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KHOYOUT NEWS

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Special
ITMA
Edition

TEXTILE INDUSTRY IN EGYPT



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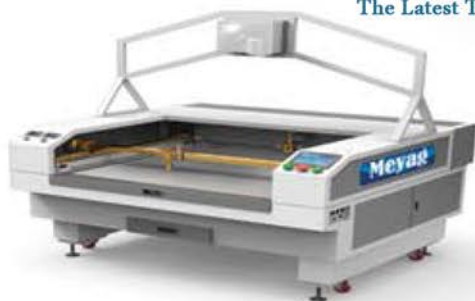
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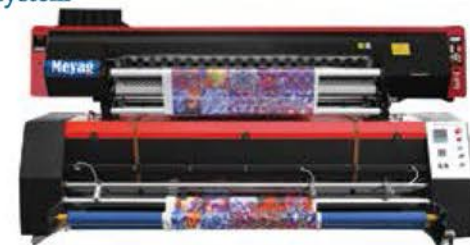
Sublimation Machine Epsonhead With Different Size and Speed Up To 80m/hour



Embroidery machines with T-shirt and cap system



T-shirt Printing Machines 18 Palate Work on Cotton White and Dark Production Speed 120 pcs/ hour



Direct Printing Machine Roll To Roll On Cotton and Different Types



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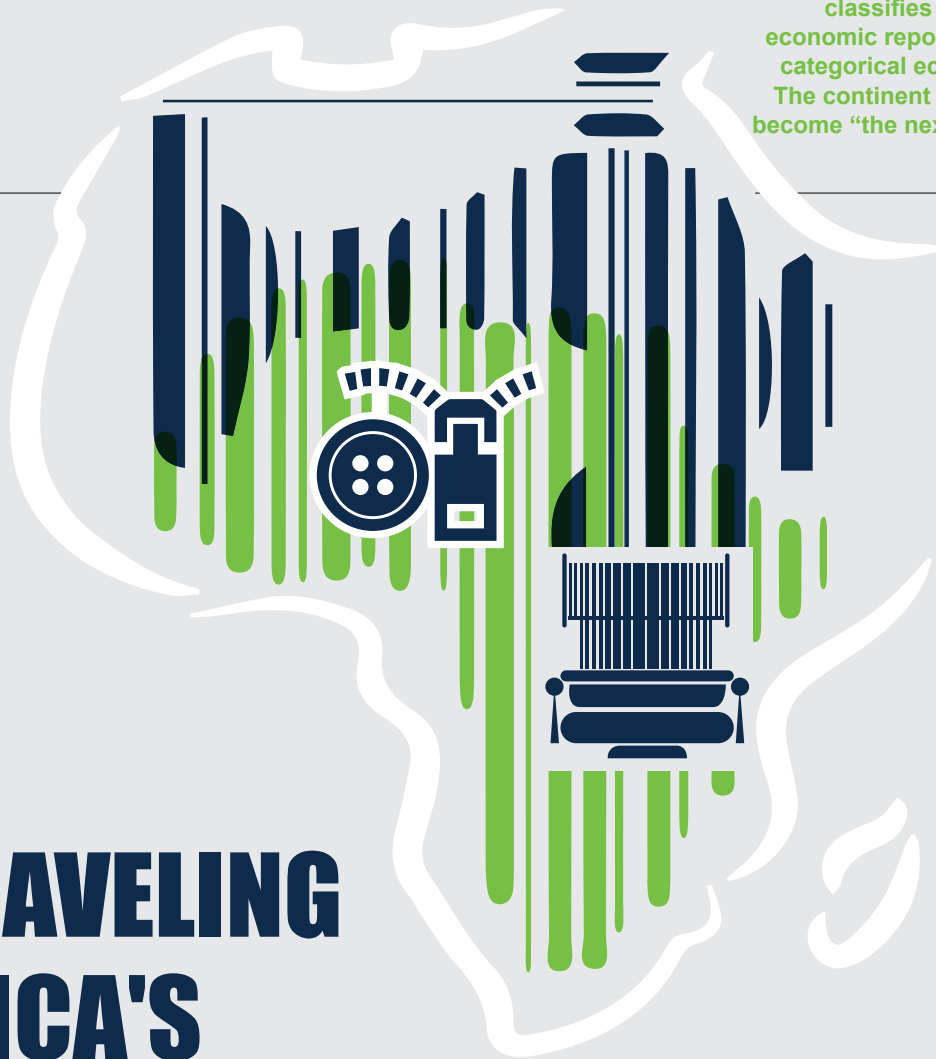
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Retaining well-off clothing industries geared up for large-scale progression whilst allowing for huge influx of genuine advanced textile technologies. The African continent is singled-out as a major future garment and textiles industrialization destination; as the African textiles and clothing industry classifies according to the World Bank economic reports amongst the fast growing categorical economic sectors in the world. The continent enjoys true huge potential to become “the next stop for textile industries”.



**UNRAVELING
AFRICA'S**

POTENT

Africa's Textile Industry

- Globally, the fashion industry is expected to double in the next 10 years, generating up to US\$ 5 trillion annually.
- Fashion is a big business in Africa. The combined apparel and footwear market in sub-Saharan Africa is estimated to be worth US\$ 31 billion, according to data from Euro monitor International.
- Africa is certainly on its way to becoming the major regional apparel hub with great propensity to provide competitive prices. The African textile and apparel fertile market keeps engendering attention among international brands looking for new industrial destinations.
- Textile products manufactured in many African countries qualify for both US and European market standards under several trade agreements as duty free products, with no quota restrictions.

**STITCH & TEX EXPO - AFRO EDITION
Unlocking Africa's Textile Industries
Potential**

STITCH & TEX EXPO - AFRO EDITION; will feature the new concept of organizing two consecutive trade fairs. The first trade fair is dedicated to garment processing technologies including Sewing & Embroidery Technologies, Fabrics and Accessories; while the second is dedicated to textile processing technologies including Spinning, Weaving, Dyeing, Textile Printing and Knitting Technologies, Machinery, Accessories and Chemicals; The two events are held under the giant brand STITCH & TEX EXPO - AFRO EDITION; and will be held in the prestigious venue Cairo International Conventions and Exhibitions Center- Egypt. Renowned exclusively for seven consecutive editions as the one and only business event committed to providing awe-inspiring novelties within the textile technologies sector; STITCH

**Why Africa?
(Demographic and Macro-economic Potentials)**

- Icon: Briefcase** Africa's Real GDP growth in 2018 is expected to reach 4.3% compared to 3.4% in 2017 and 2.2% in 2016, with expectations to reach 4.8% by 2020.
- Icon: Bar chart** Private consumption grew at an average of 3.7% between 2010 and 2016 and is expected to remain at an average of 3.5% during 2017 - 2018, while the expectations for 2020 is that the increase in private consumption will reach 4.6%.
- Icon: Dollar sign** The growing population is expected to lead to a rise in consumer spending from USD 680 billion in 2008 to USD 2.2 trillion by 2030.
- Icon: Alarm clock** Technology-based innovations are considered a main platform for entrepreneurship business in Africa that is growing at 11%, exceeding Latin America 10% and Asia 5%.
- Icon: Globe** Africa is the Home to 1.2 Billion Inhabitants, with 60% of the population below the age of 25, representing tremendous workforce.
- Icon: Dollar sign** Fluctuating life-styles and sustained growth of the middle-income bracket (USD 5,000 +) create a massive need for competitive modernized services and products all around Africa.
- Icon: Gears** Foreign investments in Africa reached US\$57 billion in 2017 in diverse sectors (technology, manufacturing, transport, construction, financial services), the figure of foreign investments is expected to reach US\$ 80 billion in 2020.
- Icon: Lightbulb** Africa is rich with its abundant resources which are represented in vast areas of land, various climate conditions, fertile agricultural lands, large amounts of fresh water, animal resources, oil, gas, low wage workers and minerals.
- Icon: Briefcase** Many governments in Africa made it top priority to acquire the most advanced technologies, materials and products as a one and only decisive factor to further stimulate the industrial competitiveness whilst enhancing the output, with more than 26 African countries already having ambitious industrial modernization plans.

