RESEARCH REPORT

A Mozambique Textile and Garment Industry Strategy

SUBMITTED TO
USAID Mozambique

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Overview

The textile and apparel sectors are the largest generators of unskilled manufacturing employment in the world. Light and medium manufacturing industries, such as these industries, have the capacity to not only lift large segments of the population from poverty, but to employee some of the most disadvantaged of society, including young women, often with children. It is, therefore, crucial that Mozambique consider carefully the potential viability and promotion of these sectors.

For the past thirty years, trade in textile and apparel products with the major markets of the US and EU have been regulated by quotas on the most competitive producers, such as China, India, Pakistan and many countries in South East Asia. These quotas have provided many smaller, less competitive countries, nearly assured access to the major important markets. The provision of tax incentives combined with efficient export processing zones would often be sufficient to attract transnational garment producers seeking to avoid the high costs of purchasing quotas in more competitive locations. In late 2000[1], the African Growth and Opportunity Act (AGOA) provided a new incentive to transnational clothing suppliers that would be willing to locate in the most remote regions of sub-Saharan Africa: duty free treatment for garments meeting liberal rules of origin and high quota caps. Small, relatively remote, countries such as Lesotho and Swaziland were quick to react, implementing programs to attract the largest transnational firms willing to invest in the region. Transnational investors that invested early could be assured nearly 5 years of exports, before the elimination of quotas on the most competitive suppliers in Asia were eliminated on January 1, 2005 supported by quotas with the added bonus of a waiver of tariffs on apparel meeting the rule of origin. The success of these firms after that date would hang crucially on the extension of US rules of origin to permit the use of third country fabrics and yarns or the availability of competitively priced fabrics that could be sourced regionally. Many are expected to leave after quotas are eliminated in any case. It is in this highly uncertain and fluid context that Mozambique, as a late comer to the industry, must confront less than one year before these uncertain and important changes are to take place.

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[1] Because SSA countries had to obtain special visa's from the US government, requiring a lengthy certification process, the first SSA countries did not obtain benefits before the first quarter of 2002.

Today, Mozambique's formal garment production capacity is limited: one medium sized factory (about 500 employees), located in Beira accounts for the majority of garments exported from Mozambique to the US and South Africa. Local fiber, textile and apparel capacities are even less developed, although Mozambique once counted a vibrate textile industry as part of its industrial base (World Bank 2001). Today's capacities include :

- 40,000 tons of raw cotton production per year;
- Cotton ginning facilities and about 90,000 spindles that are in disrepair and are not operating;
- Approximately 200 weaving looms that are at least 20 years old and in various states of repair[2],
- printing equipment that is not currently in use;

Vacant buildings are available in various locations around the country, but they often lack modern facilities such as proper ventilation, insulation (from heat), reliable water and reliable electric supplies are reported to vary depending on location (Cockcroft 2004). A new venture, by Aga Khan Development, is seeking to set up a basic cut and sew training facility near Maputo and is planning to import some used sewing machines for this purpose. Aga Khan has preliminary plans to open a large cut and sew operation in the Maputo area as early as 2005, but this plan is currently under review since there are concerns regarding the ability of the customs offices to provide rapid, secure clearance of imported materials and exports..

The purpose of this report is, however, not to evaluate the available capital and infrastructure in Mozambique. That is the subject of another USAID consultant's (John Cockcroft) report. Dr. Cockcroft's report details the available machinery and the potential to re-vitalize the vertical textile and garment industries. Dr. Cockcroft's report has been a reference for this report, which is an evaluation of the potential viability of a Mozambique textile and apparel industry in the context of major changes in global markets, including the WTO elimination of quotas, as well as changes in the US African Growth and Opportunity Act (AGOA) and regional trade agreements. Specific interventions for USAID are provided in the concluding section.

Three critical industry dynamics will be appraised in this report as they relate to Mozambique: a) the markets for Mozambique textiles and apparel and changing market access; b) the current Mozambique business enabling environment (laws, government transparency, red tape etc.) and its relation to the development of a garment industry in

[2] Ripolee, a textile manufacturer in Mozambique is reported to be producing some fabrics for the local markets, but only at a fraction of its total capacity. Source, Dr. John Cockcroft's Study of Mozambique's textile capacities.

Mozambique; and c) an evaluation of a strategy to developing a vertically integrated textile and apparel industry (including cotton, ginning, spinning, knitting or weaving and finally dyeing and finishing) in Mozambique. Again, Appropriate interventions are introduced for USAID in its 3-5 year strategic plan for promoting Mozambique production and exports in these sectors.

