



THE COMPETITION & CONSUMER PROTECTION COMMISSION

ZAMBIA TEXTILES VALUE CHAIN STUDY FINAL REPORT



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Acronyms

CAZ	Cotton Association of Zambia
CCPC	Competition and Consumer Protection Commission
CIF	Cost Insurance Freight
CSO	Central Statistical Office
EIA	Environmental Impact Assessment
EU	European Union
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
IAPRI	Indaba Agriculture Policy Research Institute
IMF	International Monetary Fund
ITC	International Trade Centre
KII	Key Informant Interview
LINTCO	Lint Company of Zambia
Ltd	Limited
MCPAT	Markets and Competition Policy Assessment Tool
NAP	National Agriculture Policy
OECD	Organisation for Economic Cooperation and Development
Plc	Public Limited Company
PMR	Product Market Regulation
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Sciences
UNCTAD	United Nations Conference on Trade and Development
UNIP	United Nation Independence Party
USA	United States of America
ZDA	Zambia Development Agency
ZEMA	Zambia Environmental Management Agency
ZNFU	Zambia National Farmers Union

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1. INTRODUCTION

1. The Zambian Government has identified the agriculture and manufacturing sectors as key drivers of the economy to supplement mining which has been the largest contributor of foreign exchange earnings and national revenue. The country has enormous potential to expand agricultural production due to the vast resource endowment in terms of land, water, climate and labor (GRZ, 2016).
2. The 7th National Development Plan specifically acknowledges that Zambia's textile industry has the capacity to contribute significantly to the economic development of the country. Being labor intensive, it has the potential to greatly contribute to employment and wealth creation at all stages of its value chain. According to the industrialization and job creation strategy¹, the textile industry is capable of creating 4,100 new jobs in the next five years. Government has since identified the Textile and Garment sub Sector as one of the priority sectors for Zambia's industrialization and economic development.

Historical Context

3. Zambia's textiles and clothing industry has had an important role to play in the country's development. During the Import Substitution Industrialization (ISI) of the 1960s through to the mid-1980s, Zambia's textiles and clothing industry received substantial government support through an incentive system that favoured the entire manufacturing sector². The sector grew to become the biggest contributor to manufacturing GDP second only to the

¹ Commercial, Trade and Industrial (CTI) Policy 2009 – 2014 and the Strategy Paper on Industrialization and Job Creation launched in 2013

² Turok, B(1989) Mixed Economy in Focus: Zambia. Institute for African Alternatives.

Food Beverages and Tobacco sub-sector between 1965 and 1980³. The country had more than 140 manufactures in the textile industry employing more than 25, 000 locals (Dinh, 2013) because of the incentive system which was a combination of tariffs, quantitative restrictions and exchange rate management. The purpose of the incentive system was to protect the textile and clothing industry from external competition, reduce the role of the market and increase state involvement in establishing the level, composition and quality of investment in the industry.

4. Through the support from the state, Zambia's textiles and clothing industry grew considerably between 1964 and the 1980s. Zambia's textiles, wearing apparel and leather contribution to total manufacturing value-added rose from 10.1 percent in 1964 to 18.4 percent in 1980⁴. One such way government actively participated in the textiles value chain was through Lint Company of Zambia (LINTCO). LINTCO was state controlled and operated in all cotton producing areas of Zambia supporting and stimulating cotton production through the provision of inputs, credit and marketing services to cotton farmers. (UNCTAD, 2016). Unfortunately, the import substitution policy proved costly for Zambia. With the fall in copper earnings after 1975, the textiles and clothing industry started to experience underutilization of capacity. This was partly due to the nature of the investment in the industry and the scarcity of foreign exchange available for imported inputs and spare⁵.
5. A myriad of macro-economic shocks and the followed by structural adjustment reform program under the World Bank (WB) and the International Monetary Fund (IMF) meant the country could no longer afford to subsidise and protect the sector. Both internal and external shocks such

³ World Bank (1984) Zambia: Industry Policy and Performance. Word Bank: Washington. D.C.

