cotton stakeholders from the ginning companies as well textile sectors, government officials, cotton growers associations and private bankers.

The training seminar had the following objectives:

- Establish contact and expand co-operation between African cotton ginners/exporters and the Bangladesh Textile industry
- Improve understanding of the Bangladesh cotton market
- Gain a clear understanding of the Bangladesh cotton import procedures, financing, quality requirements and spinning mills expectations
- Learn from the Bangladesh experience in building a textile and clothing industry, including its institutional infrastructure
- Initiation of a first step towards closer cooperation between Bangladesh and Africa in the area of Textiles and Clothing

Huge potential for African cotton in Bangladesh

Bangladesh is the world's third largest manufacturer of garments and has also emerged as the world's third largest import market for raw cotton. Bangladesh’s annual imports of cotton bales total 3.5 million and this amount is projected to increase to 5.0 million bales in 2010.

More than two-thirds of Bangladesh’s cotton requirements are currently sourced from Uzbekistan. However, Uzbekistan is increasingly consuming more of its cotton production and will now focus on establishing its own spinning industry. Consequently, Bangladesh is exploring other sources of cotton. The sourcing summit at the ITC - Bangladesh training seminar provided a unique marketing-opening opportunity for African cotton exporters.

In order to raise cotton exports to Bangladesh, African businesses and governments need to assure Bangladeshi spinners of the reliability and continuous supply of high quality standard cotton with low contamination, and financial credibility of suppliers. These include banking relations, shipping connections with Bangladesh, dependable pre-shipment testing facilities, and product marketing with crop information, crop quality and consistency.
Participants

KENYA
Mr. Fred Kong’ong’o
African Cotton and Textile Industries Federation (ACTIF)

MALAWI
Mr. Johnson Kitta
Ipomha Cotton Company
Ms. Christine Mtmbo
Ministry of Agriculture
Ms. Gladys Chimpokosera
Ministry of Industry and Trade

MOZAMBIQUE
Mr. Gabriel Paposseco
Mozambique Institute for Cotton
Mr. Estevao Machado Langa
Cotton Association of Mozambique

UGANDA
Mr. Hitesh Panchmatia
Bon Holdings Ltd. (Ginner)
Mr. Innocent Mwesigye-Ihwezo
Phoenix Logistics (T&C company)

ZAMBIA
Mr. Joseph Nkole
Cotton Association of Zambia
Mr. John Muzondiwa
Alliance Ginneries Ltd.
Mr. Weston Mwalanga
Mulungushi Cotton Co. (Ginner)

TANZANIA
Mr. J. Bwahama
Tanzania Cotton Board
Mr. William Matonange
Kahama Oil Mills and Ginnery Ltd.
Mr. Hamisi Kigwangalla
MSK Solutions Ltd (Ginner)
Mr. Njaia Silanga Kimola
NGS Investment Co Ltd.(Ginner)
Mr. Gungu Silanga Kimola
NGS Investment Co Ltd.(Ginner)
Mr. Ezekiel Mchungu Negelo
Badugu Cotton Ginning Ltd.(Ginner)

TANZANIA
Mr. Peter Bahini Noni
Chesano Ginning Ltd. (Ginner)
Mr. Goodluck Lema Nkini
CRDB (Credit Development Bank)
Mr. Jens Ole Pedersen
CRDB (Credit Development Bank)
Mr. Philip Magani
CRDB (Credit Development Bank)

Contributing Associations and Companies
- Bangladesh Textiles Mills Association (BTMA)
- Bangladesh Cotton Association (BCA)
- Bangladesh Garments Manufacturers and Exporters Association (BGMEA)
- Bangladesh Cotton Development Board
- Malek Spinning Mills Ltd.
- Shasha Denims Ltd.
- Square Textiles Ltd.
- Newage Garments Ltd.
- Dhaka Bank
- SGS

Opening ceremony

Key note speeches were delivered by:
- Mr. Abdul Latif Siddique, M.P. & Honourable Minister for Textiles & Jute, officially inaugurated the training seminar (Second from right)
- Mr Matthias Knappe, Officer-in-Charge, Sector Competitiveness, ITC
- Mr Nurul Islam Shuja, President, Bangladesh Cotton Association
- Mr. M.A. Salam, Acting President, Bangladesh Garments Manufacturers and Exporters Association (BGMEA)
- Mr. Fazlul Huq, President, Bangladesh Knitting Manufacturers Exporters Association (BKMEA)
- Mr ABM Abdul Haque Chowdhury, Secretary, Ministry of Textiles & Jute
- Mr. Abdul Hai Sarkar, President, Bangladesh Textiles Mills Association
Training Seminar Presentations