& TEX EXPO - AFRO EDITION stimulates the upward momentum of the textile industries in the entire African continent; with spectacular trend displays, all-inclusive tendencies expositions and conspicuous know-how covering the entire spectrum of textile related technologies, equipment, fixtures, components, accessories, applications and

fittings. Highlighting a wide-range of superior most modernized textile machinery and equipment demonstrated by the world's supreme key players; STITCH & TEX EXPO - AFRO EDITION upswings promptly as the sole distinctive professional trade event within the African continent; driven by the elevating



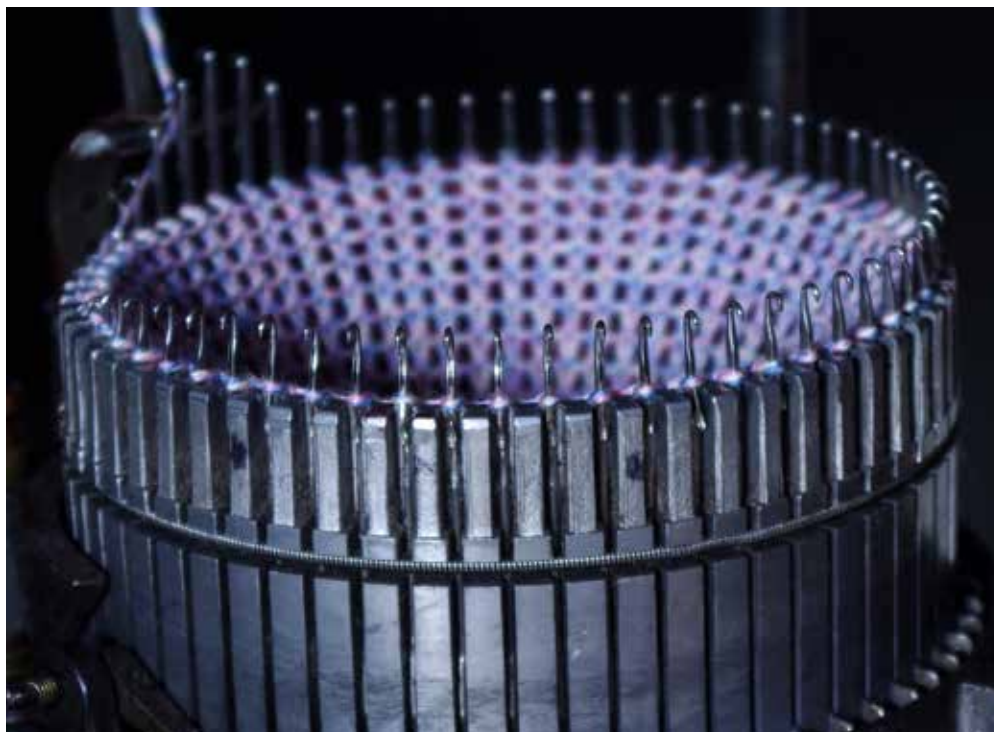
demand on textile related technologies. Signifying the model business setting showcasing the most advanced conceptions and production lines to serve the prospering textile markets within the African continent, STITCH & TEX EXPO - AFRO EDITION creates irreplaceable opportunities for the world's key technology makers to expand their business reach in one of the hottest occupational spots all across the world. Within STITCH & TEX EXPO - AFRO EDITION, the most in-demand technologies, state-of-the-art machinery, and top trends from the textile industries sector are united in one place, where exhibitors will get associated with the most prominent trade buyers and top manufacturers from the entire African continent.

Strengthening businesses at every niche and size; STITCH & TEX EXPO - AFRO EDITION is incontrovertibly the most prestigious event that convenes the entire textile technologies community on the international, regional and local levels providing the ultimate business venue for industry leaders to network with peers, share insights, launch technologies and explore trading opportunities worth millions of dollars.

STITCH & TEX EXPO - AFRO EDITION with more than 7 years of tremendous success; indeed holds the command, know-how, reputation and experience to reach out and attract thousands of quality visitors and decision makers from the textile manufacturing segment with full-purchasing power

Advantages of Exhibiting at STITCH & TEX EXPO AFRO EDITION

- Meet high quality buyers with serious purchasing power
- Connect with current and future strategic partners.
- Get the Highest Return on Investment
- Brand for Large Scale Awareness
- Enter Multiple Promising Markets of an entire continent at a Single Event
- Demonstrate Industry Leadership
- Gain an Upswing Above the Competition
- Enjoy all Year Round Promotional Activities
- Put Business in the Spotlight
- Raise Business Profile
- Freshen Business Perspectives
- Broaden Business Reach
- Showcase and demonstrate new technologies
- Obtain immediate professional feedback on new products
- Capitalize on reliable marketplace opportunities.
- Generate new business leads.
- Boost export activities.
- Align the brand with the most successful textile show in the region.
- Reach customers not reached before through regular promotion means.



Exhibitor Profile



Textile Processing Technologies

Weaving machinery - Spinning Machinery - Knitting Machinery - Auxiliary Equipment - Textile Printing Machinery - Dyeing Machinery Winding Machinery- CAD/CAM – Combing Machinery - Finishing Equipment - Yarn Spinners - Textile Packing Materials – Raw Materials-Chemicals & Detergents - Dyestuff – Threads- Spare Parts -Textile Labelling Machinery

Exhibitor Profile



Garment Processing Technologies

Sewing Machines & Parts – Embroidery Machinery – Garment Printing Machinery- Bleaching & Washing machinery - Garments Processing Machinery - Steaming Equipment – Testing Equipment and Controls - Yarn Processing Machinery - Cutting & laying Machines - Ironing Equipment - Pressing Machines - Cleaning Equipment - Knives/ Scissors – Cloth Shrinking & Fusing Equipment - Cloth Spreading & Cutting Equipment - Colour Control Systems - Brand Tapes - Fabrics - Buttons - Labels - Needles - Trimmings - Zippers – Yarns - Closures – Spare Parts – Other Accessories.

Visitor Profile



Government Officials - Investors & Businessmen - Industrialists & Factory Owners - Trade Delegations & Foreign Missions- Trade Buyers & Garment Manufacturers- Importers and Traders of Textile - Machinery Wholesalers & Distributors - Trade Associations & Federations - Mechanical Engineers - Consultants - Textile Specialists – Garment Manufacturers-Knitwear Manufacturers-Textile Manufacturers- Design Houses & Fashion Designers - Specialized Media -Textile Printing Houses - Store Owners and Retailers- Trade Agents

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FLASH NEWS



First Artificial Turf Factory in Egypt

Military Production Minister, Mr. Mohamed Saaed El Assar together with Youth and Sports Minister, Mr. Ashraf Sobhi inaugurated a factory for manufacturing artificial turf called "CAPTEX" in February 2019. This will be the first factory for manufacturing artificial turf in the Middle East and Africa.

CAPTEX Synthetic Turf was established with the goal to become the capital of synthetic turf manufacturing in Egypt and MENA region. CAPTEX is a strategic partner of a German sports turf manufacturer and world-renowned industry leader, Polytan GmbH, which is a Burgheim, Germany-based manufacturer and installer of synthetic sport surfaces, including running tracks and synthetic turf. As a result of this partnership, tested and certified premium synthetic turf products from multiple international organizations will be manufactured in Egypt.

Egypt Signs Contracts Worth 10.5 Billion LE to Supply Equipment to Spinning & Weaving Public Companies

Egyptian Minister of Public Affairs, Mr. Hisham Tawfik revealed that the development plan of the textile sector will cost 10.5 Billion LE. He clarified that the new machinery will arrive in Egypt in 2020 as planned to revive the sector. This will be followed by another shipment that will arrive ten months later. He pointed out that the textile industry is expected to return to its full capacity in two and a half years. This will entail the reorganization of 23 public companies in the sector. In January 2019, the General Authority for Investment and Free Zones (GAFI) signed the contract for establishing the first textile city in the Free Zone Textile Park in El Minya Governorate.



CAPMAS: 45.1% Increase in Cotton Exports in the First Quarter of 2018/2019

The Central Agency for Public Mobilization and Statistics (CAPMAS) announced that Egyptian cotton exports during the period between September and November 2018 reached 128,300 metric quintals compared to the same period the year before, representing around 45.1% increase. The Agency stated in its quarterly newsletter for the first quarter of the 2018-2019 agricultural year that the total consumption rates of domestic cotton reached 25,700 metric quintals, compared to 5,440 metric quintals during the same period of the previous year, recording a decrease of 42.2 % due to the production suspension by some textile factories.



Moody's Upgrades Egypt's Rating to B2

Moody's, Rating Agency has upgraded Egypt's sovereign rating to B2, as a result of the ongoing economic reforms, which helped improve its fiscal position and boost the country's economic growth. Moody's upgraded the long-term foreign and local currency issuer ratings of Egypt to B2 from B3. The outlook has been changed from positive to stable. The decision was based on "Moody's expectation that ongoing fiscal and economic reforms will support a gradual but steady improvement in Egypt's fiscal metrics and raise real GDP growth".

Moody's decision was based on fiscal and economic reforms

Rebuilding the Cotton Industry

Under the efforts to upgrade and modernize the Egyptian cotton industry, the Government decided to upgrade textile production machinery to renovate and boost the sector. Weaving, ginning and spinning factories had unfortunately stopped handling the production of extra-long staple cotton, since they only operate the manufacturing of imported short-staple cotton because of machinery outwear. Accordingly, the upgrading initiative will replace these obsolete machines with state-of-the-art ones for optimum production. Some of the machines in the ginning factories date back to 1878. The Modernization process will include merging some cotton plants, with the aim of increasing production by four folds in the coming years. Funds to finance the project will come from selling and renting textile industry assets.



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THE EGYPTIAN GOVERNMENT IMPLEMENTS A MODERNIZATION STRATEGY TO CREATE A PROPER INVESTMENT CLIMATE

Due to the importance of the textile industry in Egypt and the value it stands for, the Government decided to take up efforts to revive the industry and place it on the international map by holistically studying the textile manufacturing circumstances. These efforts will be exerted to end the problems facing the industry to capitalize on its fullest potential. As a result of this, plans were put in place to expand and develop the operation methodology for a productive, dynamic and safe environment that encourages current and future investments. Furthermore, the plans included a component on improving the quality of the end-product to smoothly penetrate and compete in new international markets.