⁴ World Bank (1984) Zambia: Industry Policy and Performance. Word Bank: Washington. D.C.

⁵ Gweynne, R.(1996) 'Trade and Developing Countries'. In Global Economy In Transition, edited by P.W. Daniels and W.F. Lever. Longman: Essex.

as the overvalued exchange rate, an influx of cheap used and donated clothing (salaula), a lack of a competitive input industry with reasonable prices, use of obsolete machinery, and absence of skilled managers with knowledge of global markets (Dinh, 2013; Munoni, 2017).

6. These macro-economy and economic adjustments programs resulted into mass closures of garment factories and scaling down of operations in the 1990s and the first decade of 2000s (Koyi, 2006). By 2002, only 20 manufacturers had remained with the rest closed due to failure to compete with cheap imported garments mostly from Asia and imports of second hand clothes. The impact of the structural adjustment program is further observed in the contraction of the textile value chain with a reduction from 140 companies in 1991 to less than 50 by 2002, Eliassen (2012). By 2004 only 10 of the companies that remained were able to compete on regional and other international markets and this number reduced further to 8 in 2007, Munoni (2017).
7. Lack of competitiveness compared to all other major textiles exporting countries which provide substantial direct cash payments for exporters (e.g. South Africa), who enjoy lower production costs, economies of scale and greater installed capacity utilization has led to low production and closure of more companies (CCPC, 2018). The notable companies that closed down production after 2007 were Mulungushi textiles Limited in 2007; Swarp Spinning Mills, in 2008 and Kafue Textiles, in 2011 (Munoni, 2017). Furthermore, it was noted that post liberalization, the failure of the textiles value chain was exacerbated by the importation of cheap clothes from China and India which rendered the industry out of competition at a time the country was hit by foreign currency shortages and hence could not import spares and machinery for the industry⁶.

⁶ The biggest textile company that succumbed to these challenges was the Mulungushi Textiles Limited (MTL). MTL employed over 2,000 direct workers. Lack of attention to this sub-sector has equally affected start-ups such as Lamozi Fashions, which is operating at 17% capacity utilization.

8. The frustration is unmistakable, instead of becoming lead industries for exports, the Zambian textile and clothing industry is being challenged by cheap imports and is losing large segments on the home⁷. Nonetheless, the textiles and clothing industry remains a sector of export interest to Zambia where the country could exploit its vast existing potential if supply-side and international trade restrictions were resolved.

State of the Sector

9. Some segments of the Zambian textile industry are near collapse with a few companies operational. For instance, at the spinning and weaving segments, there are only a few companies that are still processing lint into yarn. Due to short staples of the Zambian cotton, Zambian spinners used to import cotton lint from Zimbabwe and blend it with Zambian lint in order to achieve proper yarn⁸.
10. Textiles and clothing industries in Zambia faces unfair competition on the regional and international markets from other cotton producing countries where production is subsidized rendering their products cheaper on the market due to reduced costs of production (e.g. USA, China, the EU, Central and South East Asia).
11. Despite the major setbacks that the textile value chain has suffered in the past, it still has potential to create employment and increase income among households linked to the value chain within the agriculture sector. This is because the agriculture sector employs around 62.8% of Zambia's population and contributes 8.5% to the country's Gross Domestic Product and 9.6% to national export earnings (CSO, Census of Population and Housing 2010: Chapoto and Chisanga, 2016). In 2016, the textile value chain

⁷ Chikoti, S. and C. Q. Mutonga (2002) Textiles and Clothing in Zambia. Ministry of Commerce, Trade and Industry: Lusaka.

⁸ Cotton Development Trust Country Report to the 65th ICAC Plenary Meeting, 11th – 15th September, 2006 – Goiania, Brazil, Zambia

contributed about 5.4% to Zambia's Gross Domestic Product (GDP) (Daily Mail, 2016: UNCTAD, 2016). The textiles sector contributes about 16 percent to overall manufacturing value addition and this is only second to the food, beverage and tobacco sectors which contributes about 60 percent to value-addition within the manufacturing (Koyi, 2006).

