



LESOTHO WORKING GROUP  
Monday 08<sup>th</sup> Sept 2008  
International Convening - New York

**Attendees**

Chair; Neil Kearney, ITGLWF (Chair)  
Prince Seeiso Bereng, Lesotho High Commissioner London  
Claire Bussy, MFA Forum Secretariat  
Eugenia Chang, CGM Industrial  
Cathy Dix, Com-mark/ Gap  
Maya Forstater, AccountAbility  
Manoj Indika Perera, CGM Industrial  
Daniel Maraisane, Lesotho Clothing and Allied Workers Union (LECAWU)  
His Excellence David Mohlomi Rantekoa, Lesotho Ambassador, Washington DC  
Mahlape Qoane, Lesotho Ministry of trade and Industry (MoT)  
Daniel Lee, Levi Strauss Foundation  
Oliver Lin, Formosa Textile Company  
Moteban Mokoaleli, Lesotho National Development Corporation (LNDC)  
Peete Molapo, Lesotho National Development Corporation (LNDC)  
Lebohang Ntja, Lesotho Ministry of Trade and Industry  
Steven Oates, ILO

**1. Updates and feedback**

Neil Kearney introduced the meeting with a review of the development of the Lesotho working group to date. It has always had a light approach with most of the work being done by inter-ministerial task team. A strategy was developed during conference in Lesotho in May 2006 with a range of priorities incorporated in the document "Destination Lesotho: on the road to responsible competitiveness"). Over past 18 months, relationships between the Forum's international and Lesotho participants have been limited. The general election and changeover period in government ministries has also been a factor. He emphasised that from the beginning the MFA forum has seen its role as being a catalyst, not an implementer. The strategy and activities at the country level should be home-owned and home-grown.

His Ex David Mohlomi Rantekoa (Lesotho Ambassador, Washington) highlighted the coming expiry of safeguards on China at the end of 2008 as a key challenge for the Lesotho textile and garment industry in Lesotho.

Cathy Dix (Gap / Com-mark) remarked that while this was a real issue in Lesotho, buyers would not put all eggs in one basket. Gap and Levis remain committed to sourcing in Lesotho.

Neil Kearney noted that the situation is not as dire, or as singular in focus as in 2004. Wages have been rising in China and orders are therefore not flowing there. The Garment and textile industry is relocating to India, Bangladesh, Vietnam and Cambodia.

His Ex David Mohlomi Rantekoa highlighted the upcoming US Bill, which if enacted would make several changes to the Africa Growth and Opportunity Act (AGOA). It



would repeal the so-called abundant supply provision (which conditions the ability to use third country fabric) and would remove current restrictions on using third country fabric in Mauritius. The first measure is seen as beneficial for Lesotho, while the second is seen as a risk.

Manoj Indika Perera (CGM Industrial) highlighted the key challenges for competitiveness of the Lesotho TG industry: ability to be price competitive, meet lead times and source fabric locally.

Participants discussed the extent to which Mauritius is really a significant competitor for Lesotho. Although there have been conflicting figures on this, the consensus was that for some products Mauritius did pose a threat to Lesotho. On balance participants agreed that it is more important for Lesotho that the abundant supply provisions be repealed, but measures may need to be put in place to ensure that the country is not worse-off because of linked measures being applied to Mauritius.

Neil Kearney highlighted the dilemma facing the country. It has responded to market needs for backward linkages by developing textile supplies. But by creating those backward linkages, trade has become more complex, which creates new problems and challenges in trade regulation.

## **2. Roadmap Review**

Neil Kearney outlined the priorities for the industry at the 2006 at the conference and in the document "Destination Lesotho".

1. Trade policy
2. Incentives
3. Infrastructure and vertical integration (backward linkages)
4. Decent work
5. Enhanced pre-production facilities
6. Productivity & Quality
7. Elevated Production & Product Diversity

Participants reviewed areas where there had been progress since the last MFAF Convening in Toronto:

### **Trade policy**

- Lesotho recently negotiated an Economic Partnership Agreement (EPA) with the EU to secure duty-free access to EU markets
- Negotiated rules of origin for single stage transformations.
- AGOA 3<sup>rd</sup> country fabric extension Bill (going forward to US congress)
- Workshop for private sector on EPAs carried out to clarify issues
- Ministry of Trade/DFID project to advice industry on winning EU market share (consultant has been hired)

### **Infrastructure and vertical integration (backward linkages)**

- An extensive infrastructure development is taking place, with funding support through compact with Millennium Challenge Corporation. It includes infrastructure for water supply, waste water effluent, solid waste and electricity meant for knit fabric mills, finishing facilities, knit fabric industry and denim industry.

