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# Africa profits from China

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African garment-exporting countries are benefiting from rising labor costs in China, as well as changing global consumption patterns, attracting brands to the continent with their low production costs.

Although obstacles are evident, companies believe that the growing number of factories built from scratch, respecting international regulations, will boost the development of industry in Africa.

"The importance of Africa is growing in the world," acknowledged Oliver Zieschank, an economist at the International Textile Manufacturers Federation (ITMF), on the sidelines of the Destination Africa B2B event recently held in Cairo and accompanied by the Just-style portal. "If the investment comes, there is the possibility of seizing the market opportunity created by the changes taking place in China - with a growing middle class and higher wages - a gap to be filled by other regions," he added.

In its second edition, the event was organized by the Egyptian government, export councils and the International Labor Organization (ILO) to promote Africa as a new platform for industry.

**Increased costs**

Although China remains the largest garment producer in the world, followed by Bangladesh, African entrepreneurs note that production costs in China are increasing as per capita GDP increases.

In addition, China's acquisition of machinery is in decline, from 76% of global purchases between 1995 and 2005 to 58% by 2016, according to Jaswinder Bedi, chairman of the Kenya Export Promotion Council.

Africa is well positioned because of lower wage costs, ranging from $ 60 per month in East Africa to $ 100 in Egypt. The continent's competitive advantage is further enhanced by free trade agreements with the US and Europe as well as by the proximity of European markets.

"We can not prove that buyers are leaving Asia but, from 2016, there has been a growth in demand for local supply, focusing on Africa," said Dhyana Van Der Pols, CEO of Nash International.

**Growing interest**

Some potential buyers were present at the Destination Africa B2B event precisely for this reason.

"I'm here because of sourcing, because China has become very expensive and the quality of Bangladesh and Pakistan is not the best. We have already worked with Tunisia and Turkey, so we are here to see other opportunities, "explained Giacomo Romoli of Guess Europe.

**The alternative**

Jaswinder Bedi's optimism was reiterated by several speakers at the event. "I think it's fairly simple, there's no other reasonable alternative for Asia. China's capacity is absorbed internally and, while Bangladesh is planning to expand, it is quite crowded, "said Roy Ashurst, a consultant to the Ethiopian Investment Commission.

Ashurst expects Ethiopia's clothing exports to rise from 150 million in 2016 to a billion dollars in 2018, boosted by the development of new industrial towns and businesses with large customers such as the LVMH conglomerate - which is already stocked in the country.

The event was attended by executives and entities promoting sourcing destinations such as Egypt, Ethiopia, Nigeria, Tunisia and Madagascar.

"Our biggest challenge is promotion, since companies know where we are on the map, but not what we produce or make," said Irchad Houssein, COO of Madagascar Garments.

Greater cooperation and better logistics are also essential. "There is tremendous potential for complementarity between North and South Africa within the value chain, for spinning, weaving, finishing and confection. There needs to be a transfer of know-how, "said Samir Ben Abdallah, president of the Professional Clothes and Clothing Group.

Cooperation will also be crucial in order to reduce delivery times, which will attract fast fashion customers, said Roy Ashurst, who also emphasized the potential of new African production units built in accordance with international regulations. "Compliance is a big problem on a global scale," he said.