

**AFRICA'S COTTON, TEXTILE AND APPAREL INDUSTRY: MARKET STRATEGIES
UNDER AfCFTA**



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1.0. Introduction

Africa has over 20 percent of global land used in cotton cultivation, yet its share in international textile and apparel (CTA) exports is less than 5 percent (UNCTAD, 2020). The cotton, textile, and apparel sector remain one of the most promising and undeveloped sectors of African industrialization pathway, employment generation, and trade. With over 37 African countries cultivating cotton, the continent has the raw material base to establish competitive regional value chains but still relies heavily on exporting raw cotton and importing manufactured products. These imbalances have contributed to unemployment loss, deindustrialisation, and trade deficits for most countries. The African Continental Free Trade Area (AfCFTA), however, presents a crucial window of opportunity to rechart the destiny of Africa's CTA industry. By facilitating intra-African trade, standards harmonisation, rules of origin redesign in Africa context, and cross-border investment facilitation, the AfCFTA provides a platform for localising the goods' production, reducing dependency on imports, and increasing Africa's share of global textile value chains.

This potential can only be actualised through deliberate policy and collaborative strategy. The sector is faced with great limitations, from weak infrastructure, limited electricity supply and high tariff, old plant, limited access to capital, fragmented supply chains, high-cost manufacturing, and competition from second-hand clothing imports. At the same time, shifting international demand to equitable sourcing and environmentally friendly production offers Africa a strategic opportunity to rebrand itself through circular economy trends, green manufacturing, and youth entrepreneurship. This policy brief summarises insights from the ITRC's May 2025 webinar, outlines existing gaps and opportunities in the CTA business under AfCFTA, and provides

proposals for increasing intra-African trade and regional value chains through market development initiatives.

2.0. Problem Statement

Despite its large cotton-growing potential and entrepreneurial young population, Africa is still a marginal industry in the world textile and apparel (CTA) sector. The region holds more than 20% of the world's cotton-growing land but has less than 5% of world textile exports (UNCTAD, 2020). Most African countries export raw cotton and import completed garments, promoting a colonial pattern of exchange that discourages value addition, employment, and domestic industrialisation. The absence of harmonised market policy and inadequate regional integration has made Africa's CTA industry fragmented and uncompetitive. Underinvestments in infrastructure, out-of-date plant equipment, high cost of electricity, and low access to cheap finance have persisted as growth inhibitors. Further, the stream of low-cost imported textiles, most notably used clothes, has undermined local industry by driving down domestic producers, eroding market share, and discouraging innovation.

Although from our analysis and forecast this trend is unlikely to be reversed any time soon, but with the African Continental Free Trade Area (AfCFTA), which began operating in 2021, provides a historic opportunity for accelerate the reversing of the trend by uniting the African market of 1.4 billion people and a combined GDP of \$3.4 trillion to a single market (UNCTAD, 2020). However, the successful integration of the markets of CTA under AfCFTA remains hindered by regulatory divergences, outstanding Rules of Origin (RoO), non-tariff barriers, and a lack of coordinated policy action across borders. Furthermore, despite the growing global demand in support of sustainability and ethical production, Africa's CTA sector is yet to be in substantial numbers adopting circular economic principles and green technologies. The sector is also plagued by challenges related to labour standards, gender disparities, and the absence of adequate skills development. Unless a timely, strategic intervention, Africa will miss out on the industrial and trade opportunities that AfCFTA has in store. Ignoring these structural weaknesses and market barriers will continue to limit Africa's ability to compete in global textile value chains, deepen unemployment, and reduce inclusive economic development.