Market Access

In the past, countries in sub-Saharan Africa (SSA) could rely on the consistency of orders arriving on their shores as Asian producers became constrained by textile and apparel quotas in the major developed markets (Cline 1990; Minor 2002; USITC 2004). In less than one year, seismic changes will begin to converge on the major developed markets for textiles and apparel products. These changes include:

- Elimination of textile and apparel quotas;
- Shifting preferential arrangements (including AGOA and other FTAs);
- Accession of China to the WTO in December 2001; and
- And the rise of trade remedies, such as safeguards and anti-dumping duties.

These changes are likely to shift the current imbalance in apparel sourcing, which favors countries with liberal quota access over the market requirements of buyers which are based on cost, efficiency, reliability and speed to market. Mozambique, therefore, should take a new approach, based on market fundamentals, rather than preferential access in considering the promotion of textile and apparel exports to the major markets of the US and EU. At the same time, alternative markets, regionally within Southern Africa should be considered. Regional markets can provide much needed security and may hold greater potential than traditional markets and are briefly considered in this report. Substitution of current imports with domestic and regional products, based on a competitive and open model, can provide a small, but additional source of growth for a nascent garment industry. The scope of potential markets for Mozambique's textiles and apparel, therefore, should include not only the major developed markets (US and EU), but regional markets such as the Southern Africa Development Community (SADC), and local markets in Mozambique. Each of these markets, and their risks and potential are taken in turn in the following section.

The Major Developed Markets (US and EU)

In the past, preferential trade benefits, such as the African Growth and Opportunity Act (AGOA) provided a set of incentives for bold and aggressive development of regional textile and apparel industries. The benefits of preferential trade include zero tariffs and near quota free access to the US and EU markets for qualified goods. The elimination of textile and apparel quotas on January 1, 2005 will likely have a negative impact on apparel exports from sub-Saharan African (SSA) countries including Mozambique (USITC 2004). Moreover, the least developed country derogation under the AGOA agreement, that permits the use of non-regional fabrics and yarns will expire in September 2004, unless renewed by the US congress[3]. Mozambique and other SSA countries access to developed economy markets for garments is, therefore, going through a period of exceptional uncertainty and change.

The elimination of textile and apparel quotas in major developed markets will end a major benefit of preferential access that many African countries have enjoyed under AGOA and the EU-ACP agreement, which generally provide quota free access for apparel, and duty free treatment for garments meeting the rule of origin[4]. Table 1 lists the benefits of preferential access to the US market (deferred quota and duty costs) for several leading apparel products, including cotton trousers and knit shirts, which comprised almost three-quarters of US imports from SSA countries in 2002. The second column in Table 1 lists the cost of purchasing quota in Asian countries. Since SSA countries are not constrained by quotas, they are not obliged to pay these costs, unlike their Asian competitors. The second component is the MFN duties, which SSA countries do not pay, if they meet the US rule of origin. Combined, the margin of preference on cotton trousers, for example, is over 60 percent. Over two-thirds of this benefit is derived from the costs of quotas and this benefit will be eliminated on January 1, 2005.

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[3] AGOA III is currently being debated in Washington DC and it is not known if, or for how much longer the derogation for third country fabrics will be included. The US congress is considering an extension of the third country fabric provision to either 2006 or 2008. However, US buyers have already indicated that if the provision is not approved by early 2004, they will likely shift many orders to non-African suppliers for an indefinite period of time.

[4] Currently the EU agreement does not support the use of third country yarns (except in exceptional cases) and the status of the AGOA third country fabric derogation is highly uncertain

Table 1
Selected Average Tariff Equivalents and MFN Tariffs for Some Categories of U.S.-Imported Garments, 2002

Product	Cost of Purchasing Import Quotas for China, Hong Kong, and Indian Producers (percentage of factory gate prices)	Weighted Average of MFN Tariff a
Cotton trousers	44%	17%
Cotton underwear	17%	10%
Synthetic trousers	18%	28%
Cotton knit shirtsb	32%	18%
T-shirts and tank shirts	12%	17%
Knit shirts	43%	18%
Other synthetic apparel	12%	18%
Other—constrained	19%	18%
Total constrained categories	19%	18%

a MFN tariffs are the duties that WTO members pay. These are averages because each category represents many products for which duties vary.

b Quotas for China and Hong Kong are subdivided into T-shirts and tank shirts and all other knit shirts of cotton.

