

SUCCESS STORY

Lesotho Finds MAGIC in the US

USAID support opens door to US market for one “Luqy” Lesotho business



Photo: Southern Africa Trade Hub

Lesotho's garment sector produces approximately 90 knitted garments annually. It is estimated that Lesotho consumes between 22,000 and 26,000 metric tons of knitted fabric per year.

Garments from knitted fabric are produced by 33 factories, which collectively employ about 26,000 workers. Approximately 90 million knitted garments and 26 million pairs of jeans are produced by Lesotho's garment industry per year.

The Lesotho presence at MAGIC put the country squarely on the apparel and footwear-buying map for US buyers and retailers this year. It also served to market the manufacturing capacity of the region in general and to promote international buyer participation for Source Africa 2015, the largest sourcing event in Africa held from June 9-11 in Cape Town, South Africa.

USAID's Southern Africa Trade Hub works to expand opportunities for designers, manufacturers and workers that comprise the textile, apparel and footwear industries in Southern Africa. The Trade Hub plays a pivotal role in strengthening the impact of AGOA in Southern Africa by enhancing value chain development, increasing export opportunities, and expanding quality standards and entrepreneurship.

The Southern Africa Trade Hub supported six apparel companies from Lesotho and one from Botswana to participate in the largest fashion trade show in the world, the MAGIC show in Las Vegas in early 2015. The “Sourcing Southern Africa” booth was designed to introduce Southern African companies to US buyers and sourcing executives. The goal was to establish business leads to capitalize on AGOA trade preferences. It was the first time in nearly ten years that companies from Lesotho had participated in MAGIC.

Luqy Manufacturing, a woman-owned company from Lesotho specializing in manufacturing synthetic knit garments, was one of these companies. Luqy is a small, locally-owned manufacturing operation, whose employees are over 80% female. Because of its participation in MAGIC, Luqy signed an order to supply 50,000 pieces of synthetic knit blouses and shorts per month for a year into the US market – a deal worth over US\$3.5 million. Since then, the company has signed an even bigger order for 168,000 units per month with the same buyer, G&T Garments. G&T Garments is a wholesale supplier based in Los Angeles whose garments are sold in stores throughout the US, including Kohl's.

Luqy had been working exclusively with buyers in South Africa, but since AGOA continues to provide duty free access for synthetic knit apparel (otherwise subject to the highest US tariffs), the US market was seen as a natural fit for Luqy to grow its business. Garments to be produced by Luqy under these orders include items such as lightlayer softwear for women with stretch cropped leggings, which enjoy duty exemption of up to 30 percent because of AGOA.

“We were happy to have been helped by USAID in this manner as we may never have had the opportunity at all,” said Mairon Dambhe, CEO of Luqy. “...the orders we have obtained will significantly aid us in expanding rapidly.”



Photo: AUSTR Gail Strickler and US Ambassador to Lesotho Matthew Harrington check-out products during a recent apparel factory visit to Maseru.

As part of the development of the textiles and apparel value chain in Southern Africa, the SA Trade Hub, working closely with the Office of United States Trade Representative (USTR), assisted in the formation of Source Africa, the most important annual pan-African textile, clothing, footwear and fashion accessory trade event on the global calendar. Held at the Cape Town International Convention Center (CTICC) from June 9-11, 2015, Source Africa enables local, regional and international buyers to access a wide array of diverse apparel products and services within a single platform. Countries represented at the event included South Africa, Mauritius, Lesotho, Botswana, Swaziland, Madagascar, Mozambique, Tanzania, Ethiopia, Nigeria, Zimbabwe, and many others.

Cheryl L. Anderson, USAID/Southern Africa Mission Director explained, “We are delighted that manufacturers from throughout Southern Africa are working with USAID to participate in Source Africa in Cape Town. This exhibition offers our partner companies a unique opportunity to showcase both their product lines and capacity to the US and international markets, and ultimately generate sales.”

Following closely on the heels of Source Africa 2015, Assistant U.S. Trade Representative for Apparel and Textiles Gail Strickler visited Luqy and other Lesotho apparel factories to gain first-hand knowledge of the economic impact and job growth fostered by AGOA and exports to the US. “A 10-year renewal for AGOA could lead to dramatically different types of investment in the apparel supply chain,” Ms. Strickler said during her address at Source Africa. “The extension offers tremendous opportunities for more integrated supply chains across Sub-Saharan Africa.” During her visit to Lesotho, Strickler also met with government officials including the Minister of Trade and Industry Joshua Setipa and the CEO of the Lesotho National Development Corporation (LNDC), Kelebone Leisanyane. Speaking to Ms. Strickler, Luqmaan Adams, Director of Luqy said, “it was our first time at MAGIC and we thought it would be mainly a learning experience for us but we all of a sudden made two sales to the U.S...really amazing and we hope for more!”