3.0. Cotton, Textile and Apparel Strategic Market Expansion Leveraging AfCFTA

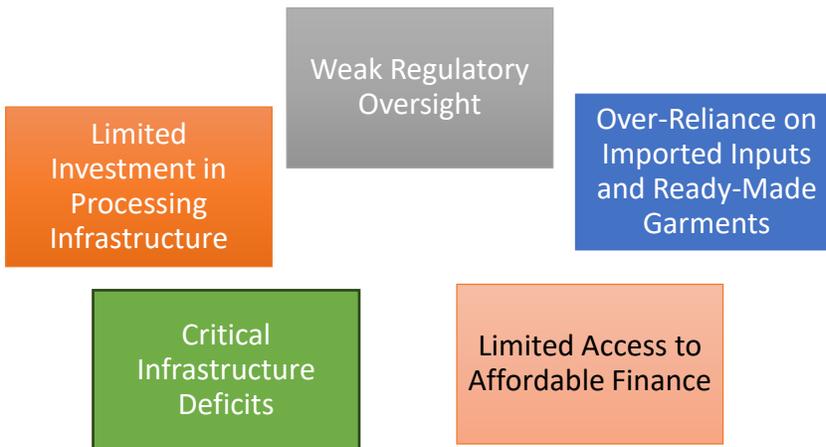
Africa boasts immense potential in the production of cotton, textiles, and apparel (CTA) and, therefore, the industry can be considered as one of the top sectors for Africa's industrial and economic development. With immense scope for creating employment, value addition, and export development, the CTA industry is strategically crucial in driving inclusive growth in Africa. The continent presently produces approximately 5–7% of global cotton, with West Africa accounting for nearly 60% of the entire production. But much of Africa's cotton is shipped out in its raw state, with minimal local processing and value addition—a missed opportunity for regional industrialisation.

Despite its agricultural strength, the industry in Africa is underdeveloped and far from being able to fully leverage its raw material endowment. Several challenges, such as poor infrastructure, outmoded machinery, erratic power supply, inconsistent policy, and limited access to affordable finance, hinder the competitiveness of the continent in textile manufacturing. All the same, garment production is gaining momentum in some East African countries, driven by relatively low costs of labour and preferential trade arrangements such as the African Growth and Opportunity Act (AGOA). Nevertheless, the future of AGOA is uncertain amid shifting U.S. trade policies and increasing global tariff tensions, particularly under the current Trump administration. The evolving geopolitical dynamic presents the AfCFTA as a platform to build a competitive and integrated CTA value chain.

4.0. Barriers to the Development of Africa's CTA Sector

The full potential of Africa's cotton, textile, and apparel (CTA) industry remains significantly underdeveloped due to a range of structural and policy-related challenges. These constraints weaken the continent's ability to promote value addition, achieve regional competitiveness, and generate sustainable employment on a scale. The following key barriers continue to hinder growth

in the sector: Limited Investment in Processing Infrastructure; Weak Regulatory Oversight; Over-Reliance on Imported Inputs and Ready-Made Garments; Critical Infrastructure Deficits; and Limited Access to Affordable Finance



- i. **Limited Investment in Processing Infrastructure:** A lack of adequate investment restricts the ability to transform raw cotton into finished textiles and garments. The result is a value chain with minimal local processing, dominated by the export of raw materials. Furthermore, the high domestic cost of production limits affordability, making locally produced textiles less competitive compared to cheaper imports.
- ii. **Weak Regulatory Oversight:** Regulatory loopholes have created an uneven business environment, and poor-quality imports, primarily second-hand clothing, dominate home markets. This deters domestic producers from compliance with quality, environmental, and labour standards, undermining sector-wide industrial discipline.
- iii. **Over-Reliance on Imported Inputs and Ready-Made Garments:** Many African countries heavily depend on imported intermediate goods and finished garments, which constrain efforts toward indigenous manufacturing and the integration of the value chain. Such reliance exposes the industry to external price fluctuations and reduces local sourcing and innovation opportunities.
- iv. **Critical Infrastructure Deficits:** The sector suffers from ineffective logistics, unmeasured energy supply, and outdated equipment. These factors significantly drive-up production costs, lower productivity, and deter private investment, especially in peri-urban or rural industrial zones.

- v. **Limited Access to Affordable Finance:** The SMEs, which are the pillars of the CTA sector, typically experience limited access to cheap finance. This limits their ability to expand their business, invest in innovations, or utilise environmentally friendly production technologies.