Knowledgeable and eloquent Bangladeshi government officials, industrialists and entrepreneurs delivered technical presentations and lectures focused on key topics:

1. The Bangladesh Textile Industry – Past and Present
2. Bangladesh spinning sector: Opportunities and Issues
3. Bangladesh cotton demand and quality requirements
4. How to export cotton to Bangladesh
5. Cotton trade controlling in Bangladesh
6. Banking and Trading
7. Bangladesh Ready Made Garments Industry
8. Institutional Infrastructure to support Exports of T&C in Bangladesh
9. Bangladesh Cotton Development Board and its Activities

South-South Cooperation

Following the presentations and discussions on the textile industry, the Bangladesh Textile and Mills Association (BTMA) proposed possible areas of South – South Cooperation:

- More direct interaction between African cotton exporters and Bangladesh cotton consumers;
- Joint activities to address the issue of cotton contamination;
- Cooperation to serve specific niche markets such as organic and fair trade cotton;
- Technology transfer from Bangladesh to selected African countries in the area of spinning and clothing industry development;
- Promotion of handloom development in rural areas based on the Bangladesh experience.

Bangladesh Cotton Association

The Bangladesh Cotton Association (BCA) unites and encourages co-operation between Cotton Agents, Traders, Growers and Ginners. An informal invitation by the President, BCA, brought African ginners, government officials, exporters and cotton growers to meet and discuss with Bangladesh cotton traders and spinning mills.

This event provided a good opportunity to establish contacts, create partnerships and discuss various cotton-related issues.
Buyers/Sellers Meeting

A buyers-sellers meeting was organized to exchange cotton samples, cotton quality test results and price negotiations. **21 African participants** had direct business negotiations with more than 10 local cotton merchants and traders from cotton-importing spinning mills.

<table>
<thead>
<tr>
<th>A local buyer discusses cotton trade with the Zambian delegation</th>
<th>Bangladeshi trader examines Tanzanian cotton samples</th>
<th>Buyers (spinners) show realistic interest in Ugandan cotton.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Delegation of Mozambique discusses trade opportunities with spinners from Square Textiles</td>
<td>(Left) Participant from Iponga Cotton Company in Malawi says his company produces 30,000 bales of cotton</td>
<td>(Left) Participant from Badugu ginning company, says Tanzania has 700,000 bales of exportable cotton a year</td>
</tr>
</tbody>
</table>

Visit to the Dhaka Bank

Formal meetings were organized between bankers and ginners to establish banking ties, learn about shipping connections as well as procedures on financing and international transactions for cotton exports.

<table>
<thead>
<tr>
<th>Managing Directors, Dhaka Bank provide advice on how to do business in Bangladesh</th>
<th>Participants learn about the bank’s external relations with first class banks</th>
<th>Dhaka Bank Officials respond to questions on trading issues and credit facilities</th>
</tr>
</thead>
</table>
Square Textiles is one of the most successful and largest spinning units in Bangladesh primarily engaged in manufacturing high quality 100% cotton spun knit yarn for export oriented knit fabric and knit garments manufacturers in Bangladesh. The subject of contamination was emphasized, as cleaner cotton will give higher premiums.

<table>
<thead>
<tr>
<th>Manager's presentation focuses on the issues of contamination and spinning mill requirements</th>
<th>Manager shows participants the cotton pre-cleaning working process</th>
<th>A participant from Malawi inspects cotton contaminants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different types of cotton contaminants are shown to ginners</td>
<td>Participant from the Development Bank, Tanzania inspects flaws in fabric - a consequence of contamination</td>
<td>Manager discusses the effects of contamination with a cotton ginner from Uganda</td>
</tr>
</tbody>
</table>
Shasha Denims Ltd.

Shasha Denims Ltd. is a leading denim producer in Bangladesh located at Dhaka Export Processing Zone (DEPZ). Shaha is a fully-integrated plant using state of the art machinery. With a production target of 1.5 million yards per month, they make fabrics for C&A, Marks & Spencer, Polo, Next, Tesco, Mexx, Wallmart, JC Penny, Tommy, Gap and many more international brands.

Newage Apparel Ltd. (Woven ready made garments & fabrics)

Newage Apparel is a leading exporter of ready-made garments from Bangladesh that employs 4,000 people.