A comprehensive modernization strategy has been executed by the Egyptian Government to develop the textile industry for both, public and private sectors. Based on the strategy, the public sector plans to modernize the state-owned textile segment with an allocated investment of around 24 billion Egyptian Pounds over the course of three years starting 2019. This budget will be financed through selling unused assets. This will be carried out by merging 24 public factories to only ten state-of-the-art factories, while also merging the current 24 cotton ginning factories to only 14 up and running facilities. As for the private sector, there are plans to establish a training center for workers to enhance their skills and expand their exposure, open new markets and activate the export support fund.

The modernization strategy will encompass every individual and every entity's efforts to help the textile sector boom and flourish ranging from the roles of all the ministries to the phases of production, starting from cotton growing to developing a high quality final product. The modernization plan will also include management of research companies that will be dedicated to studying market needs, while complying with international quality standards. Accordingly, this will include replacing obsolete machines in tens of state-owned cotton weaving, ginning and spinning factories with new updated machinery to optimize production. There are also suggestions to train workers, who received higher education degrees during their course of work in public sector companies on the newly purchased machinery for improving productivity.

The Minister of Public Business Sector, Mr. Hesham Tawfik has highlighted the importance and significance of the textile sector, as it employs around quarter of the population in Egypt. The minister assured that the target is to transform public companies to profitable entities rather than losing ones. Moreover, the execution of the plan targets achieving three billion Egyptian Pounds profit over the upcoming four years, in oppose to losses of 2.7 billion Egyptian Pounds. Fortunately, the Government has already signed contracts with the sum of 10.5 billion Egyptian Pounds with several international companies for importing updated machinery.

Furthermore, the modernization process will include merging some cotton plants, with the aim of increasing production by four-folds in the coming years. The funds needed to finance the project are projected to come from the sales of unneeded and outdated textile industry assets. Consequently, the Ministry has already begun evaluating a big number of its land plots, through governmental assessment bodies and legitimate official channels, in preparation for the sales to provide the necessary funding to implement the modernization plan for the companies. This fund will also be used to settle pending debts to several governmental bodies. According to the study, the public sector's portfolio has 247 pieces of land exceeding in total two million square meters of industrial unutilized areas. Lastly, the strategy aims to achieve a significant leap in the production capacity with a target production of 188 thousand tons of yarn yearly compared to 37 thousand tons; 198 million meters of fabric instead of 50 million meters and finally, 50 million pieces of garments instead of 8 million pieces.





A GLIMPSE ON THE INVESTMENT CLIMATE IN EGYPT

Remarkable positive transformation of the investment climate in Egypt has successfully taken place between June 2014 and December 2018.

Before 2014, Foreign Direct Investment (FDI) in Egypt had reached 14.1 billion USD and this resulted in establishing 26,662 companies. Exports of Egyptian industrial free trade zones did not exceed 387.714 million dollars and 574,888 million dollars respectively. These humble figures were the automatic result of the unavailability of a proper legislative environment that would attract investors, the complexity of investor services and the lack of up-to-date technology.

Free Trade Zones

Before 2014, the most recent free investment zone was established in 2005, where the last investment district was founded in 2009.

Between 2014 and 2018, the Government has increased foreign direct investment through signing agreements that were worth 27 billion USD. 225 agreements were signed to finance development projects; in addition to partnering with 30 African, Middle Eastern and international entities for business trading collaborations.

This had rewardingly impacted Foreign Direct

Investment during this period to reach 29 billion USD versus 27 and the establishment of 11 free trade zones, that yielded 644 million USD and increased exports to 710 million USD, and the establishment of 17 investment zones with the cost of 57.5 billion USD in equity. It also resulted in developing eight Investor Service Centers in a number of cities to promptly respond to any inquiries, where eight new centers are currently under establishment.

Egyptian Investment Law

The state has effectively restructured a number

of legislative Investment Laws to enhance the Egyptian investment climate to attract new investors and build strong investors' relations. New laws were issued, in particular Investment Law No. 72 for the year 2017 and Investment Law No. 4 for the year 2018, which mainly focused on the revision of the old Corporate Law No. 159 for the year 1981. Respectively, investment disputes were settled in 2018, with placing a specific time frame to complete settling 427 pending disputes. One of the most important reforms that was carried out was the launch of online payment platform, where an electronic service system for Investors was created for online transfers and the activation of the electronic signature. Furthermore, an investment map was put in place to support the new investment climate; which included a listing of available investment opportunities in different sectors that mounted to 2400 investment opportunities

June 30th, 2020

By June 2020, the main target is to establish 26 new investment areas to reach 42 new zones. It was also decided to establish nine Investors' Service Centers by the end of June 2020, with a total of 17 new Investors' Service Centers all in all.

The total target of new investment areas by June 2020

42
New Zones



17
established
Investment Areas



26
New Investment
Areas



9
Investors Service
Centers



Mohamed Kassem

FIRST TEXTILE PARK TO BE DEVELOPED BY THE PRIVATE SECTOR

Over the past few years, the textile industry in Egypt had witnessed an interesting turnover with quick and continuous progress on both the governmental level, which has been manifested in the restructuring of public sector factories, and on the private sector level with the launch of several investments. One of the most important happenings that took place as part of these restructuring efforts is founding and developing the first textile park by the Egyptian private sector and making it available for both local and international investors. This park will enjoy great facilitations, including tax exemptions and the availability of workforce to enhance the textile industry.

The Textile Park is developed by a group of investors lead by the renowned businessman Mohamed Kassem. The textile park will be located at 225 km South of Cairo in Upper Egypt, namely in El Minya Governorate. One of the most important advantages of the park is that its location enables it to have easy access to ports on the Red and the Mediterranean seas, as well as international and domestic airports. Above all El Minya has a population of 5.4 million out of which 35% represent young individuals between the ages of 18-30; making it an ideal location for the park.

Mr. Kassem has mentioned that studies have shown lack of the upstream textile investments, not only in Egypt, but in Africa in general. Therefore, it was crucially important to come up with the idea of the Textile Park to be mainly dedicated for investments in spinning, weaving, dyeing and finishing industries, as a fundamental method to support supply chain and logistics for apparel and home textiles.

• **What is the progress on the Textile Park and when will it be officially launched?**

The project is progressing at a good pace. We are expecting to start delivering the land to potential investors by the end of 2019.

• **Is the park only dedicated to foreign investors or local ones as well?**

The park will be available for both local and international investors to benefit from and enhance their businesses.

• **Why was El Minya Governorate specifically chosen for the geographical location of the Textile Park?**

Unfortunately, it was clearly evident that we lack upstream industries, not only in Egypt but in the whole continent of Africa as well. Therefore, it was only natural to promote investment in the spinning weaving, dyeing and finishing industries to support the downstream of supply chain and logistics of garment and home textile.

• **Who will be the target sub-sectors to operate in the Park?**

All segments of the industry are more than welcomed to operate; however weaving, dyeing & finishing are the priority.

• **What is the size of the Textile Park and what are the facilities provided for factories?**

The size of the Park is 1.3 million square meters. It will be an environmentally friendly park for sustainability. The Park offers a wide array of benefits among which is, Zero Discharge Water Treatment Facility, and One-Stop-Shop for all required licenses and permits. In addition to this, an R&D and training center will also be established to optimize the business performance and enhance productivity. Above all, it is a "Public Free Zone", which means all projects will enjoy lifetime duty-free and tax-free benefits.



• **What are the incentives for factories to operate in the Textile Park?**

This Park is the first Egyptian "Public Free Zone" to be developed by the private sector. All projects will enjoy duty-free and tax-free benefits. Moreover, El Minya has a huge and competitive labor force that factories can tap into.

• **Is there any news on investors signed contracts?**

Not yet, but we are in serious discussions with few potential investors.

• **Destination Africa has proved itself year after year and has placed itself on the international map as one of the most important sourcing events in Africa. Being the commissioner for Destination Africa, what are your thoughts about that? What should be look for in the upcoming exhibition in November 2019?**

Indeed, Destination Africa has become a pioneer and renowned textile exhibition in the African content. This year, the exhibition will feature "Origin Africa", which is the oldest textile show in Africa. Origin Africa will be joining forces and will in Cairo in parallel with Destination Africa.

• **Finally, how do you see the Egyptian textile sector evolving and what do you envision the industry over the upcoming five years?**

The landscape of our industry is dynamically changing, which is very promising. Since the floatation of the Egyptian pound in November 2016, Egyptian exports had started to regain their momentum. We see a renewed interest in Egypt both from international brand chains and global retailers. We also expect to see a serious flow of Foreign Direct Investment (FDI) coming our way in the next few years. Thanks to the long-awaited economic reform program that the country had witnessed lately..