12. In the recent past, the textiles sector's contribution to overall manufacturing had been rising due to increased production of cotton lint and yarn⁹. The increased production of cotton lint and yarn was due to the expansion in the number of ginneries through new private sector investments (Economic Report, 2004).

Imports and Exports Markets

13. Domestic textiles and clothing exports and imports point to an unfavourable trade outcome. In 1996, for instance, textile exports amounted to US \$ 42.2 million while imports amounted to US \$ 31.2 million. At the time, there was a clearly favourable trade balance. However, by 2003, the trade balance had reversed with import penetration of textiles surpassing exports. Textiles imports in 2003 amounted to US \$ 57.7 million while exports stood at US \$ 49.1 million. In percentage terms, textile exports rose sluggishly by about 16 percent while imports surged by 85 percent over the same period.¹⁰
14. The increased volume of textile and clothing imports suggests a case of trade imbalance. The surge in imports is attributable to the influx of cheap imports and the increasing phenomenon of second-hand clothing. Zambia's textile and clothing industry is thus challenged by the increasing influx of imported

⁹ Economic Report, 2004

¹⁰ Bonn: Friedrich-Ebert-Stiftung (2006). The Future of the Textile and Clothing Industry in Sub-Saharan Africa (The Textiles and Clothing Industry in Zambia By Grayson Koyi)

textiles and clothing. This results in the crowding out of Zambian industries as the government does not provide import protection.¹¹

15. Textiles are part of Zambia's non-traditional exports. Evidence shows that the value of such exports has increased from US \$ 90 million in 1990 to US \$ 360 million in 2002. This means that non-traditional exports have increased their share in export earnings from 8 percent in 1990 to 39 percent in 2002. A closer examination of the export structure based on the value of sub-sector earnings reveals that there has been a dramatic change in the composition of manufacturing exports. Specifically, the contribution of textiles rose sharply from 16.7 percent in 1993 to 30.5 percent in 1995 before a slight fall to 28.2 percent in 1998. The share of textiles in non-traditional exports is, therefore, huge and makes textiles exports very important for Zambia. As such it is imperative that access to markets for such a growing sub-sector should be secured if its performance is to be enhanced.

16. The Zambian trade policy is anchored on bilateral, regional and multilateral frameworks to support the growth and development of the Zambian economy. This in sum entails that, Zambia's trade policy is one that fosters the improvement of international competitiveness and allow for the exploitation of regional and global export markets. This help spur international trade and investment that guarantees free flow of goods and services. This is evidenced by Zambia's membership to various regional and international groupings, such as COMESA, SADC, WTO among others.

¹¹ Ibid

THE TEXTILE INDUSTRY

17. The 7th National Development Plan specifically acknowledges that Zambia's textile industry has the capacity to contribute significantly to the economic development of the country, if well harnessed. Being labor intensive, it has the potential to greatly contribute to employment and wealth creation at all stages of its value chain. According to the industrialization and job creation strategy¹², the textile industry is capable of creating 4,100 new jobs. Measures to develop the sector would involve recapitalization and operationalization of the state owned textile mills such as Mulungushi Textiles; facilitation of the Zambia Bureau of Standards to certify the quality of the products that will be produced so that they meet both local and international standards; and promote access to markets for certified local textile products by, ensuring that all public institutions like the Zambia Correctional Service, Zambia National Service and the Zambia Police Service procure all their uniforms from local textile industries.

