



Meeting of the Lesotho Working Group

MFA International Convening London

Nov. 3, 2009, 3.00 - 4.15pm

Meeting Minutes

Participants of the Meeting:

H.E. Ambassador M.Tiheli	Lesotho Embassy in Brussels
Neil Kearney	ITGLWF
Daniel Maraisane	Lesotho Clothing and Allied Workers Union (LECAWU)
Nthabeleng Maphike	Lesotho Embassy in Brussels
Maanna Mapetja	Lesotho High Commission London
Motebang Mokoaleli	Lesotho National Development Corporation (LNDC)
Anjan Bhattacharya	Lesotho Textile Exporters Association (LTEA)
Nkopane Monyane	Lesotho Textile Exporters Association (LTEA)
Moroesi Akhionbare	Lesotho Textile Exporters Association (LTEA)
Cathy Dix	Lesotho Textile Exporters Association (LTEA)/Gap Inc.
Michael Kobori	Levi Strauss & Co.
Lisa Carpenter	Gap Inc.
Bernice Leppard	Next
Sridevi Kalavakolanu	Wal-Mart

Agenda of the Meeting, Chair: Neil Kearney

- 14.30 - 14.35 Welcome and Introductions
14.35 - 14.45 Review of Progress on Work of the Group
14.45 - 15.00 Action on the Ground in Lesotho
Consideration of the Government of Lesotho's updated
- Action Plan Matrix
 - What has been achieved and what are the key issues outstanding?
 - Timeframe for Action
- 15.00 - 15.10 Identification of Roles and Responsibilities of MFAF Lesotho Working Group Members
- 15.10 - 15.20 Market Access
- The future of AGOA
 - Product access to the European Union
- 15.20 - 15.30 Promoting Lesotho among buyers particularly in Europe
- 15.30 - 15.40 Promoting Lesotho's manufacturing Image Abroad



15.40 - 15.50 Better Work Lesotho Update

15.50 - 16.00 Overview of EU Development Aid Funds available for Trade Promotion for Lesotho

16.00 - 16.20 Action Plan for future MFAF work with Lesotho including timeframe

16.20 - 16.25 Possible visit to Lesotho by Members of the Working Group

16.25 - 16.30 Any Other Business; Close of Meeting

Neil opened the meeting, welcomed everyone and introduced the agenda. He clarified that the agenda revolves around three main points:

1. What has been happening in Lesotho?
2. Market Access
3. The role of the MFAF and the way forward

Neil addressed the first point of the agenda by reviewing the action points that resulted from previous meetings and he provided a status update on each. These included -

- Promotion of Lesotho as a sourcing location to new buyers; organizing a visit to Lesotho for potentially interested buyers. Neil said that more remains to be done regarding this point.
- Support of the ILO's Better Work plans. Neil reported that the MFA has put pressure on the ILO to move forward with BW plans even without the support of the IFC. He said that the ILO has now secured funding for the first two years of BW and it is likely that there will also be funds for the full 5 years. A project officer will be hired, and BW will probably be launched in Lesotho in January 2010.
- Constitution of a steering group for the Lesotho working group. Neil reported that the group has formed and its first teleconference meeting took place a couple of weeks before the IC.

Neil then provided some background information on how the working plan matrix for the inter-ministerial working group at the Ministry of Trade was developed. He explained that the matrix resulted from the MFA meeting in 2006 during which a number of priority areas were identified. Since, the matrix has been updated over the years and new issues/priorities were added as necessary.

Motbang Mokoaleli, the acting CEO of the Lesotho National Development Corporation, then guided the participants of the meeting through the matrix:

The first point in the matrix addressed the trade policy of AGOA and the EU. Motbang Mokoaleli explained that the Lesotho government had been lobbying for an extension of AGOA by participating in conferences and by sending a formal letter to the US administration. The feedback to this letter would still be outstanding.



Cathy argued that a lot more lobbying will be necessary. She explained that Madagascar is due to be suspended from AGOA at the end of the year for political reasons. She said that the group will need to find a common position on this matter because it will affect the T&A industry in Lesotho because 20% of the textile production in Lesotho is currently going to Madagascar. With Madagascar's suspension from AGOA, this market will be cut off and Lesotho must identify alternative markets that could absorb the excess capacity.

The Ambassador agreed that Lesotho must prepare for this potentially new situation. To address the political dimension of this, Cathy suggested that the Lesotho government issues a position statement regarding Madagascar. To address the potential implications of Madagascar's suspension, Neil asked if it would make sense to have a discussion with the EU representation in Lesotho to see if there are funds available for identifying additional markets for Lesotho denim, which is produced with African cotton. The group agreed and the Ambassador offered to facilitate the contacts.