### **Decent work**



- Implementation of the ILO Better Work programme in Lesotho is stalled due to funding difficulties.
- LNDC and MoTI want to promote Lesotho as a destination for ethical sourcing.

**Productivity & Quality**

- Com-Mark has developed technical training.
- The Work Bank as developed two skills development centres.

Participants agreed that the priorities set out remain relevant. Cathy Dix emphasised the need to prioritise goals and to identify where the most useful role was for the MFA Forum’s international players in supporting the in-country work-plan.

Neil Kearney noted the progress and commitment of the Lesotho Government’s Inter-ministerial task-team (IMTT), which seemed to have been operated very well.

Mahlape Qoane (Ministry of Trade) noted that although the IMTT is no longer operating under the same structure, issues are still being brought up. There is no issue not being covered because the IMTT not operating.

Peete Molapo (LNDC) also echoed that the IMTT is still operating, but not meeting as regularly as before, because the immediate threat has passed and work towards the long-term strategy for the industry has become stabilised.

The Lesotho government and industry participants agreed that the IMTT should be reactivated along with the Lesotho TG strategy and should be developed into an ongoing but visible and energetic body.

Prince Seeiso Bereng (Lesotho High Commissioner in London) also emphasised the need to link this process with the Lesotho’s representations in Brussels, London and Dublin, so that they can play a role of emissaries for the industry in relation to European buyers. Participants agreed that this was a role which the Forum could also assist with.

Peete Molapo (LNDC) emphasised that the Forum should play a role as a catalyst and advocate for the industry in Lesotho. Three Key priorities identified were:

- **Improving market access.** The repeal of AGOA abundant supply provisions - can the MFA Forum play a role advocating for this measure and for assistance to the industry to counter negative impacts of Mauritius third country supply provisions?
- **EU Trade promotion** - Can the MFA Forum help to bring buyers to Lesotho?
- **ILO Better Work Programme** - Can the MFA Forum help to unblock funding stream?

Cathy Dix also highlighted the need to improve communication between team on the ground and with the Forum Secretariat.

**3. Action Points and Decisions**

A plan of action was agreed as outlined below:

Action	Who?	When
1. LNDC and Ministry of trade to host individual buyer visits to Lesotho. MFAF to encourage buyers to attend.	Neil to liaise with Inditex. LNDC and MoT	Oct/November



	to host	
2. Update 2006 priority matrix with progress made and roles for MFA Forum going forward	Claire with Ministry of Trade, LNDC	After meeting
3. MFA Forum to pursue questions of funding for ILO Better Work Program in Lesotho - Has the funding been secured? What is the shortfall? What other sources are being sought? Feedback to group	Claire	Next 2 weeks
4. LNDC and MoT to investigate how to translate Lesotho's efforts as a country pursuing ethical trade in terms of communication. E.g. ETI conference, Ethical Corporation Conference, DFID "good for development" initiative.	LNDC, MoT, Claire, Neil, etc.	October
5. Re-engineer an active multi-stakeholder dialogue in Lesotho	Mahlape Qoane to coordinate	Next two months
6. Explore possibility of creating European Parliament group on Lesotho	Neil and Claire with Lesotho High Commissioner.	By November 1st
7. Examine the role that can be played by all in expanding Lesotho's share of the EU market	Neil, Claire, Lesotho High consultant working with MoT	
8. Small group of MFA Forum participants representing potential audiences to review Lesotho trade promotion material for Lesotho as a destination for ethical sourcing.	Claire to coordinate with MoT and LNDC	October
9. Promote improved communication between different players and from participants in-country to MFAF secretariat	Secretariat	Ongoing
10. Seek greater involvement of other buyers and potential buyers in Lesotho into the MFAF.	Neil, Claire, all participants	End of year

Neil Kearney takes up the role of permanent chair for this group.