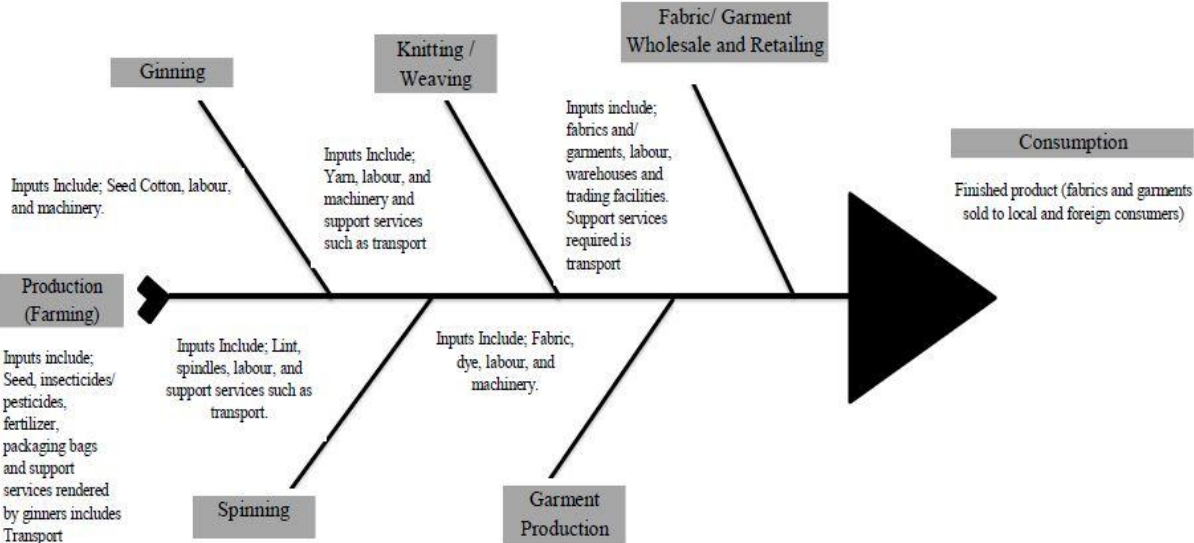
3.1 The Textiles Value Chain

18. The textile value chain includes major players from cotton seed production, spinning, weaving and knitting, and garment producers. The primary raw material; cotton is produced largely by smallholder farmers. The cotton produced is sold to the ginners for processing into lint and seed. The ginners' sale part of the seed back to farmers in form of input loans while the rest is processed into oil and the seed cake sold to companies that manufacture livestock feed. The lint is processed into yarn by spinners with the yarn further knitted and weaved into fabric which is sold to garment makers. Other players linked to the value chain include fabric and garment importers as well as the consumers at the end of the chain.

¹² Commercial, Trade and Industrial (CTI) Policy 2009 – 2014 and the Strategy Paper on Industrialization and Job Creation launched in 2013

19. In addition, at each node, support services such as transport and infrastructure are critical for the effective functioning of the value chain players (see figure 1 below).

Figure 1: The Textile Value Chain in Zambia



20. From cotton production to apparel, the textiles value chain attracts a number of firms that are involved in production (indirectly and directly), ginning, and production of yarn as well as apparel. As indicated above, the value chain is long with different nodes in between cotton production and apparel consumption.

3.2 Factor markets (Linkages)

33. The textile value chain remains a sector with a lot of interconnections from seed to garment, edible oils and stock feed among others. Ginners typically add value to seed cotton by separating seed from lint which is passed on to weavers and spinners to prepare a ready material for the garment industry or for export. The seeds are either used for replanting as seed, exported or used for extraction of edible oils and cotton seed cake for stock feed. The

remaining by-products from oil and cake extraction are increasingly being used for mushroom cultivation. (CCPC 2018). It is a sector with economic linkages where one sub-sector's output is an input in the next sub-sector. The vibrancy of the sector therefore depends on the entire value chain as a unit instead of individual sub-sectors.

34. The economic relationships between the sub-sectors varies from link to link. Some relationships are formal and contractual while others are not. Generally, across the whole value chain, written contracts exist between players from both the demand and supply sides of the market. Prominently, formal relations exist between farmers (seed cotton producers) and ginners. These contracts are short term as they are only effective over a maximum of one farming season. The exception is with the garment production where companies purchase materials as need arises on the spot.
35. The textiles and garment industry is considerably diversified even though the industry is commonly assumed to be a unitary entity. The differences within the industry are such that a country is most unlikely, simultaneously, to have a comparative advantage in all its major sub-sectors¹³. Although the industry is closely linked in an input-output sense, the presence of linkages per sector does not justify the establishment of a fully integrated industry as these sectors do not always share many common features in a comparative advantage sense. These differences are the basis for guiding policy makers in judging whether an industry is likely to be viable at a particular stage in a country's economic development¹⁴.