Observations: Participants were provided with a brief overview of the processes of the vertically integrated companies.

Limiting factors: Participants were made aware of the limiting factors to trade such as cotton availability, lint quality and lead-time.

Scope for Improvement: Recommendations - Improve seed varieties; implement better practices to stop contamination, business opportunities through warehouse facilities.

Exploiting trade opportunities: African ginners and traders were given tips and advice on how to do business with Bangladeshi spinners.
The Bangladesh Garments Manufactures and Exporters’ Association (BGMEA)

The Bangladesh Garment Manufacturers and Exporters Association is the only recognized trade body that represents all the export oriented woven garment manufacturers and exporters of Bangladesh.

| The Acting President of BGMEA (third from left) is open to discussions with African Delegates on possible future investments in their countries | Tanzanian delegation from MSK Solutions discusses investment opportunities for BGMEA in Africa | Ugandan Delegate also engages in an open discussion with Board Members of the BGMEA on opportunities for bilateral trade in Uganda |

Visit to the Bangladesh Cotton Development Board (CDB)

The Cotton Development Board (CDB) is a government organization responsible for cotton production and research in Bangladesh. It is established under the Ministry of Agriculture and the Bangladesh Government to boost up cotton production.

| Participant from the Zambian Cotton Association gains insight into the activities of the CDB. The knowledge gained from this visit will be used to add value to their local Cotton Board. | Participant from the Ministry of Agriculture in Malawi suggests that the government should consider private support in pest management control. | The visit to the CDB was of relevance to the Zambian Delegation in terms of integrated pest management and seed cotton production. |
The International Trade Centre (ITC) defined the objectives and outcomes of the ITC – Bangladesh Cotton Value Chain Capacity Building & Marketing Event in Dhaka, 31 January – 5 February 2009, under the supervision of Matthias Knappe, Programme Manager, Cotton, Textiles and Clothing, Sector Competitiveness, Division of Market Development.

Mr. A.S.M. Quasem, ITC National Consultant, in cooperation with Mr. Towfique Hassan, Secretary General of the Bangladesh Textiles Mills Association (BTMA), organized the training seminar along the cotton value chain and provided the venue for the conference.

Cynthia Zijlstra-Adriano conceptualized and prepared the Cotton Activities Brochure. All photos were taken by Cynthia.

The European Communities provides financing to the ITC Cotton Programme.

**Next Steps**

1. ACTIF will incorporate the experience gained from the seminar into the regional cotton – textiles – clothing strategy, which is being elaborated with the COMESA Secretariat for East and Southern Africa.
2. Follow-up on South South Cooperation to explore investment opportunities of setting up Bangladeshi spinning mills in East Africa.
3. Establish closer cooperation among cotton stakeholders, particularly among Mozambique, Zambia, Zimbabwe and Malawi (MOZAZIMA) on a joint approach to explore the Bangladeshi and other markets.
4. Explore possibilities to develop a market-focused approach towards reducing cotton contamination in selected East African countries.
5. Encourage the Zambian Cotton Board as well as the Tanzanian Cotton Board to establish closer cooperation with the Bangladesh Cotton Development Board.

**Main topics of the ITC – Bangladesh – Africa seminar**

To increase the competitiveness of the cotton sector of African countries along the cotton value chain, the ITC training programme focussed on the following trade opportunities and challenges:

- To develop and strengthen relations between African cotton exporters and Bangladeshi spinners
- To understand and discuss business requirements of the buyers
- To engage in direct business negotiations with local merchants and cotton-importing spinning mills
- To establish collaboration between African cotton associations and the Bangladesh Cotton Development Board
- To address trading and banking issues on how to do business in Bangladesh
- To witness the development of the entire textiles and clothing industry through factory visits
- To understand how Bangladesh developed a flourishing T&C industry
- To address the issue of contamination and its effects on textile production and trade
- To receive inside information from companies not usually disclosed by international merchants
- To share experiences with fellow participants and engage in discussions with representatives of the Bangladesh textile industry

**FOR FURTHER INFORMATION, PLEASE CONTACT**

Matthias KNAPPE  
Programme Manager  
Cotton, Textiles and Clothing  
Sector Competitiveness  
International Trade Centre  
Palais des Nations  
CH-1211Geneva 10, Switzerland  
Tel. +41 22 730 0111  
E-mail: knappe@intracen.org