While a significant benefit to Mozambique will be eliminated with quotas, opportunities still exist. For example, synthetic trousers will still maintain a substantial margin of preference of 28 percent when quotas are removed (Table 1). US buyers have indicated that they will likely seek out preferential suppliers where the duty savings is substantial and not negated by other costs (USITC 2004 and Author's interviews of buyers).

However, the window of opportunity for bold and aggressive steps to attract international producers has likely closed on SSA and Mozambique. The costs associated with attracting large transnational textile or apparel producers may not be justified based on market risks and fundamental costs associated with doing business in SSA, including the long reach to the major developed markets, corruption and excessive government red tape (USITC 2004).

It's important to note the differences between the EU and US markets regarding the elimination of quotas and preferential benefits. The costs of EU quotas are estimated to be about half that of the US (Kathuria 2001 and Minor 2003) Additionally, the range of EU duties is narrower, ranging from 10-12 percent (Minor 2003). Other important differences between the two markets include the average size of orders (the US market usually requires producers to meet higher minimum order sizes) and the quality requirements (the US quality requirements are, on average, higher than the EU). While the channels of distribution in the US are known to be dominated by large buyers, such as K-Mart, Gap, Sears, and J.C. Penny, EU markets are known to be more fractionalized, with smaller chains spread among the EU members.

The advancement of US and EU regional trade agreements will also have a negative effect on Mozambique's access to major developed markets for apparel products. In the US, negotiations have been concluded for free trade agreements (FTAs) with five Central American countries and the Dominican Republic. Further negotiations promise to bring apparel suppliers from the Andean region, Thailand, South Africa (SACU) and North Africa. The EU is also proceeding with its EuroMed program by inviting North African, Middle Eastern and Eastern European countries into a PanEuro free trade area. Free trade partners of the major developed markets seek to combine permanent duty free access to these markets with new rules of origin permitting the use of yarns and fabrics from within expanded regional blocks. The result will be a strong attraction for investment in the textile and apparel industries that might otherwise have located elsewhere. While the pace of these agreements and their impacts on SSA countries, such as Mozambique, are hard to predict, they do increase the number of duty free competitors to be confronted in those markets and will only increase competitive pressures and decrease the advantages of duty free access.

Contingent protection such as safeguards and anti-dumping and countervailing actions will be on the rise and their effects will be uncertain and perhaps, short lived (special textile safeguards included in China's WTO accession agreement will expire at the end of 2008, if applied). While contingent protection may work to the advantage of Mozambique, since buyers will seek alternate suppliers, they are not certain enough to assure the viability of a garment industry: capable suppliers are abundant.

Finally, uncertainties with the extension of the AGOA third country fabric provision would have a region wide negative impact on exports and the demand for regional textiles (third country fabric provision may be extended in AGOA III to an unspecified date (likely 2006-2008). To be sure, a significant incentive to locate many garment firms in SSA is their unique ability to obtain duty free access on fabrics and yarns not regionally constructed. But even if the third country fabric provision is extended, the uncertainties associated with its extension and renewal will take a significant toll on producer's willingness to invest and locate in Mozambique. Therefore, a potential garment promotion program in Mozambique should take into account the regional availability of competitively priced fabrics and yarns that not only meet stringent international requirements, but are also in line with global prices. ***Building links with competitive fabric and yarn suppliers in the SADC region could prove to be a significant competitive advantage to a potential Mozambique garment industry.***

Trends in the world's textile and apparel markets dictate that Mozambique's producers will have to compete with other global suppliers on a more level playing field in the very near future. The interventions suggested in this report for exporting to the major developed markets are based on these trends. However, Mozambique should also consider other markets within its reach, including regional markets in SADC and local markets. Tables 2 and 3 illustrate that Malawi exports nearly 20 million dollars in garments to South Africa alone.

Table 2
South African Imports of Garments of Knit Fabric 2001-2003

Partner Country	United States Dollars		
	2001	2002	2003
World	71	69	115
China	38	40	79
Hong Kong	6	5	6
India	2	2	5
Malawi	8	7	4
Italy	4	2	3
Thailand	1	1	2
Mauritius	0	1	2
Indonesia	2	2	2
United States	1	1	1

Table 3
South African Imports of Garments of Knit Fabric 2001-2003

Partner Country	United States Dollars		
	2001	2002	2003
World	99	108	195
China	49	56	127
India	10	9	16
Malawi	11	16	13
Hong Kong	8	6	9
Italy	3	3	4
Thailand	3	2	4
Indonesia	1	2	2
Mozambique	1	2	2

Mozambique's Strengths and Weaknesses

While the window of opportunity for bold and aggressive development strategies may have passed[5], Mozambique still maintains some of the essential components of a world class garment producers including:

- Abundant supply of low cost labor;
- Access to ports and shipping; and
- A stable government and macroeconomic environment.