¹³ Chiluba Mercy Munoni (2017); **Cotton Textile Industry in Zambia: The Economic Viability of Revamping Mulungushi Textiles Limited; Mini Dissertation presented in partial fulfilment of the requirements for the Degree of Master of Philosophy in Development Policy and Practice at the University of Cape Town**

¹⁴ Chiluba Mercy Munoni (2017); **Cotton Textile Industry in Zambia: The Economic Viability of Revamping Mulungushi Textiles Limited; Mini Dissertation presented in partial fulfilment of the requirements for the Degree of Master of Philosophy in Development Policy and Practice at the University of Cape Town**

3.3 Role of Public Institutions

36. The existence of well-coordinated and functioning institutions in any sector is critical for improved performance and enhanced sustainable development. In order for this to happen, institutions need to have clearly defined roles and responsibilities. As it stands, the textile value chain in Zambia is influenced by various institutions which are listed below:

Government Line Ministries

37. The textile value chain falls under the auspices of the Ministry of Agriculture as well as the Ministry of Commerce Trade and Industry. The two ministries are responsible for providing oversight and policy direction to the functioning of the value chain. Currently, the textiles value chain is only regulated by public institutions when it comes to the certification of multiplied and provision of pre-basic cotton seed as provided for by Plant Variety and Seed Act with the Seed Control and Certification Institute and the Cotton Development Trust executing these roles respectively.

Cotton Board of Zambia (CBZ)

38. The Cotton Board of Zambia was established in 2005 and is responsible for regulating the cotton production sub-sector. It regulates the production, ginning and marketing of seed cotton. The board is also responsible for setting of standards relating to the quality of the cotton crop in the field, seed cotton, cotton seed and lint. The CBZ also advises the Government of the Republic of Zambia (GRZ) on regulations, policies and measures pertaining to the protection, control, promotion and development of the cotton industry as well as cotton research related issues.

Cotton Development Trust (CDT)

39. The Cotton Development Trust (CDT), a quasi-government institution, plays the main role when it comes to the regulation and research regarding cotton seed¹⁵. Seed multipliers such as ginners procure pre-basis cotton seed for multiplication basic and certified and commercial seeds.¹⁶

Seed Control and Certification Institute (SCCI)

40. The control of seeds in the cotton sector is managed by SCCI, as required by the Plant Variety and Seed Act¹⁷. Any seed multiplication programmes in the country to produce certified seed as well as field monitoring is done under the supervision of SCCI.

The Cotton Association of Zambia (CAZ)

41. CAZ was established in 2005 with the main objective of strengthening smallholder cotton farmers in Zambia in order to provide a platform for them to participate more effectively in the operations and future development of the cotton industry in Zambia. Such support to farmers includes among others, the provision of information to cotton farmers on prices, pricing structures, input costs, transparent contracts and the best cotton management practices.

The Zambia Cotton Ginners Association (ZCGA)

42. The ZCGA is an association of ginning companies that seeks to serve the interests of ginning companies in Zambia. The ZCGA was established in the year 2006 with the main goal of providing a framework for Zambian cotton

¹⁵ An act that involves bringing the seed of a particular crop/variety under the purview of seed law enforcement to have the seed verified for quality by sampling and analysis

¹⁶ Cotton and its By Products, West K. Chitah, 2016. http://unctad.org/en/PublicationsLibrary/websuc2017d2_en.pdf and Minutes of the meetings held with ZAMSEED and Cotton Board Zambia

¹⁷ Chapter 236, Volume 14

companies to self-regulate their activities, to establish, promote and manage sustainable integrated seed cotton pre-financing, production and purchasing practices.