For more details on Al Minya Textile Park: Kassem@wtc-egypt.com



YESIM TEXTILE

A PROMINENT AND KEY PLAYER TURKISH INVESTOR IN THE EGYPTIAN TEXTILE SECTOR



Yesim Textile is a Turkish company that was founded in 1983 and based in Bursa. It is considered to be one of the largest fully integrated manufacturer brands. It manufactures its wide range of products, where all the processes that involve product development and production are carried out under one roof. It is a leading producer of high quality knitted goods that are exported to the US and a number of European retailers. In addition to this, Yesim supplies international renowned brands, such as Nike (since 2005), Zara, Pull & Bear, Bershka, Esprit, Calzedonia, Tchibo and Tommy Hilfiger. Yesim Textile has around 3000 employees, who primarily work in the company's apparel and home textile production with the capacity of manufacturing 50 tons of knitted goods, 60 tons of dyed products, 100,000 meters of printed fabric, 150,000 pieces of garments and 100,000 pieces of home textiles. Apart from its main production facility in Turkey, the company has subcontracted production companies in other countries such as Moldova and Egypt and opened up factories. Yesim owns one factory in Egypt in Alexandria since 2008 and another one in Cairo since 2009. In March 2019, the company opened its third owned factory in Egypt in Ismailia, Governorate. All this makes Yesim one of the most important key players in the investment scene in the Egyptian textile sector.

• What is the range of products that the company manufactures?

We are a group of holding companies that were launched in Turkey under the name of "Yesim Group" in 1983. We manufacture different products in different countries to capitalize on the available resources in each country to ensure a high quality end product. Here in Egypt for example, we operate under the name of "Jade Textile Egypt", where we manufacture cotton and polyester sports' apparel, like T-shirts, sweatshirts and sweatpants for international chains such as, Nike and under Armour.

• What encouraged you to open up a factory in Egypt? What investment laws attracted that business opportunity?

We particularly chose Egypt to facilitate serving our customers in the American market in a more competitive way. In 2008, we took the decision and opened our first facility in Egypt in Alexandria. We were inspired and encouraged by the rich heritage that Egypt has in the textile sector, in addition to the availability of human resources. Moreover, we wanted to benefit from the country's tax advantage laws, cultural similarities and its proximity to Turkey. We are very content by the great support that the state of Egypt had provided us until now. After 11 years of operating in Egypt, I can confidently say that opening a facility in Egypt has been a

right choice.

• What is your production capacity in Egypt?

As Jade Textile Egypt, we ensure an accretion value to the Egyptian economy in all our plants with 5200 employees and daily production rate of around 100.000 pieces in total. We are proudly the second biggest exporter of ready-to-wear clothing in Egypt. For the upcoming three years, we aim at increasing our exports' value by three folds and also increasing our manpower to 10.000 employees.

• Where are the factories located in Egypt?

Jade started its ready-to-wear production under the name of "Jade Apparel Industries" in Alexandria in 2008. Later, it opened its second factory in the same location also in 2008. By establishing a new plant in Cairo with the name of "Jade Textile Egypt", we significantly increased our production capacity. In addition to these facilities, in March 2019, we opened a new factory in the Governorate of Ismailia under the name "Jade Textile Ismailia". We are planning to start all the production processes, which include knitting, dyeing and ready-to-wear production under the same roof for

efficiency.

• What is the size of the new factory in Ismailia and the value of the investment behind it?

In Ismailia, we are planning to have 50 tons of fabric, manufacture 20.000 pieces of hoodies and 60.000 pieces of T-Shirts per day. Our manpower is estimated to have 3500 employees working in 105.000 square meter area. This factory will be our first facility in Egypt, where we will start producing our own materials. Until this day, we've been importing fabric from our mother company in Turkey, but once we start fully operating our fabric mill in Ismailia, we won't be importing from Turkey anymore.

• When will the company be fully operating in Egypt?

We launched our factory in Ismailia in March 2019, where we started with cut and sew operation as well. By June 2019, we will be fully operating with our knitting and printing sections. While we are producing, we always aim at doing our best for a more livable world to grant our employees a decent quality of life, where they live with dignity and have access to basic human needs, to help them comfortably grow and develop. Based on that, our plant in Ismailia includes a kindergarten with a capacity of 300 kids where we provide free babysitting and teaching services to the children of our employees. We also provide our employees with recreational space; where there are football & basketball fields, mosque, water treatment facility and many more.

• Will you rely mainly on Turkish employees as your manpower?

How many workers are expected for the operation and will they receive trainings to match the quality needs?

There is a great and skilled workforce in Egypt that we want to fully utilize and benefit from. Accordingly, we employed Egyptian workers at the factory.

As all group companies, we believe in the importance of providing trainings to our staff members. We promote sustainability;

it's actually a very important cornerstone in our company's culture. As a result of that, we host an internal academy, where our employers receive trainings on various topics.

• How do you see the future of the knitting industry in Egypt?

Because of the tax advantages that the European and American market benefit from, which is supported by the state of Egypt, this industry will attract a great number of investors to Egypt. Besides that, there is a great workforce with its 90 million population. We believe that Egypt is destined to a booming growth in its economy and we are nothing but thrilled to be part of this and being an added value to this great country.



400 Buyers in the 4th Edition

SHADY AMIN; DESTINATION AFRICA IS THE ULTIMATE SOURCING EVENT IN THE CONTINENT SHOWCASING TOP EGYPTIAN AND AFRICAN TEXTILES EXPORTERS

Destination Africa is an annual international pan-African B2B sourcing event for textile industries in Egypt. It brings together African Textile manufacturers under one roof to facilitate presenting what the industry has to offer to textile and apparel. Destination Africa has positively positioned itself on the international exhibitions' map with the aim of promoting premium quality Egyptian and African exports. The exhibition has successfully managed to create a full-fledged business platform for Egyptian and African textiles; which resulted in fruitful trade agreements with buyers. The exhibition is organized by the Egyptian Exporters Association (ExpoLink), in cooperation with the Textile, Apparel and Home Textiles Export Council. In order to give you a comprehensive overview and detailed information on Destination Africa 2019, an interview was held with Shady Amin, ExpoLink's Executive Director.



Amin referred to the very first edition of Destination Africa that took place in 2016, highlighting how the textile exhibition came to life. "When there was a profound desire for having a textile platform to highlight the industry potentials in Egypt and Africa, the idea was founded", mentions Amin. Egypt was identified to be the starting point for such an event.

The Idea behind Destination Africa

Buyers are always in search all around the world for the best prices and the highest quality for their product selection. Therefore, we came up with the idea of organizing a global event to promote business potential in Africa. The dream was to have buyers and African manufacturers under one roof to facilitate business meetings and agreements and consequently shed a light on missed business opportunities in the African continent.

Nature of the Market

Egypt is blessed with many factors, such as its rich heritage, premium quality and relatively competitive workforce, which enhances its potential for business opportunities. However, these factors on their own are not enough to put Egypt on the international trading map. Therefore, the dire need for a global exhibition, such as Destination Africa emerged and with hard work and dedication, the vision was translated into a successful global exhibition that has developed over the years. This will in turn make Egypt a strong competitor in the international market, not only on the exporting level but also on attracting Foreign Direct Investments. All these factors combined were the main driving force behind the introduction of Destination Africa business platform, which gives an accessible and easy access to Egyptian and



African manufacturers.

The first edition of Destination Africa was held in 2016. There were 70 exhibitors from Egypt and Africa on a 950 square meter space. 160 international buyers representing the biggest brands worldwide were present in the sourcing event. The exhibition radiated with team spirit, since all participating entities were working as one entity. The success of the event was reflected on the bigger participation in the third edition of the exhibition, where 110 exhibitors and 300 buyers participated in a 1600 square meters display.

Success Indicators

The first edition of Destination Africa echoed with success and this was lucratively reflected in the exhibition's success indications. For example, one of the main contributors to the success of the second and third editions of the exhibition was the recognizable increase in the exhibiting area, which gave new factories and buyers a golden opportunity to join the exhibition. One of the main success indicators for Destination Africa is its presence in other reputable exhibitions abroad. For example if you visit "Premiere Vision" exhibition in France, you will find a stand for Destination Africa and the same also in "Sourcing of Magic" in Las Vegas. It goes

without saying that it is crucially important for our team to be available in other prominent international exhibitions for exposure. In addition to this, it gives a beneficial gateway to select and recruit exhibitors and buyers for Destination Africa. There are specific conditions and specifications for whom to invite for the exhibition; among which is the size of investment, orders placed yearly, number of employees and brand's representation. These are the main criteria for selecting participating buyers.

Exhibitor Selection

The approval of the selection of exhibitors is carried out by collective effort from ExpoLink, Export Council and Industry Experts. The most basic requirement for selecting exhibitors is that the exhibitor is a registered member within the export council; so at least there is an export business experience to accelerate the process.

Next Edition

In the upcoming session, 40% of the exhibiting space has already been sold. 400 buyers compared to 160 buyers from the previous year will participate.

