MADE BY AFRICA
CREATING VALUE THROUGH INTEGRATION

COTTON GARMENTS
Facts and figures: **Cotton garments**

Africa is responsible for 10% of the world trade in raw cotton, but only for **1.4% of the world trade in yarn or fabrics.**

Africa runs a ~$4 bn trade deficit for cotton fabrics, used in its garment industry.

An opportunity to overcome the missing links by **integrating the full cotton garment value chain on the African continent.**

Globally, sector trends are shaped by **diversification of production locations, near-shoring** and focus on **organic cotton.**

There is a **high potential to create more jobs in the sector, especially for women.**

Realizing export potential could give rise to >200,000 new jobs in Egypt, >50,000 in Tunisia (ITC & ILO, 2021)

90% of African raw cotton is exported, mostly to Asia.
Mapping the **cotton garments** value chain

The cotton garment value chain brings together…

- **5** sub-regions with potential
- **13** competitive exporters of the output, among them 4 LDCs
- **26** competitive exporters of the inputs, among them 16 LDCs

…and encompasses

- **151** inputs, including…

![Diagram showing the cotton garments value chain with inputs and outputs in different regions of the world.](image)
The missing link in the African cotton garment value chain

Share of exports to ...

Trade surplus: $1.18 bn
Raw Cotton

Share of imports from ...

Trade deficit: -$0.34 bn
Cotton Yarn

Trade deficit: -$4.28 bn
Cotton Fabric

Trade surplus: $0.29 bn
Cotton Garments

Africa 10.3%
Africa 10.2%
Africa 7%
Africa 4%

Trade surplus: $1.18 bn
Trade deficit: -$0.34 bn
Trade deficit: -$4.28 bn
Trade surplus: $0.29 bn
The missing link in the African cotton garment value chain

Example: Yarn and fabrics

Côte d’Ivoire, Cameroon, Egypt, Benin, Sudan, Burkina Faso, Mali, Tanzania, Togo, South Africa, Zambia, Zimbabwe and Uganda export raw cotton to Asia.

Raw cotton
(Average distance: 2,893 km)
The missing link in the African cotton garment value chain

Example: Yarn and fabrics

2. Morocco, Egypt, Mauritius and Tunisia import cotton yarn from Asia.

Cotton yarn (Average distance: 4,807 km)
The missing link in the African cotton garment value chain

Example: Yarn and fabrics

Nigeria, Tunisia, Togo, Morocco, Benin, Egypt, Senegal, Mali, Gambia, South Africa & Ghana import cotton fabric from Asia & Europe

Cotton fabric (Average distance: 7,984 km)
The missing link in the African cotton garment value chain

Example: Yarn and fabrics

Morocco, Tunisia, Egypt, Mauritius, Madagascar, Kenya, Lesotho, Ethiopia, Eswatini and South Africa export cotton garments to Europe and America.
Cotton garments
Selected insights from the survey of value chain participants in Africa

Most of the company’s sales are outside of Africa

- 53% Rest of the world
- 41% Domestic market
- 7% Africa

Companies are very export oriented, especially to outside Africa

- Domestic market: 65%
- Africa: 35%
- Rest of the World: 72%

More than half of the companies are not aware of AfCFTA

- 63% Unaware of AfCFTA
- 37% Aware of AfCFTA

Only a fraction of companies have participated in AfCFTA related consultations

- 8% Companies that have participation in AfCFTA consultations
- 92% have not participated in any.

Majority expect benefits from the continental trade agreement

- 61% Positive expectation
- 16% Negative expectations
- 23% Not sure
Cotton garments
Selected insights from the survey of value chain participants in Africa

Only a fifth of the companies have foreign presence

22% Companies with foreign affiliates or production plants

78% are entirely domestic based

A third of the companies plan to expand production in African countries

37% Companies planning to expand production in other African countries

Most firms are fully domestically owned

- Fully locally owned: 68%
- Up to 50% owned by foreign partner(s): 6%
- Full foreign ownership: 19%
- More than 50% but not full ownership by foreign partner(s): 7%

Very high share of women employees in the sector

Only a third of the businesses are women owned or managed

- Yes: My company is directed by a woman: 11%
- Yes: My company is owned and directed by a woman: 9%
- Yes: My company is owned by a woman: 9%
- No: 70%
Cotton garments - Value chain-specific challenges*

- Competitive pressure from low-cost production in Asia as well as the (imported) second-hand and informal markets
- Lack of information on business opportunities and matching buyers and sellers
- The “missing middle”
- Little sensitization about trade agreements
- Significant environmental challenges linked to inadequate waste management, treatment and recycling systems
- Limited capacity to obtain certification against sustainability standards
- Limited visibility of African brands both at the continental and the global level

*In addition to the cross-cutting challenges relevant for all sectors
Cotton garments – what needs to change?
Selected value chain specific recommendations*

**Improve sustainability and support the green transition:**
- Raise awareness on sustainability and build the capacity of producers on compliance with labour standards and environmentally friendly manufacturing practices
- Create dedicated financial instruments to support MSMEs to obtain industry-specific quality and sustainability certification (e.g. GOTS, WRAP, OEKO-TEX etc)

**Improve traceability systems and conformity assessment infrastructure near cotton production areas**

**Intensify efforts to create business networks across countries and sub-regions**

**Critically review the legislation relation to imported second-hand clothing**

**Establish and financially support vocational training programmes**
- Include managerial and business skills, e.g. related to lean manufacturing, material sourcing, product development and design, market analysis, business strategy and market segmentation, marketing, digital skills, online and social media presence, e-commerce and logistics management, as an integral part in such trainings

*In addition to the cross-cutting recommendations relevant for all sectors*