At the same time, Mozambique ranked 87th out of 95 developing countries for the quality of its local business environment (World Development Forum 2002). Apparel suppliers in Mozambique will have to compete with producers around the world, which have fundamental business conditions that give them advantages over Mozambique which include:

- Flexible labor laws that support the rights of workers, but permit shift work, retrenchment of workers for cause or when orders are curtailed
- Employment of ex-patriot workers (skilled middle managers are critical to the success of any textile and garment industry);
- Customs offices that clear imported materials and supplies on a duty free basis in less than 24 hours;
- Customs offices and ports that clear and load finished products in a safe secure environment free from threats of terrorism or corruption;
- Access to reliable and swift ocean and air transportation networks;
- An environment free of excessive red tape and corruption;
- Access to capital and equipment on a tariff free basis;
- A skilled and productive labor force (training).

[5] With the certainty of 3-5 years of nearly guaranteed access to the US and EU markets based on quotas, some SSA countries, such as Namibia and Lesotho, have offered generous subsidies and investment incentives to textile and apparel investors to locate in their countries. However, with the expiration of US and EU textile and apparel quotas, the risks of recouping, even part of these investments, now carries a high risk premium. Recent research by the US International Trade Commission in these countries indicates although there has been considerable attention given to some garment investments, only limited textile investment in these countries has taken place (USITC 2004).

Therefore, the best method for encouraging the development of a export oriented garment industry in Mozambique is to develop government policies that enable a business environment which could attract foreign direct investment, promote transparency of government policies, reduce the risks and uncertainties in starting a business (for local, regional and foreign investors) and promote productivity, innovation and incentives for the labor force[6]. It should not be overlooked that these policies would also encourage a broad range of industries and services outside of the textile and apparel industries.

A particular concern Mozambique must make a priority to attract foreign investors and to secure the success of an export oriented garment industry in Mozambique is the rapid and consistent clearance of goods through ports and customs offices, free of bureaucratic delays and corruption. In business, time is money, and that is certainly true for the garment industry. Garment producers are highly dependant on supply chains and subject to the rigorous demands of retailing. Hummels (1999) estimates the cost of a one day delay in shipping for the international garment industry to be equal to a tariff of 0.8 percent. Since Mozambique is, at best, 30 days by ocean freight (Maputo-Durban-New York) from the US market, it is at a distinct disadvantage compared to East-Asian suppliers (12 days) and regional suppliers (3-12 days) from the US market. In other words, Mozambique's geographic location alone can negate its tariff advantage to the US and EU markets. It is, therefore, essential that producer not encounter additional delays within the control of Mozambique's producers and government such as customs, red tape, and local transportation, since these delays can quickly render Mozambique's products non-competitive.

The reliability of shipping times is also a significant cause for concern. It is reported in Mozambique that it can take from one to 17 days for goods to clear customs for exports or imports[7]. Goods that arrive late in the major markets are often subject to severe discounts and are at the risk of cancellation if not received within a specified period of time. The importance of getting garments to market on time is best illustrated by the fact that even Asian suppliers, closer to the US market than Mozambique, airfreight one-quarter or more of their US shipments. Table 4 lists some major garment suppliers to the US market and the proportion of their shipments sent by air as well as the costs of ocean and airfreight.

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[6] Interviews of buyers and retailer in the US revealed that these issues rank high among the decisions of foreign investors in the textile and apparel industries (USITC 2004).

[7] Local sources report that in exceptional circumstances, Mozambique customs will work extra hours and weekends to meet a shipper's schedule. At the same time, if paper work or a shipment's status is in the least out of proper order, delays can be excessive.