Message for Importers and Exporters

Amin confirmed that besides Egypt's long history in the textile industry, there are other advantages along all the sub-sectors of the industry that promote Egypt, such as quality standards, pricing and proximity to international markets, which makes shipping faster and cheaper. This in turn allows higher returns than when working with other markets. Amin also emphasized the availability of trained workforce and engineers, together with a set of programs that are used for training and developing Egyptian workers' production skills.



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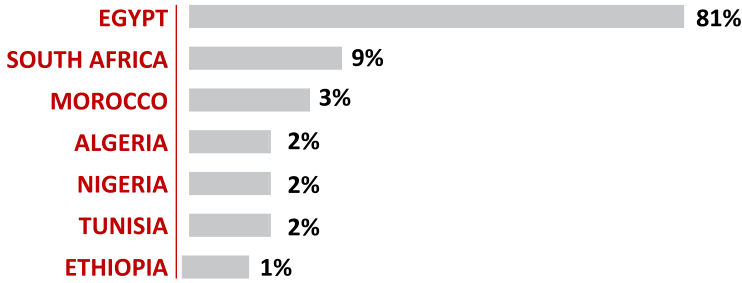
Exhibit: exhibit@destination-africa.org

Visit: ibp@destination-africa.org

Website: www.destination-africa.org

DESTINATION AFRICA 2019 - The New Frontier

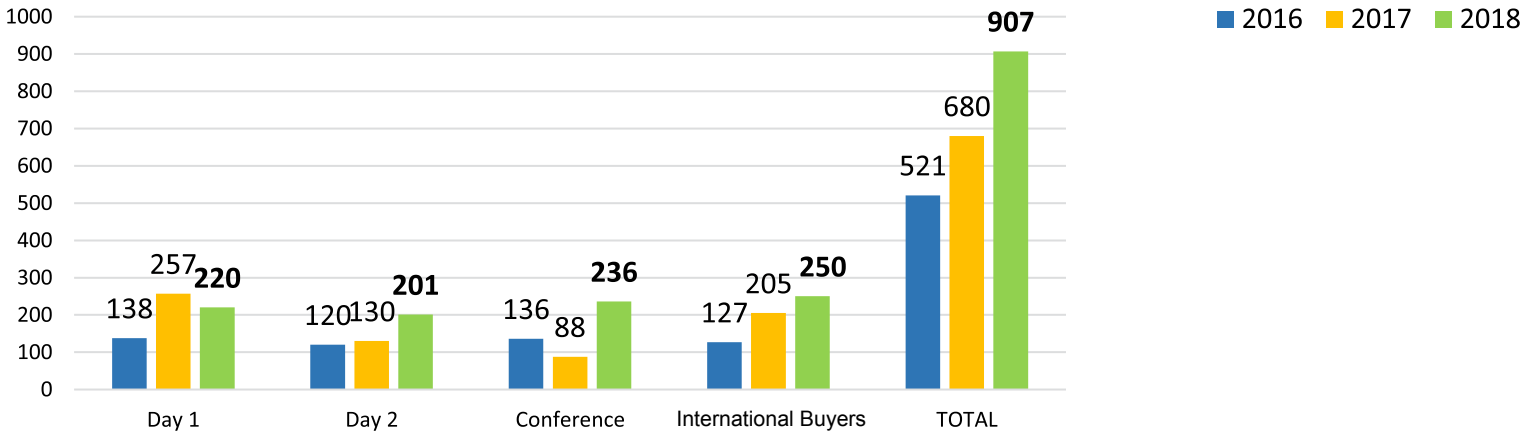
Exhibitors division by country



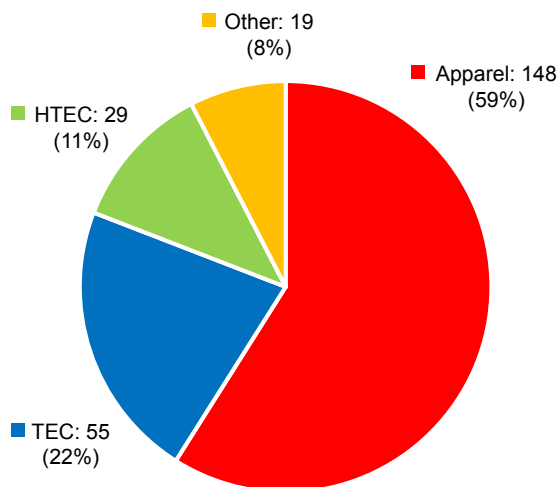
Participating manufacturers in 2017 Vs 2018

#	Sector	2017	2018	% growth
1	Apparel	29	52	79%
2	Textiles	12	15	25%
3	Home Textile	5	6	20%
4	Rising Stars	12	13	20%
5	Regional	14	20	43%
Total		72	106	47%

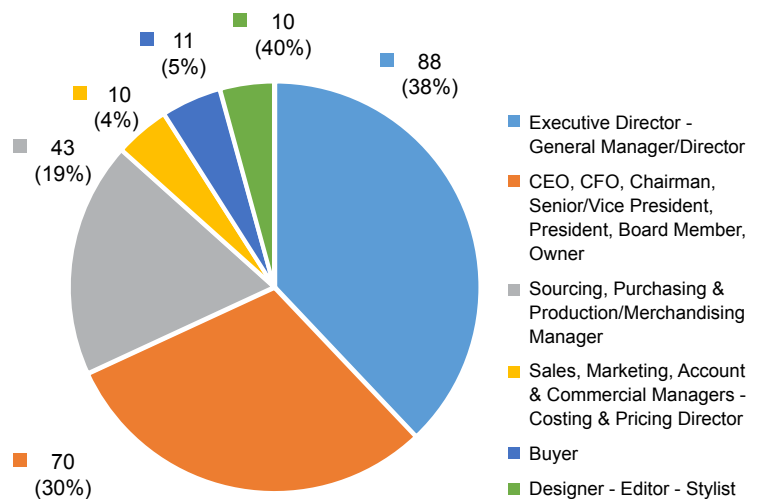
2016, 2017 vs 2018 local visitors scale



Attended buyers per sector



All attended buyers per profession



WALID RAGIH ITMA IS THE BEST WAY TO EXPAND OUR MARKETS



• **Please provide a short description of your company/products and your sales and marketing approach?**

(ESW) EGYPTIAN SPINNING & WEAVING CO., is a prime producer and exporter of 100% Egyptian cotton & 100% US PIMA yarns of count range Ne 16 to Ne 180 (ring-spun & compact "contamination controlled") single, plied & gassed for weaving, knitting & sewing on paper cone or dye cone 4°20/tube 0°. The plant has a capacity of 71,000 spindles. ESW is a private company belonging to one of the leading groups in the textile and yarn sector in Egypt.

• **Where are your export markets and how has your participation at ITMA helped your business to grow?**

Our main markets are the EU, Turkey, Far East & USA. The last ITMA in Milan provided wider exposure for us. We were able to meet more new potential customers from these markets. In

addition we made new contacts from other markets.

• **Which buyer profile did you meet at ITMA? Were you looking for agents?**

We met functional and technical fabrics manufacturers. We also looked for reliable agents, especially within the developed markets.

• **As ITMA offers an end-to-end solutions platform, it has enabled textile and garment manufacturers to explore new technologies and materials under one roof. Do you find this fully integrated approach useful for your participation and for buyers?**

We think it's useful for all textile parties. In today's complex and globalised business environment, there's need to look at new ideas, trends, developments, collaboration. A lot of brands and manufacturers are looking at integrated solutions so a platform such as ITMA is very useful for the industry.

• **In your opinion, is exhibiting along technology manufacturers a value-add to your participation in ITMA?**

RAGIH: We met functional and technical fabrics manufacturers. We also looked for reliable agents, especially within the developed markets

We think it is an excellent idea as the relationship among technology providers, fabric and raw material producers and buyers is synergistic.

• **Do you see the inclusion of fabrics in the ITMA fibre and yarn sector as an advantage?**

It is a positive move for ITMA to expand its raw material sector to include fabrics. With this comprehensive profile, and a larger group of exhibitor, buyers will find it more worthwhile to source at ITMA.

• **What are the advantages of participating in ITMA versus other textile and garment related exhibitions?**

First, ITMA has a strong reputation, strict participation criteria and a comprehensive exhibit profile from every part of the textile and garment production value chain. Therefore, it is a one-stop and ideal sourcing platform. The buyers who visit ITMA are world exporters and major manufacturers, so exhibitors like us can meet top tier customers from all over the world.

