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## PSF 2011: Is Africa the next apparel sourcing hotspot?

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In its constant search for cheaper and cheaper production bases around the world, there are few places the apparel and textile industry has left untouched. But could Africa be the new frontier?

While industry executives speaking over the past few days at the Prime Source Forum in Hong Kong admit the continent is unlikely to present a major opportunity in the foreseeable future, they seem to agree it's definitely worth watching.

"For the next ten years the solutions lie further and further afield," believes Edwin Keh, lecturer at the Wharton Business School at the University of Pennsylvania and former SVP, COO of Wal-Mart Global Procurement.

He points out that in its latest five-year plan, the Chinese government is trying to create more of a balance between the industrialised coastal belt and the rural areas, and is increasingly opposed to high labour content, low value sectors in regions like the Pearl River Delta.

For those manufacturers unable to climb up the value chain, "moving west [into China] is probably a good short-term, stop-gap solution...but only for the next three to five years."

Looking further ahead, the largest place for manufacturing in the next ten years is "probably Africa," he notes. "Every road, airport and train [there] has been built by the Chinese. They're the largest investors in continental Africa, and have loaned it more money than the World Bank."

He adds: "This industry has always rewarded those who are bold and who think ten years out and make those commitments."

Kevin Burke, president and CEO of the American Apparel and Footwear Association (AAFA), is more cautious. "Some of the biggest challenges are the political problems we have in North Africa," and "companies don't move to countries that have unstable or corrupt governments," he says.

He also notes that the textile and clothing industry has to have the infrastructure to support what it's making. "You can have the best plant in the world, but if you don't have roads leading to ports, then products get stuck."

"My prediction as we move forward is you will see money going into Africa - and it's not going to be American money, it will be Chinese money - as an efficient means to be able to produce product.

"They have natural resources on the footwear side to produce leather, they've proved they can produce cotton, but I do think it's a long term process. You're going to see movement into Africa, but it will take a long time."

Delegates also pointed out that the time to develop and train local workers and managers is another major consideration when looking at new production bases - and is likely to work against a move into Africa anytime soon.

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