THE MARKET STRUCTURE AND INTERACTIONS

4.1 Relevant Markets

43. The textile value chain is integral to the economies of many developing countries such as Zambia providing income for smallholder farmers. The textile and clothing manufacturers are large employers and could contribute to a country's economic growth¹⁸. The textiles value chain is broad with many players at each node. However, in this study the analysis was based on four key market categories based on the main product at that particular key node of the value chain. These included the cotton, lint, yarn and garment markets.

4.2 Seed Cotton Production

44. Seed cotton is grown mostly by small holder farmers numbering between 300,000 to 400,000 through agro business links with the ginning companies.¹⁹ The number of farmers growing cotton in a growing season varies depending on cotton prices that were offered in the previous growing season and incentives offered for producing competing crops²⁰. All cotton farmers in Zambia grow cotton only through support from ginning companies in terms of seasonal input loans recoverable from deliveries of seed cotton²¹. Farmers renew scheme membership annually as long as they are interested in growing cotton in that particular season. At the end of the season, farmers

¹⁸ Xiaoyang T.; 2014: The Impact of Asian Investment on Africa's Textile Industries; Carnegie-Tsinghua Center for Global Policy, Beijing, China

¹⁹ UNCTAD (2017) COTTON AND ITS BY-PRODUCTS SECTOR IN ZAMBIA. http://www.unctad.org/en/PublicationsLibrary/websuc2017d2_en.pdf 35

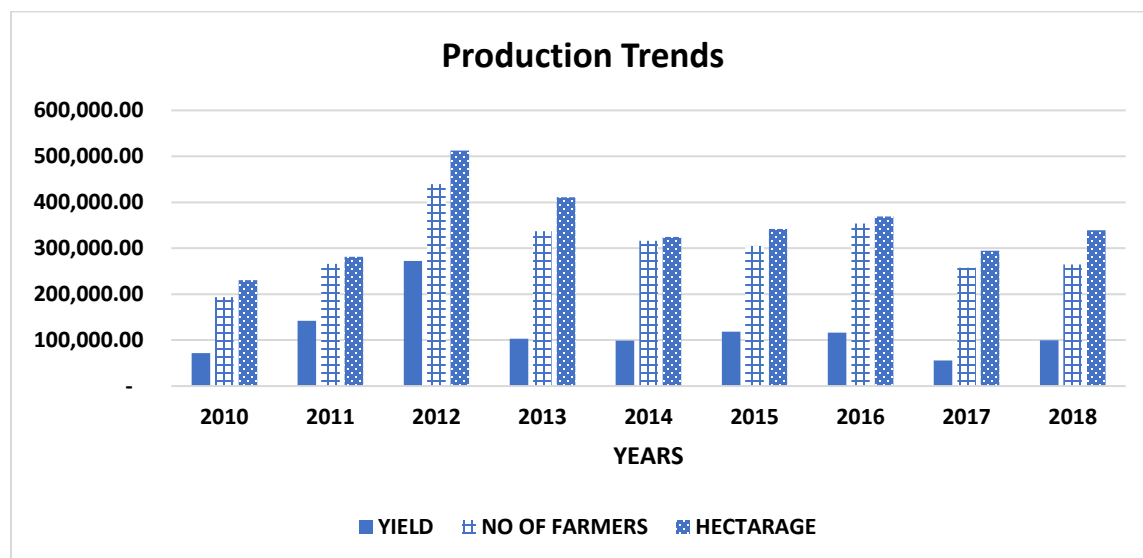
²⁰ Kalinda and Bwalya (2014)

²¹ UNCTAD (2017) COTTON AND ITS BY-PRODUCTS SECTOR IN ZAMBIA. http://unctad.org/en/PublicationsLibrary/websuc2017d2_en.pdf 35

are expected to deliver the seed cotton to the contract ginners in exchange of a return less the input loan. The seed cotton sub-sector has grown from the monopsony era of LINTCO. Privatization of the sector prompted rapid growth which peaked in 1997/98 season when a record seed cotton production of 104 000 metric tons was recorded. This level of production was as result of numerous ginning companies that came in, increase in the number of cotton farmers and favourable world market price.²²

45. The graph below shows that over the last eight years, cotton yields have significantly declined. In all the years where yields appear to have gone up, it was mainly due to increased hectare and number of farmers choosing the crop.