• **Would you recommend ITMA to Egyptian fibre and yarn manufacturers as a key exhibition to be included in their exhibition calendar?**

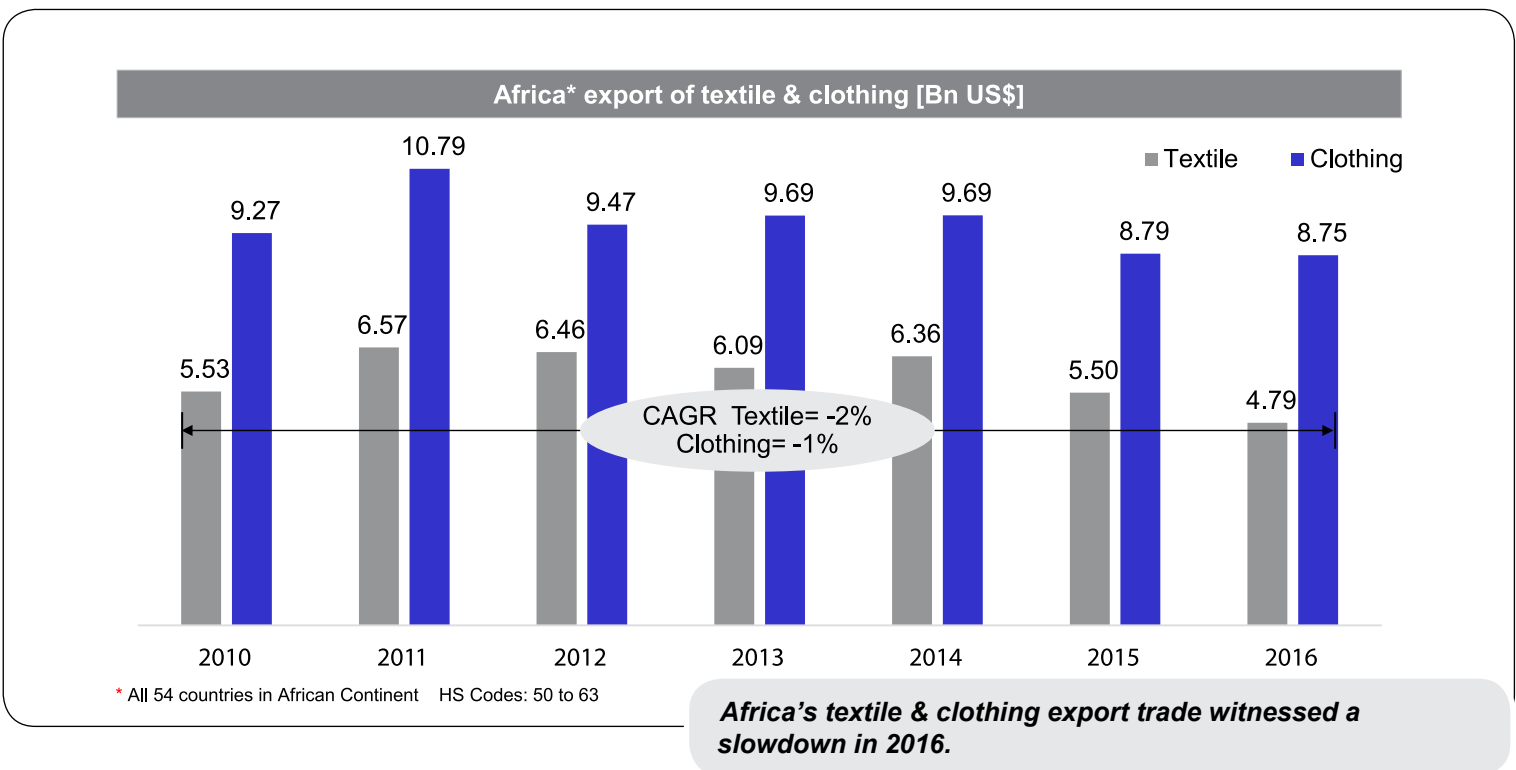
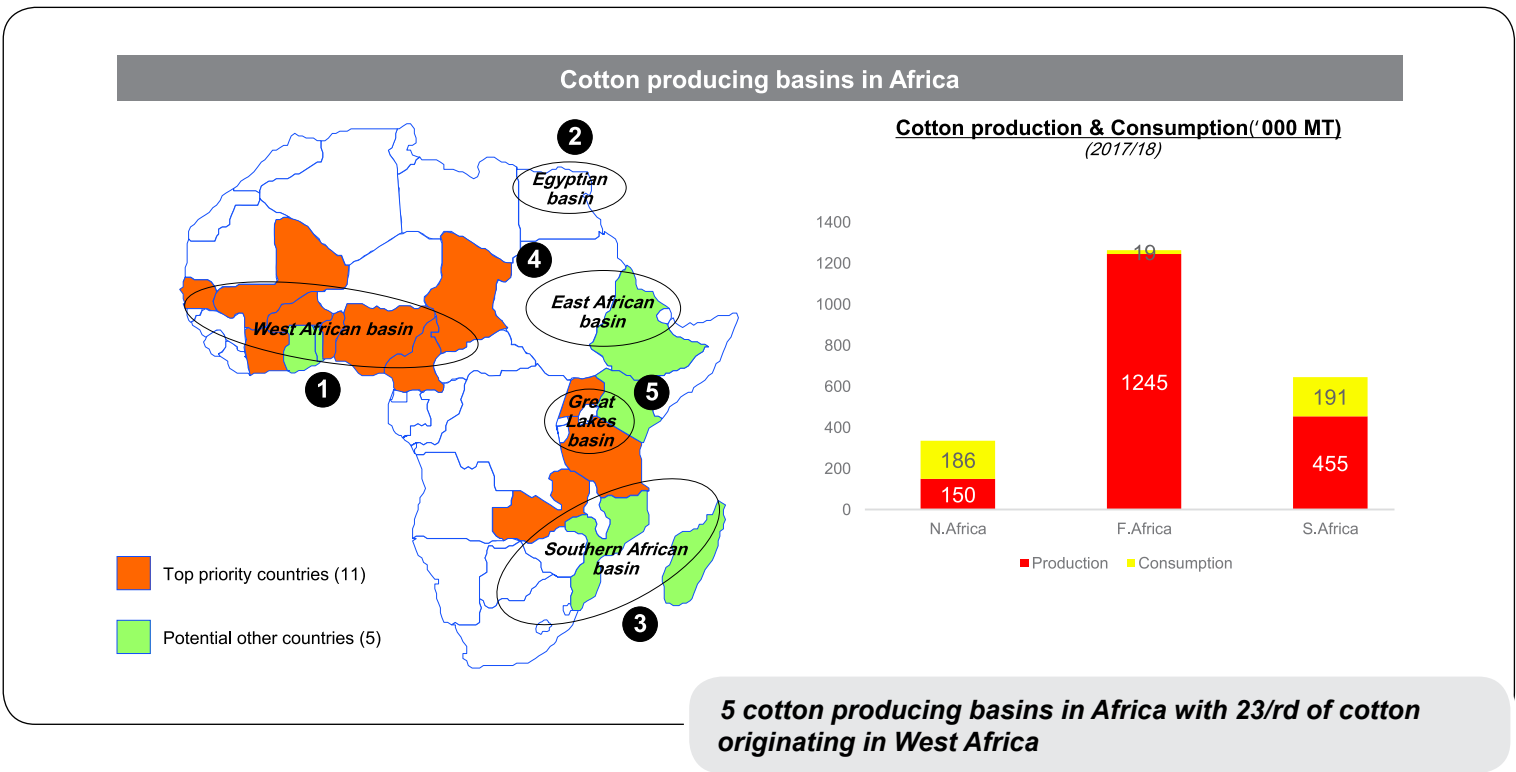
Yes, we would as ITMA typically attract buyers come over 140 countries. This means that our products are exposed to an international audience and expand our markets.

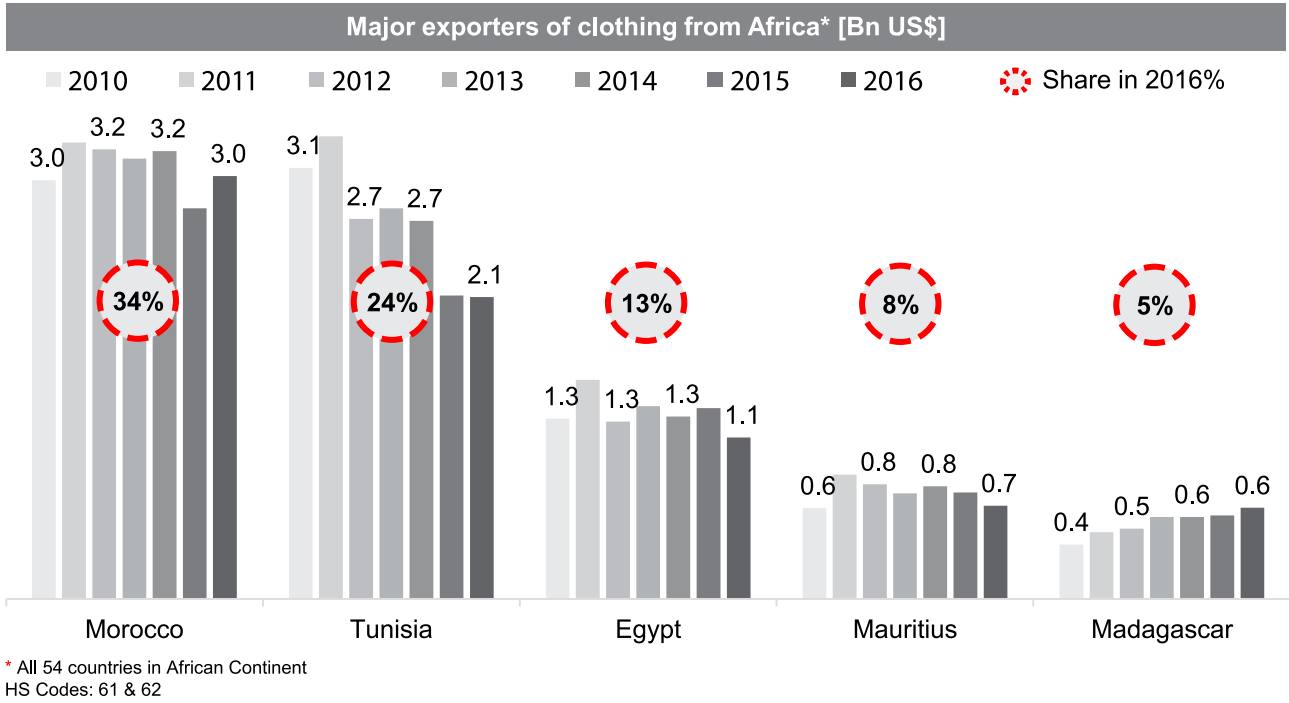
• **Any other benefits or comments on ITMA or your participation?**

ITMA is only held every four years, so it is important to be present at the exhibition in order to expose our products at an international level, win new customers and get new contacts.