Table 4
Ocean Vessel and Air Freight Shipments and Charges, 2002

Country/Region	Average Charge (% f.o.b)		Percent of Shipments by Air
	Ocean	Air	
Dominican Republic	1.6	4.5	8.7
Haiti	1.8	6.2	8.1
El Salvador	2.0	5.9	6.5
Nicaragua	2.8	4.8	11.1
Honduras	1.9	8.0	2.7
Guatemala	2.5	8.1	10.0
Costa Rica	2.4	4.7	7.6
Mexico	2.2	5.6	2.0
Argentina	6.9	11.8	33.4
Brazil	7.0	10.0	39.3
Colombia	1.6	4.3	56.3
Ecuador	5.0	15.3	36.3
Peru	2.6	7.2	41.5
Bangladesh	5.3	22.9	11.3
China	3.6	11.1	24.3
Hong Kong	2.8	12.4	24.0
Indonesia	4.2	17.0	17.0
Sub-total Asia	4.2	17.0	17.0
Kenya	4.5	20.3	19.3
Lesotho	4.3	18.5	16.5
Mauritius	4.1	14.4	27.6
South Africa	5.1	17.1	18.2
Subtotal Africa	5.1	17.1	18.2

Source: U.S. Bureau of the Census, Imports of Merchandise Trade, 2002.

Currently, airfreight carriers to the major developed markets do not call in Maputo under normal circumstances. This necessitates that goods be shipped to the nearest airport capable of air freighting garments. It is reported that this is not reasonably possible, since the movement of goods (even for export) across the South African border require the payment of duties and VAT taxes which are rebated by the South African government after a period of 90 days from when proof of on-ward shipment is provided to local officials. This can tie up scarce working capital for long periods of time. Therefore, access to regional air ports should be secured, without burdensome costs and bureaucracy.

An additional point of concern for the development of competitive textile and garment industries in Mozambique are inflexible labor laws producers' encounter. Three main aspects of the labor law can cripple the development of a garment industry in Mozambique: 1) difficulties in hiring ex-patriot managers; 2) the ability to employee labor in overtime and shift work; 3) the high costs of retrenching workers.

The world market for apparel is constantly in flux: buyers frequently cancel orders and request large reorders based on realized commercial sales (sales projections while meaningful at the aggregate level, are far less precise at the product specific level). Textile producers also require flexibility, and in the best case scenarios, conducive to growth, are required to run their expensive capital equipment for extended periods of time with only pauses to maintain equipment and switch patterns and designs. By running machinery for multiple shifts in a day, short term increases in demand can be met with higher operating rates, rather than risky investment. Higher operating rates and profits provide the incentive to invest and expand capacity, if sustainable. Apparel and textile suppliers, therefore, require a flexible labor environment, where workers are permitted to work multiple shifts (even for a premium) and hiring and retrenchments can take place in accordance with the performance of the industry and market supply and demand (most producers only reluctantly retrench labor, since the hiring process imposes high costs)[8].

Current labor laws in Mozambique are considered to be restrictive and inflexible regarding shift work and retrenchments. Most notable is the requirement for producers to pay excessive amounts of severance, if a worker is retained for duration of more than two years[9]. Retirement and retrenchment laws are most often cited for the currently poor conditions of the local textile and apparel industries. High absentee rates and worker turnover, encouraged by laws discouraging retrenchments can also be a major deterrent for international investors and will negatively effect the competitiveness of national firms competing against imports. Retirement and unemployment pay might be feasible under a government tax system that is on a pay as you go basis and a proportion of the workers wage.

At the same time laws and credible government institutions guaranteeing that international labor standards are met will be an important consideration for any transnational investor.

[8] Labor codes of conduct for many branded apparel companies permit a 48 hour work week with the provision for up to 14 hours of overtime (compensated at a higher rate).

[9] It has been suggested that this requirement can be easily circumvented by periodically retrenching experienced workers and then re-hiring them at a latter date. Clearly, this is a sub-optimal way to train and retain qualified staff capable of greater productivity with the potential for management positions.

Textiles and Vertical Integration

Integrating a local textile industry with a garment industry is, arguably, the single most important competitive strategy in the production of apparel with the potential to:

- Reduce lead times for materials;
- Lower materials costs; and
- Meet rules of origin requirements for international trade.

While theoretically attractive, vertical integration of textile and apparel industries is a practical challenge. On the positive side, where local textile industries are experienced in the production of high quality, cost competitive fabrics and are responsive to local garment producers needs, an integrated industry can also be a major competitive advantage. On the negative side, a poorly managed, under funded, outdated un-responsive textile industry, that can not produce high quality cost competitive products can not only be a significant drag on local producers, but on government institutions as well.