Figure 2: Cotton production and yields over years



Source: Cotton Board of Zambia 2019

²² Ibid

4.3 Ginning Sub-Sector (Cotton Lint market)

46. The ginning sector was at its highest pick between 2012 to 2013 farming seasons leading to a number of ginners entering the market as the cotton industry proved to have been very profitable on the international arena with a buying price of \$0.5 per Kg of cotton. In 2015, the number of ginneries was the highest in Zambia with 11 operating ginneries. However, the number of ginneries has since reduced with the declining cotton yields. This is because some ginners have exited the market.
47. Currently, the country has eleven (9) ginneries with a combined ginning capacity of 400, 000 metric tons of cotton. With the current yields, the average utilization capacity has been around 37% over the 2011/2012 to 2014/2015 farming seasons. The utilization capacity has since dropped to around 25.5% as of the 2017/2018 farming season with a total of 101,952.023 metric tons of cotton being purchased and processed by ginners. There are a number of reasons attributed to this reduction in production and utilization capacity and these include;
- Erratic rainfall patterns
 - Mistrust between ginners and farmers with regards the seed cotton pricing
 - Farmers shifting to soya beans and maize which fetched better prices
 - Low yields due to crop management
 - Poor quality inputs due to lack of the standardization of input packs

4.4 Spinning

60. Zambia's spinning capacity reached its peak output, of 23,500 mt, in 1997, when it had six spinning mills, none of which are now operational. Until 2009, the exception was Swarp Milling, which had relatively new equipment

and an annual capacity of 14,000 mt. Swarp spun virtually all the lint in Zambia that was not exported and supplied yarn to domestic weavers and knitters. Domestic spinners processed around 20,000 mt, or 7%, of Zambia's lint in 2007/8. Around 30% of Zambia's lint was sold locally, 40% was exported to South Africa, 20% to the EU and 10% to the Far East.²³

61. Spinners agreed pre-season prices with ginners. At the height of production, spinners imported about 2,000 mt per annum of lint with a longer staple from Zimbabwe to blend with local cotton.²⁴ The spinning mills in Zambia are all none functional at most. They include the old and mothballed Mukuba Textiles in Ndola with an annual capacity of 1,200 mt; Thonje (formerly Starflex) in Ndola with an annual capacity of 1,200 mt, which has been broken up and sold; Excel in Ndola (1,650 mt), which is not operational; Mulungushi in Kabwe (3,000 mt), which is currently closed; African Textiles (formerly Kafue Textiles) of Kafue (3,000 mt); and a number of small spinners, mostly in the Copperbelt, with a combined annual capacity of 1,000 mt.²⁵ Total capacity was around 23,750 mt, but it should be noted that capacity estimates vary.

4.5 Weaving, knitting and dyeing

62. Most of the country's weaving and knitting companies have now closed. Those that still operated in 2009 included Kay's Textiles (Ndola), Mukuba Textiles (Ndola), African Textiles (Kafue), Excel Textiles (Ndola) and Markweld (Lusaka)²⁶. The weaving, knitting and garments sub-sector, had four major

²³ Cotton Development Trust. 2008. Zambia Country Report to the 67th ICAC Plenary Meeting, Burkina Faso (November).

²⁴ Regional Agricultural Trade Expansion Support Program. 2003. Cotton-Textile-Apparel Value Chain Report Zambia (August).

²⁵ Tschirley, D., and S. Kabwe. 2007. *Cotton in Zambia: 2007 Assessment of its Organisation, Performance, Current Policy Initiatives and Challenges for the Future* (September). Food Security Research Project.

²⁶ John Sutton and Gillian Langmead (2013); AN ENTERPRISE MAP OF ZAMBIA; Published in association with the London Publishing Partnership

companies and over 60 smaller ones in the 1980s. The major ones included Kafue Textiles, Towels Textiles, Ndola Knitting Mills and Excel Textiles.