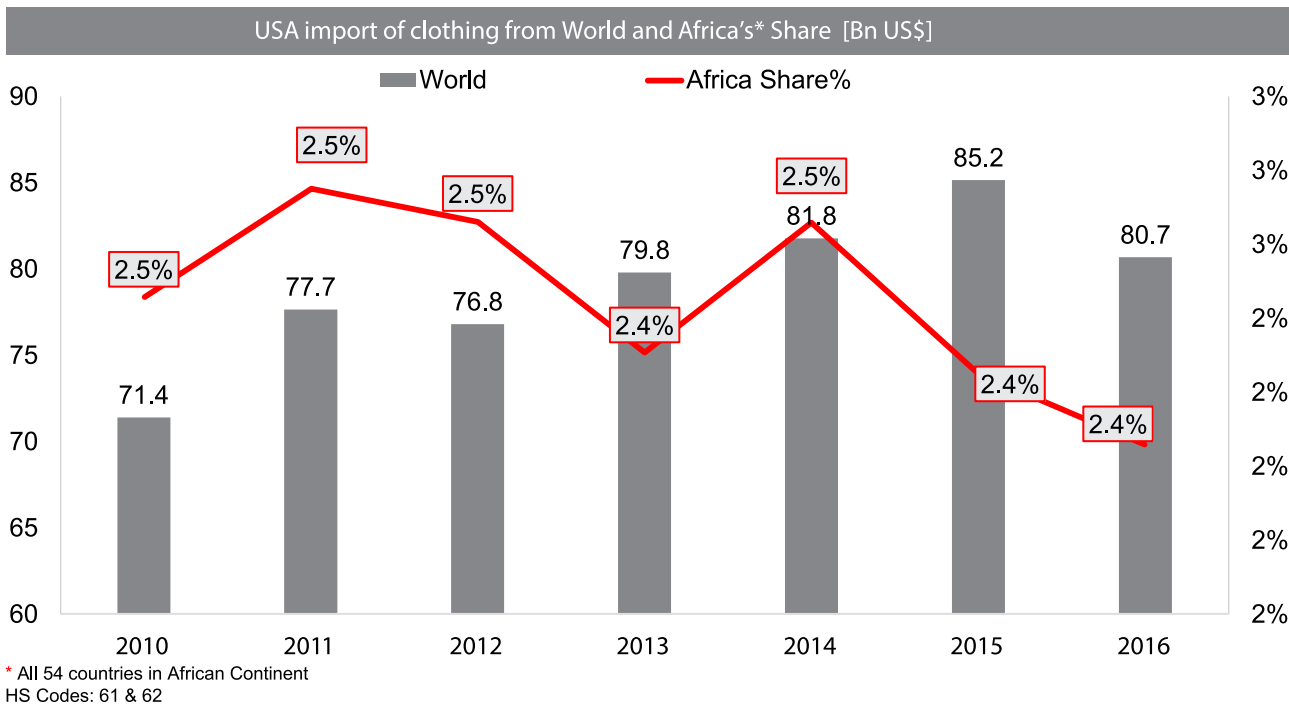
NEW PROSPECTS FOR SOURCING & VALUE ADDITION IN AFRICAN TEXTILE & APPAREL INDUSTRY

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3 North African countries account for 70% of total apparel exports from Africa



Africa's market share in the US imports has been stagnant around 2.5% with further potential to grow to leverage preferential market access



APPAREL AND TEXTILES SECTORS IN EGYPT

Egypt may be best known for its impressive pyramids and colorful history, but it is also known as the most attractive African country for investment and one of the most developed in the Middle East/Africa, with a gross domestic product of \$298 billion in 2018 achieving 5.3% growth, projected to be 5.9% in 2019. Like many

larger countries, the economy is dominated by the service sector (54 percent), and agricultural sector (12 percent), but it is also known for its industrial sector (34 percent) that achieved 6.3% growth in 2018 & provided significant employment contributed to reach the lowest level of unemployment rate since 2011.

The apparel sector in Egypt

The apparel sector plays an extremely important role in the Egyptian economy and it has seen a rebound and a new spurt of growth in recent years.

Egypt has more than 2,500 apparel factories and it is considered to be the first sector in terms of labor force, which recorded 1.5 million workers, 50 percent of which are women.

With about \$1.6 billion exports in 2018, the apparel sector is the country's most important industrial sector; it represents 6.5 percent of total non-petroleum exports.

Apparel exports reached \$1.604 billion for 2018 compared to \$1.459 billion in 2017, achieving a rise of 10 percent of which 50 percent of the apparel production was

exported to the U.S. and 30 percent to Europe.

Egyptian apparel sector enjoying many advantages

- **International Trade Agreements:** The U.S. is the main export destination for the Egyptian apparel industry. Apparel created within the Egyptian Qualified Industrial (QIZ) Zone are duty free to the U.S. Under the protocol, goods made in Egyptian QIZs can use fabric imported from third countries and remain eligible for duty-free entry into the U.S. market, provided 35% of their value is added in Egypt, including a minimum of 10.5% of Israeli content. Costs incurred in the U.S. also count towards the 35% threshold.

Egypt also enjoys duty-free market access to the EU with a double transformation rule

of origin. With its fabric base and sourcing proximity to Turkey, exports to the EU are likely to increase

- **Vertical integration and a developed infrastructure:** Egypt's textiles and clothing sector is the most integrated on the African continent. The country offers a well-developed infrastructure and is investing more than \$15 billion in roads, electricity networks and irrigation projects, including 15 marine ports. Egypt is also the largest producer of Extra-long-staple cotton in Africa

- **Proximity:** Egypt offers shorter routes to the U.S. than Asian ports (12 days compared to over a month). Egypt also provides easy access to markets in Europe and Africa. Egypt is an intercontinental

country, with multiple ports and facilities giving it a strategic advantage for exports to the U.S. and the EU.

- **Egyptian Apparel Factories:** Egypt is a sourcing hub for a large variety of apparel products. The region offers ethical, socially compliant factories with export experience. The supply chain is vertically integrated. Many companies are certified by Wrap, ISO and OEKO-TEX.
- **Competitive factor costs:** Egypt offers a large, cost-effective, skilled labour force. Labor costs are low in Egypt, with minimum labor wages of \$115, compared to competitors like China, Cambodia, India, or Vietnam. Electricity costs around 7 cents a kilowatt-hour compared to three to four times that amount in China.
- **Well Developed Infrastructure:** Egypt offers well-developed infrastructure and continues to invest in upgrades, including investments of more than US\$ 15 Billion in roads, electricity networks and irrigation projects with 15 marine ports.
- **Business Climate:** Egypt is making progress with economic reforms and is "open for business", it has maintained a lot of political, social and economic stability according to rating agencies, international institutions.

S&P revised Egypt's Sovereign Credit Outlook up to stable then positive in Nov.2016&2017 and Upgraded Egypt's Credit Rating to "B" In May 2018.

Fitch Ratings Affirms Egypt's Credit Rating at "B" with a Positive Outlook in August 2018.

- **Policy Initiatives:** The government is working on multiple policy initiatives to Help Drive Apparel Sector Growth. In May 2017, the Ministry of investment issued the New Egyptian Investment Law No. 72 of the year 2017, this law attracted investors for the incentives, guarantees, facilitations and advantages provided for in it.
- **In November 2017,** the new Industrial Licenses Law was issued by the Ministry of Industry and Trade, which has been reflected in the investor's transactions with the State. The law contributes to an integrated reform to raise the competitiveness of the industry.
 1. Shortening the time required to issue industrial licenses from 634 days to one week for low risk projects.
 2. Shortening the period for high risk industries to one month .
 3. Reduction of internal procedural processes from 154 to 19 procedures .
 4. One of the most important advantages achieved by the law is to deal with the manufacturer and investor with one hand is the Industrial Development Authority - one of the bodies of the Ministry of Industry and Trade instead of 11 parties, which was a kind of bureaucratic constraints facing manufacturers.