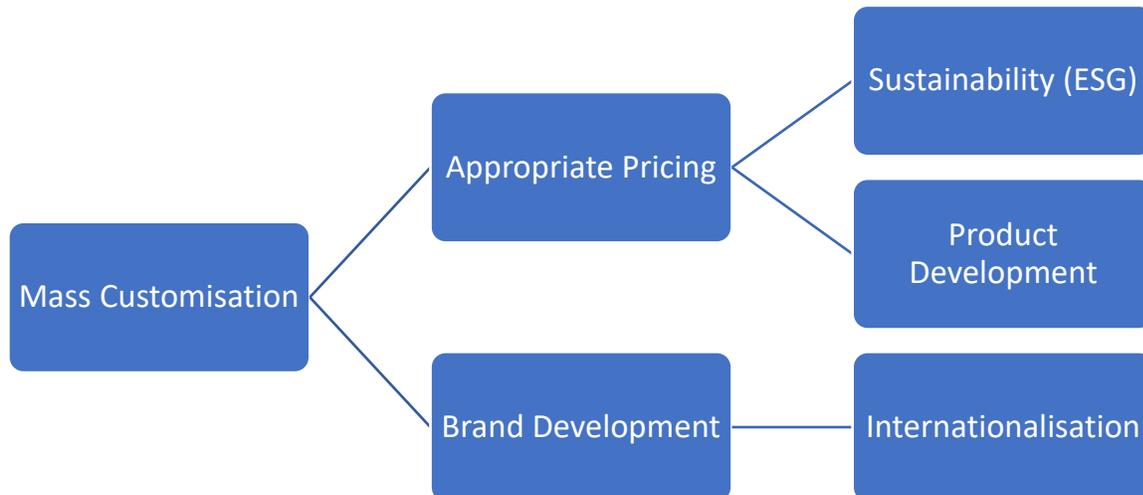
However, the barriers confine the CTA industry's scope to pursue inclusive industrialisation, expand intra-African trade, and seize opportunities presented by the African Continental Free Trade Area (AfCFTA). Eliminating these challenges is pivotal to achieving the sector's potential for transformation.

5.0. Scaling Up CTA Manufacturing: Investment Priorities for Integrated Regional Value Chains

The AfCFTA entered into force in 2021 and is a major step towards expanding intra-African trade and building one market of more than 1.4 billion people. The Guided Trade Initiative (GTI) was launched in 2022 and established operationalisation of an agreement to further enhance trade in real-time between pilot countries. Meanwhile, even under the AfCFTA, most preference trade in the apparel and textile industry continues to be limited, due to ongoing negotiations in Tariff Offers and Rules of Origin along the value chain from fibre, textile, and apparel. The cotton, textile, and apparel industry of Africa holds vast economic opportunities, and it can also generate employment and increase exports, but also serves as a culture and source of creative power. CTA supported the ancillary sectors of fashion design, accessories, chemicals, logistics, photography, modelling, packaging, retailing, and branding. However, per capita textile production generally remains low on the continent at only 2.5 to 3 kg per person per year, compared to 25–40 kg in Europe, the U.S., and China. This indicates a significantly huge market potential for African producers, entrepreneurs and investors.

Currently, market drivers in Africa are shaped by price, culture, and quality. In the long term, however, sustainability and brand will be joined by these among the foremost consumer preferences. AfCFTA offers a unique chance to build regional value chains, develop mass customisation approaches, develop African fashion brands, and improve sustainability and ESG compliance in production. With the right investment and guidance, African economies can be made robust not only to respond to the domestic requirements but also to become one of the primary international hubs for high-quality, ethical textile and apparel manufacture.

5.1. What Should be the Strategic Priorities under AfCFTA



- i. Mass Customisation: Tailor products to local/regional market segments.
- ii. Appropriate Pricing: Develop pricing models for Africa's diverse markets.
- iii. Brand Development: Build and promote African-owned fashion brands.
- iv. Sustainability (ESG): Integrate eco-conscious and ethical production.
- v. Product Development: Improve quality, sizing, and fitting for local markets.
- vi. Internationalisation: Strengthen intra-African and global market access.