4.6 Garment Production and Selling

63. The garment production often referred to as the cut-and-make industry is composed of firms that use fabric to make apparel for sale to consumers. The cut-make-trim industry is largely confined to production of work-wear and uniforms. Around US\$3 to 4 million of garments are made and sold in Zambia each year using fabric that is around 95% imported. Local textile producers make mutton cloth for the mines using yarn imported from India²⁷.
64. The existing renowned garment producers include Gloria knitting, Amalgamated Dress and Unity Garments. These firms make spot purchases of fabric which they use to make clothes and sale to companies (mines, industry) through signed contracts or directly to individuals through retail outlets such as local hardware shops. The apparel produced includes school uniforms, work suits, and sportswear.
65. The apparel industry faces a challenge with finding well trained and skilled tailors since the sector utilizes human labor instead of machines or robots. The garment producing firms set the price of garments independently without government intervention. Due to poor quality and high cost of local fabric; most garment manufacturers either import fabric on their own or utilize local wholesalers and retailers that import from Asian countries²⁸. Local fabric is costly due to the high price of the lint sold locally by ginners to spinners.

²⁷ Regional Agricultural Trade Expansion Support Program. 2003. Cotton-Textile-Apparel Value Chain Report Zambia (August).

²⁸ Ibid

5. CONCLUSIONS

66. Cotton production has been falling over the last few seasons. Low production levels have been due to challenges such as poor quality inputs, inadequate extension services as well as erratic rains.
67. There are currently a total of 9 ginneries operating in the country. This number of ginneries is still relatively small. The ginneries are operating at less than half capacity (25%) and this is a direct result of low production levels by smallholder farmers. The ginneries export almost all the lint and only few quantities remain and are utilized by local spinners and weavers.
68. The majority of the companies that operated textile mills closed because of the macro-economic shocks that the country faced in the 1980s causing the collapse of the spinning and weaving sub sectors in the country. The segments are highly concentrated.

Recommendations

TEXTILES VALUE CHAIN STUDY				
Issues	Concern	Recommendation	Expected Effect	Key Implementers
	Policy/Regulation			
Cotton Act	Limited jurisdiction of the CBZ	Amendment of the Cotton Act No. 15 of 2015 to ensure that the jurisdiction of the CBZ does not only end at cotton production and ginning.	This will allow the CBZ to regulate not only the production of cotton but the entire value chain.	MCTI, MoA, SCCI, CDT and CBZ
Customs and Excise Act	Customs and Excise Act Not restrictive on Apparel imports	Amendment of the Customs and Excise Act to impose levies or quota restrictions on second hand and new apparel imports and limit lint imports	Locals will increase demand and uptake for locally produced garments	ZRA
	Seed Cotton Production			

TEXTILES VALUE CHAIN STUDY				
Issues	Concern	Recommendation	Expected Effect	Key Implementers
Input Access	Input pack standardization	standardization of input packs supplied to farmers for assured quality	Increased cotton production resulting in more income for them	MoA, SCCI, CDT
Extension Services	Quality and availability of extension services	Improve on quality of extension services and coverage of farmers	Increased yields and quality of seed cotton	MoA, Ginners
Spinning and Weaving				
Incentives	Private sector participation in the spinning and weaving sector	Provide appropriate incentives and protections for investments in the spinning and weaving sector	Job creation and value generation along the value chain. Improved standards of living	MoF, MCTI, ZDA
Garment Production and Sales				
Low number of	Private sector participation in	Encouraging Public Private Partnerships	Job creation and value generation along the value	ZDA, MoF, MCTI

TEXTILES VALUE CHAIN STUDY

Issues	Concern	Recommendation	Expected Effect	Key Implementers
Garment and apparel manufacturers	the garment sector		chain. Improved standards of living	
		Provide financial assistance to apparel manufacturers for enhanced production	Job creation and value generation along the value chain. Improved standards of living	MoF, ZDA, MCTI
Limited Skilled Labor Force	Low to non-availability of skilled tailors and professional garment makers	Encourage the development of professional tailoring courses and training	Labor force to have improved design and tailoring skills	MoE, Clothe makers