5. The General Authority for Industrial Development issued 7,500 permits and operating licenses for factories, in addition to issuing building permits for the first time after issuance of the Industrial Licensing Law and its executive regulations.

The Textile Sector .. Rising Present & Promising Future

With evidence of textile industry emerging in Ancient Egypt since 5500 BC; Egyptian textile industry has been geared to be a major supplier of primary textile materials to the garment, home textiles manufacturers and many other applications nationally and worldwide.

In 2016; the textile sector was among the five industries selected by Ministry of Trade & Industry to be the backbone of Egyptian economy. In conformity with the "Sustainable Development Strategy (SDS): Egypt Vision 2030" industry stakeholders are working to achieve three main targets; deepen the industry, rationalize imports and increase

exports.

Within this framework; Egypt is set to complete 13 industrial complexes in 2019, according to H.E Minister of Trade and Industry Amr Nassar. The government aims to build a total of 22 complexes by 2020. The complexes will be completed in 12 governorates and will have 4,300 industrial units. Currently; the ministry is to begin work on first phase of a textile industry zone in Sadat City and an industrial zone in Abu Zenaima, South Sinai governorate.

Egypt Textile sector (fibers, yarns and fabrics) representing 3.2% of private sector production with an industrial force of about 3000 firms and 300,000 workers. Industry is dominated by the private sector mainly constituted of small and medium sized firms (about 75%) whereas the technology-intensive textile production undertaken by large-scale companies.

In 2018; Egypt Textile exports achieved a rise of 8% representing 4% of total non-petroleum exports directed to more than fifty five markets.

“Currently; Egypt enjoys the capability to supply fibers of: flax & acrylic - yarns and sewing threads of: cotton, polyester, acrylic, flax, wool, viscose, modal, polypropylene, nylon & lycra”



In terms of products; the cotton cluster (HS 52) has the largest share of exports (40%), followed by non-woven textiles (HS 56) with (20%) and then the man-made fiber products (HS 54) which accounted (15%) of total textile exports. Textiles FDI projects to Egypt has also witnessed an increase, especially in apparel and woven fabric sectors. FDIs Issued Capital account for 38% of total investments 2014 to 2018. Total number of new projects in 2014 was 296, increased to 575 in 2018 achieving more than 90% increase. Which indicates the encouraging environment that Egypt currently has.

Egyptian Superior Cotton & More

Known as the “white gold” for its unique characteristics; Egyptian cotton kept the position of the finest natural fibers in the world for its unmatched strength, a soft weave with maximum versatility, natural luster, emitting a very special pearly and gleaming light. Egypt produce about 150,000 hectares cotton fiber yearly, while cotton yarn exports equals to 400 M\$ mostly to Turkey and EU markets. However, with the entrance of the private sector in recent years, synthetic filaments yarn - like polyester & acrylic - is gaining momentum in the market especially for exports with wide range of specs for both weaving & knitting applications. In addition, Egypt has witnessed continues growth of woven & knitted fabrics production, mainly for apparel & home textiles industries. Moreover; Egypt succeeded to attract new investments in technical and non-woven textiles fields, which created a new horizon for sector exports adding more industries to supply like healthcare, military wear, automotives and packaging.

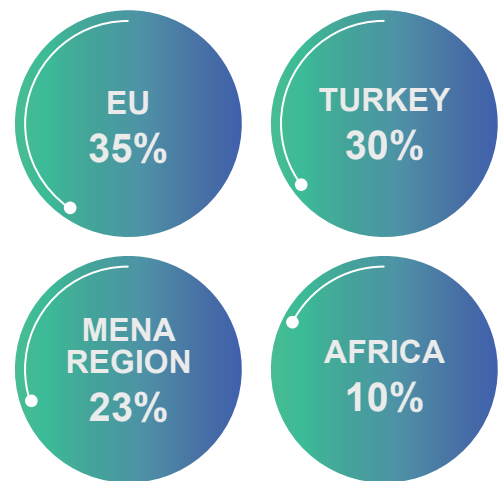
Egypt, the Ideal Sourcing Destination of Fibers, Yarns & Fabrics.

- **Stable & Sustainable Production:** recently; the government of Egypt has made concrete actions towards sustainability in textile production. In 2018; H.E Minister Hisham Tawfiq announced comprehensive development plan for the spinning & weaving public companies to be implemented within three years. Besides; Egypt applied a pilot project of BCI programme aiming to enhance the cotton production supply chain.
- **Shorter Lead Times:** Egypt’s unique location and the well-built maritime & air freight systems enabled it to be the link of Africa continent to the world. Shipping time from Egypt to Europe is about (6 to 12 Days), to USA is (12 Days) to Arab & Gulf Countries takes (2 to 4 Days) and shipments to North Africa consumes (10 to 18 Days). With an approximate of 3 to 7 days for sample production; Egypt offers the ideal, faster and reliable sourcing destination.
- **Duty Free Access:** With the advantageous Free Trade Agreements Egypt has signed, Egyptian products enjoys a duty free access to; EU countries, USA, Turkey, Mena Region, 18 African countries of COMESA and 4 countries of MERCOSUR.
- **Egyptian Textile Manufacturers:** Once a successful business is dependent on the chosen supplier; Egypt would make a perfect sourcing option. Offering wide variety of yarns and fabrics products, superior quality, modern spinning, weaving, processing and state-of-the-art facilities mostly are Wrap, ISO and OEKO-TEX certified.
- **A Ready to Help Partner:** More than 10

years ago, the ministry of trade & industry has boosted the rule of the “Export Council” assigned it to facilitate, support and provide information to all interested buyers and investors. EC Egypt is the focal point between Textile industry stakeholders and overseas partners.

Egypt, with its adaptability to European standards and regulations is aiming to move into the production of more and more value added products, complete supply chain locally and regionally.

Egypt’s Main Textile Export Destinations



Top Exported Fabrics	
Denim & cotton fabrics	55%
Woven fabrics of synthetic yarn	21%
Knitted fabrics of different types	13%

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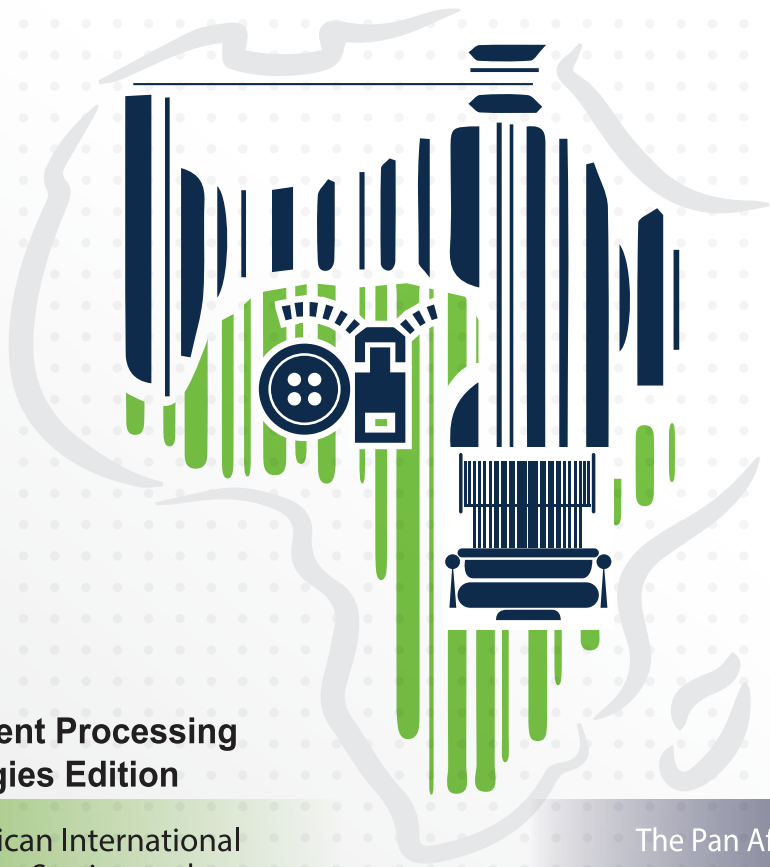
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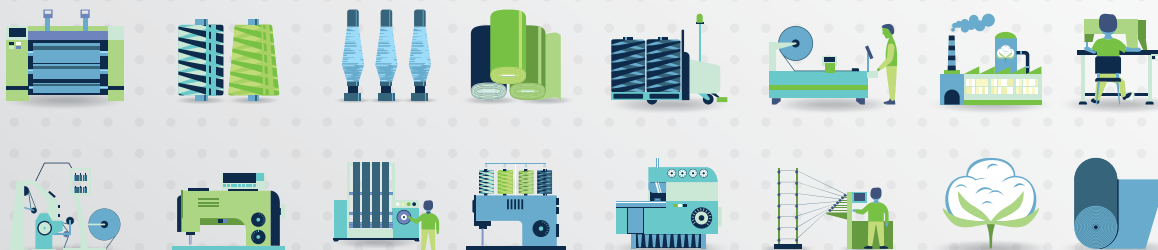
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