Action point 1:	Follow-up with Mr. Hoste from the EU to learn more about EU funding opportunities.
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In addition, Cathy suggested to see what other assistance could be given to Lesotho specifically. Motebang Mokoaleli explained that one reason why, for example, the Formosa mill is not operating at full capacity is because it is lacking accreditation by major buyers. The main buyers reacted to this statement by pointing out that they are currently sourcing some fabrics from Formosa but the mill does not produce all kinds of denim that they require for their production, and hence there is still the use of imported denim fabric.

The Ambassador suggested putting this point on the matrix so that all actors are aware of the background to this issue. Neil pointed out that the promotion of African produced cotton could be linked to the "trade for aid agenda" of the EU.

The most important policy issue according to Motebang Mokoaleli would be a proposal made to US Congress that suggests giving all LDCs duty free access to the US market. He explained that this proposal substantially threatens the competitiveness of the T&A industry of Lesotho, and for this reason, the Lesotho government is opposing this policy. It would however not be sure if the current lobbying efforts will be successful.

Michael Kobori said that the MFAF is aware of this proposal. He explained that Levi Strauss would prefer a version of the bill that includes performance on labor standards in the catalogue of criteria for market access. This way, LDCs would have to demonstrate high performance on labor standards. The current version of this bill, however, contains ratios that do not work for Levi Strauss.

Action 2:	Key buyers (Wal-Mart, Gap, Levi Strauss) collaborate on this proposal, determine what ratios may work and present their findings to the Ministry of Trade, Lesotho
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Cathy pointed out that because the US is the main market for Lesotho, it would be good to have the Ambassador of Lesotho in DC on board for these lobbying efforts.

Action 3:	Involve the US Ambassador in the MFA work (Neil, MFA Secretariat, Ambassador in Brussels)
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Neil highlighted that one of the major outstanding points to address in this meeting would be the environmental issues that surfaced from a journalist's investigation in August 2008.

Motebang Mokoaleli pointed out that these issues have been addressed and all actions would be listed in the matrix on p.7 et sequ. He reported that a subcommittee of ministers and key stakeholders formed after the public exposé. Levi Strauss and Gap participated in this subcommittee and Michael Kobori attested that immediate action had been taken regarding some of the issues. He pointed out that Levi Strauss would make sure that the points that are not yet fully implemented would progress further. For this reason, a number of visits and engagements would already be planned. For example, Levis will send a water expert to Lesotho on Nov. 16-28 to further improve the waste water treatment and the local monitoring system of potential discharges. In addition, Levis Strauss formulated a letter to the Lesotho government that congratulates the government on the achievements and lists some of the outstanding action points. Michael showed the letter to the participants of the meeting. Cathy said that Gap had sent a similar letter to the Lesotho government. Both companies stated that the improvement of the waste management system in Lesotho is a priority for them and that they will continue to support the government on this matter.

Neil asked if for the longer-term engagement also the recycling of waste material would be considered as it may create further employment opportunities. Neil pointed out that money would be available for such kind of projects and it would be a matter of the Ministry of Finance to release these funds of the EU and UNDP. Cathy said that a fair amount of recycling is already going on and at present it is difficult to re-use/recycle the material waste (e.g. offcuts) due to customs regulations, but this is being investigated.

It was pointed out that waste management will occupy Lesotho for a long time.

Neil said that the recovery from the recession is already underway and it would therefore be important to anticipate what kind of infrastructure for the industry would be needed long-term. This would also include assessing the opportunities on the EU market and the Ambassador, therefore, suggested that the MFA has a closer look at EPA (Economic Partnership Agreement). The question would be whether Lesotho wants to make use of the preferential trade access to the EU. The LTEA had commissioned a study on this topic and the results were mixed. Only few suppliers were interested and therefore new investors would be needed who were interested in taking advantage of the European market. Neil reported that he knows of some European buyers who have signalled interest in producing in Lesotho. The MFAF could help organizing a visit to Lesotho for potentially



interested buyers. The visit could be coordinated with the launch of the ILO's Better Work Project (Jan. 2010).

Action 4: MFAF will continue bilateral conversations with European buyers and - interest provided - organize a visit to Lesotho.

Cathy asked if it has already been decided whether BW will become mandatory for the Lesotho suppliers. According to Neil, this decision is still outstanding.

Action 5: The MFAF will inform the participants as soon as this decision has been made by the management group of BW.

Neil said that although the agenda was not followed closely he thinks that all main points were covered. He added that the issue of how to promote Lesotho as a garment producing location should be considered further. Cathy agreed but also pointed out that the promotion of Lesotho as an ethical sourcing location should be dealt with caution as the industry is not perfect and another negative public exposé could have more dire consequences for the Lesotho industry.

The group expressed the need for improved communication and interaction, particularly between the inter-ministerial task force in Lesotho and the international actors.

Action 6: The MFAF secretariat will support a better flow of information between the local and the international level

Neil closed the meeting by thanking everybody for their participation in the meeting. He pointed out that the group's strength is its truly multi-stakeholder composition and the large commitment of all the participants.