



SUCCESS STORY

Integrating Regional Trade Networks

Creating export deals and strengthening regional trade



Photo: USAID

Workers at the Presitex garment factory in Maseru, Lesotho.

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The Presitex garment company in Maseru, Lesotho was growing and looking for ways to keep expanding its operations. It was especially interested in taking advantage of a U.S. trade law, known as the Africa Growth and Opportunity Act, that makes it easier for African countries to export clothing to the U.S. At the same time, clothing manufacturers in South Africa were looking for regional suppliers of textiles and other clothing inputs, like yarn. Their current suppliers were based in Asia, and starting in September 2007, U.S. trade laws would make it more expensive for clothing produced with Asian inputs to reach U.S. markets. The natural solution was to link up African textile and input makers with garment producers. Presitex turned to a USAID trade hub for help.

USAID's trade hubs act as a central point where regional businesses can gain access to U.S. markets through business linkages, capacity-building services, and problem-solving trade facilitation. The trade hub put Presitex in touch with a knitting mill in South Africa. USAID helped the two groups come to an agreement: they made a deal valued at \$100,000 per month. This was good news for everyone — the companies, their workers, and regional trade advocates in Southern Africa.

With the upcoming change in U.S. textile import rules, there is an urgent need to develop regional sourcing arrangements like this one if African firms are to continue benefitting from trade preferences.

Both firms regard the deal as an important first step toward developing a competitive regional supply chain. Lesotho's apparel industry has been especially successful — at one time, it supported 50,000 jobs. Moreover, regional integration is considered critical to the survival of Lesotho's apparel industry, both to maintain job opportunities in Lesotho and as a platform for future economic growth. USAID's trade hub is now promoting a number of similar opportunities for regional sourcing for other regional textile and apparel manufacturers as part of its strategy for Southern Africa's long-term trade competitiveness in apparel.