6.0. Policy Recommendations

To unlock the transformative potential of Africa's Cotton, Textile, and Apparel (CTA) sector under the African Continental Free Trade Area (AfCFTA), the following investment-centred policy recommendations are proposed:

- i. Regional Industrial Financing Facilities for CTA

As instruments of promoting industrial growth in the cotton, textile, and apparel (CTA) sector, African governments, assisted by the African Development Bank (AfDB), ECOWAS Bank for Investment and Development (EBID), and domestic development finance institutions, ought to create regional windows of finance that will be exclusive to the CTA sector. They also need to offer low-interest loans, blended finance products, and risk guarantees to meet the requirements

of textile producers, in particular small and medium-sized enterprises (SMEs) and youth- or women-owned businesses. These special financing windows will reduce the prohibitive capital disincentives that discourage investment and innovation in the sector.

ii. Institutionalise a CTA Infrastructure Development Fund

Since the business is dependent so much on modern logistics, power, and manufacturing facilities, there should be an Africa-wide CTA Infrastructure Development Fund launched. This would focus its investment on industrial clusters, clean energy for textile hubs, and upgraded transport corridors to facilitate smooth intra-African trade. A well-funded and managed infrastructure fund would fill the gaps of production and delivery that increase costs and reduce competitiveness for African manufacturers.

iii. Fast-Track Rules of Origin and Tariff Offer Agreements

Lack of harmonised Rules of Origin (RoO) and pending tariff offers under the AfCFTA has hindered preferential trading in apparel and apparel items. Policymakers must hasten these negotiations so that fibre, textile, and garment commodities produced on the continent can enjoy tariff-free trading across Africa. Accelerating the implementation of RoO will discourage trans-shipment of foreign containers and make intra-African trade support value addition and industrialisation at home.

iv. Create a Continental CTA Investment & Innovation Platform

There should be a pan-African, online CTA investment portal established to enhance bankable projects promotion, mobilization of funds, and brokering manufacturers with manufacturing firms and start-ups. This platform would be operated by the AfCFTA Secretariat or the African Union and would promote transparency, connect local producers with global technology partners and capital, and facilitate innovative market tendencies and prospects in green production, circular fashion, and green fashion sourcing.

v. Promote Environment, Social, and Governance (ESG)-Friendly Investment and Green Finance Instruments

To reap the benefits of the upcoming global demand for green fashion, the African CTA industry must be green, socially responsible, and regulated compliantly. Tax reliefs, green bonds, and grants can be extended by governments to support enterprises using environment-friendly materials and cleaner technologies. With development partners like UNEP, IFC, and GIZ, governments may establish certification schemes and green labeling programs to make African producers competitive in the green-conscious global market.

vi. Implement 'Buy Africa' Procurement Policies

The African institutions and governments should adopt targeted procurement policies that preference locally manufactured textiles and apparel. Public procurement by the defence sector (e.g., military and police uniforms), the education sector (e.g., school uniforms), and other public service procurement should go to local manufacturers. AU institutions and RECs should equally source branded products and events wear locally within Africa. This will spur demand, increase domestic capacity to manufacture, and promote confidence in the quality of African-manufactured products.

vii. Market Access Through Facilitation of Trade Measures

To allow the producers of the CTA industry to gain maximum benefits from AfCFTA, governments in Africa will have to prioritize the facilitation of non-tariff barriers, harmonisation of technical standards, and widespread investment in border facilities and customs automation. The establishment of an AfCFTA Trade Facilitation Taskforce, which is CTA sector-oriented, will be central to the resolution of issues of real-time nature relating to cross-border trade. Additionally, the use of digital trade platforms will enable efficient order processing, enhance traceability, and enhance compliance with continental trade laws. All this should entail focused efforts to link MSMEs to e-commerce sites and domestic procurement systems for the purposes of engaging them actively in intra-African trade as well as being integrated into continental value chains.

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ABOUT THE HOST INSTITUTION

International Trade and Research Centre (ITRC) - Africa Cotton, Textile and Apparel Centre. The Africa Cotton, Textile and Apparel Centre functions as a hub for facilitating policy dialogue, research, and promoting collaborative initiatives that enhance intra-African trade, investment, market access, and industrialisation of the CTA sector. The Centre prioritise capacity building, evidence-based policy, and upgraded manufacturing capabilities to support sustainable practices and innovative solutions within the cotton, textile, and apparel sectors. Its objective is to equip industry stakeholders with the requisite tools and knowledge to address contemporary challenges, improve supply chain efficiency, and enhance market access. Ultimately, these efforts will contribute to the economic development of the continent.

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