Since half the cost of a garment is often from materials costs alone, the advantages of preferential access (10 percent to the EU and about 16 percent to the US) can be rapidly eroded by the higher cost of locally produced materials. With the elimination of quotas in the major developed export markets, the development of local textile industries can no longer be under-written by higher cost, lower quality garments that are sold to the developed markets. While an integrated textile and apparel industry should not be discouraged, market forces and perhaps foreign investors are better able to cope with the risks and uncertainties in this relatively capital intensive industry. *It should be clearly understood that the existence of a cotton crop in no way guarantees the success of a relatively capital intensive industry, such as textiles. Instead, the success of a textile industry will be more readily achieved in an economy which supports manufacturing with the appropriate laws, regulations and freedom from red tape.* Producers in the SSA region note that significant challenges still exist in the down stream integration of cotton into competitively priced yarns and fabrics, which could be made-up into garments. This fact is born out by the statistics in Table 5, reporting South Africa's 2003 imports of cotton fiber and textiles. While regional producers of cotton comprise over three-quarters of South Africa's raw and semi-processed cotton imports, they comprise less than half of it's cotton thread and yarn imports and less than 10 percent of its fabric imports.

The formidable challenges and opportunities for SSA textile producers are perhaps best addressed through a program of regional cooperation (Caughlin et. al. 2001). A cooperative approach would leverage the comparative advantages of each SSA\SADC countries strengths. This strategy suggests that a country such as Mozambique should improve the productivity and quality of its cotton crops, first, selling the raw materials to South Africa. Mozambique could also integrate into the spinning stage, if practical. Processed cotton and yarn would, initially, be shipped to South Africa for weaving and dying of export quality fabrics (capital intensive) . The fabrics could then be made-up by Mozambique garment producers and shipped to end markets either through South Africa or directly. Many variations exisit. As another example, if water and electric were plentiful and reliable in Mozambique garment facilities, these producers could integrate backward into knit fabrics, since globally competitive knitting operations can be established in almost any location with minimal support from skilled operators. The key approach would be for regional producers to cooperate to ensure the entire value chain is cost competitive and driven by market forces, leveraging all the strengths of the region—going it alone is unlikely to achieve success

Table 5.
South African Imports of Cotton Fiber and Textiles, 2003, Millions of $US

	Zimbabwe	Mozambique	Zambia	India	China
Raw and Combed Cotton	32	3	34	0	0
Cotton Yarn and Thread	9	0	0	9	1
Cotton Fabrics	3	0	0	3	24

Source: South African Imports from GTIS data systems.

In regards to textile machinery currently left un-utilized and in various states of repair in Mozambique, it would seem unlikely that these machines could be brought back to highly productive, quality and cost effective production for their most important intended purpose—too meet US and EU rules of origin—but their purpose would be to service the domestic (import substitution) and perhaps regional markets, for specialized apparel with unique local prints and designs. It's important to note, that even a local strategy of producing cost competitive fabrics would be difficult to achieve if concerns of finance, red tape and labor laws are not addressed. The recent failure of Mozambique's textile firms is a testament to this fact.

Conclusions and Future Directions

The elimination of US and EU textile and apparel quotas and the uncertainties of preferential trade agreements within the next year mean that the easy window of opportunity to attract foreign textile and garment producers has closed on Mozambique. The new trade environment for textile and apparel products will be based on fundamental business principals that feature low costs, high quality and rapid service of customers needs. Taking into account the often difficult realities of doing business in Mozambique dictates an approach that solves fundamental business environment issues over taking bold moves based on the current attraction of profitable and nearly assured sales to the major developed markets for apparel products.

The following interventions are, therefore, recommended to USAID Mozambique to promote the production and exports of garments in the next 3-5 years:

- Encouragement of micro, small and medium enterprises in the local economy to service local consumer demands and institutional buyers, such as schools, government's uniform needs. Interventions that would promote these ends include worker training (cutting and sewing), access to micro-enterprise loans and financing to purchase fabrics, and low import duties on materials
- The creation and support of a garment industry task force representing business and government leaders to assemble a package of requirements (important issues are listed in the market access chapter of this report) and recommendations to improve the business environment, addressing the major concerns of garment producers such as shipment times, labor laws, red tape and to eventually actively market Mozambique as a location for foreign investors in this industry
- Improvements to ports, transportation and the business environment of Mozambique could lead to the creation of a sustainable garment industry (among other labor intensive industries, such as footwear and furniture, trims findings and packaging), not reliant on preferences or quotas, for export to the major developed markets
- The evolution of a textile industry focusing on the first staged of production including improving the productivity in the raw cotton and spinning sectors

- Participating in regional trade associations and efforts to build linkages with all aspect of the SSA textile and garment supply chain, including building linkages between cotton, fabric, and garment producers

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