

SECTOR BRIEF CÔTE D'IVOIRE:

Textile, confection and fashion



Context

The textile sector is growing continuously in the world as well as in Africa. In Côte d'Ivoire, it presents an interesting economic growth potential and an opportunity for the sustained job creation.

The country is the second largest cotton exporter in Africa with an estimated production of 580.000 t of cotton fibre in the year 2021–22, heading for a record harvest for the fifth consecutive year. The cotton production employs around 132.000 farmers, predominantly in the North of the country.

Given its importance, the government has provided significant financial support to the sector in the past and is continuously renewing this support. E.g., for the 2019–20 cotton harvest, the government allocated over EUR 30 million to support producers and maintain the purchase price of cotton. For the 2021–22 harvest, the cotton price to farmers was set at 300 FCFA/kg.

Côte d'Ivoire ambitions to offer an alternative industrial destination for the world's major textile brands and industries. The Ivorian government is generally favourable to the arrival of foreign investors with a proven reputation and technical expertise in the spinning, weaving and printing subsectors, as evidenced by the establishment of a special industrial zone in Bouaké and the implementation of policies to develop the agricultural sector, aiming at increased local processing of its raw materials.

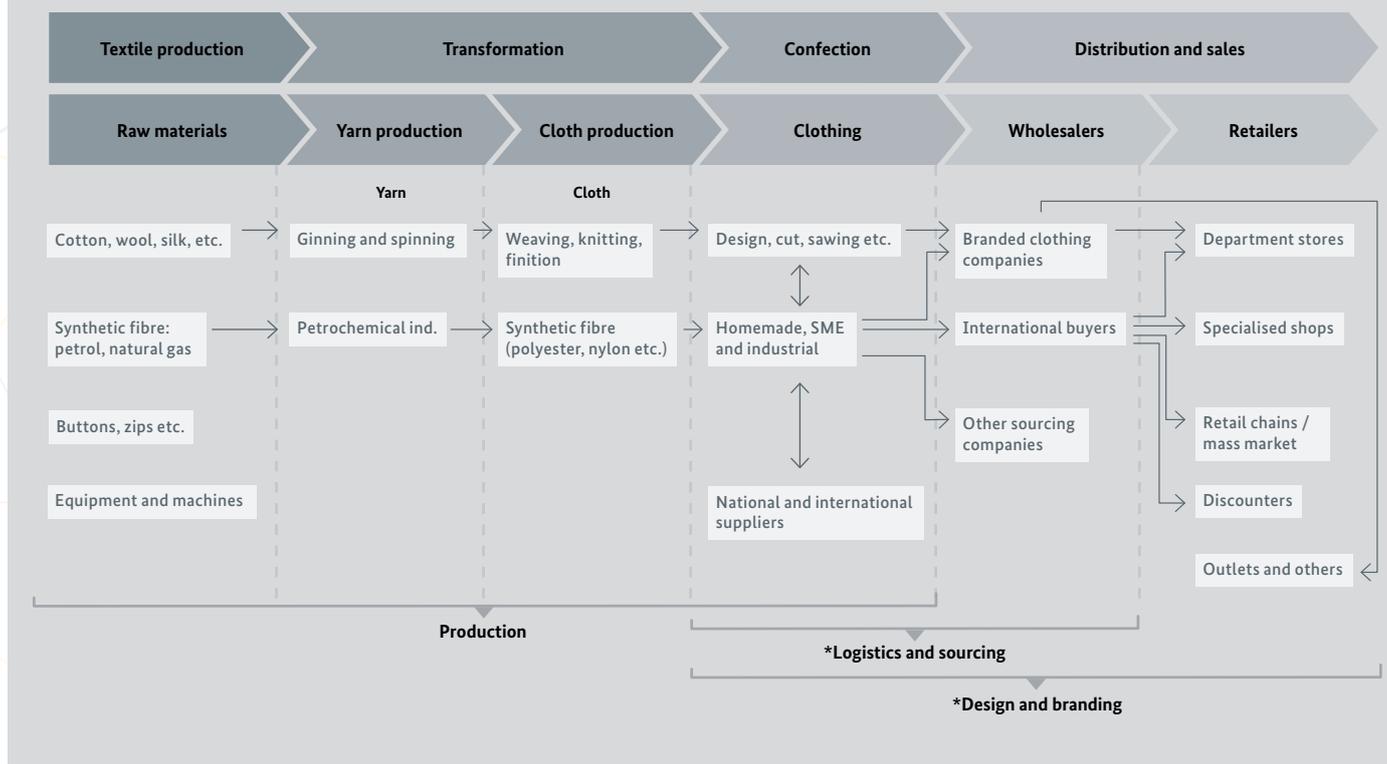
Overview of the textile sector in the world and in Côte d'Ivoire

Market trends in the world

The global cotton fibre production is dominated by China, India and the United States, whose production has accounted for nearly 66% of the total production for several years. Furthermore, in 2019, only 4 countries provided about 70% of the world cotton export volume. These include: United States (EUR 5.2 billion, or 40%), Brazil (EUR 2.2 billion, or 18%), Australia (EUR 0.9 billion, or 7%) and India (EUR 0.9 billion, or 7%).

Most U.S. cotton fibre exports go to Asian countries with high demand and production capacity, such as Vietnam (EUR 1.2 billion), China (EUR 593 million) and Turkey (EUR 544 million). According to the World Trade Organization (WTO), the textile and clothing sector represents on average 4% of world exports and constitutes a significant share of total exports in several countries, including Bangladesh (88%), Pakistan (60%), Turkey (16%), Egypt (10%) and China (11%).

Cotton-textile value chain



The textile and garment industry in Africa

For several years, Africa has had a trade surplus of EUR 1,275 million in net exports of cotton fibre and a trade deficit of EUR 10,014 million in net imports of textiles.

The main exporters of clothing in Africa are Egypt (EUR 1,431 million or 22.2%) and Morocco (EUR 2,695 million or 41.8%), while the main importers of clothing are South Africa (EUR 1,679 million or 28.7%) and Algeria (EUR 698 million or 11.9%).

Overview of the textile value chain in Côte d'Ivoire

The **cotton growing and ginning** segment in Côte d'Ivoire is dominated by six companies with a total capacity of 620,000 t, employing over 5,557 people and working with over 132,000 cotton producers. There are three industrial **spinning and weaving** units that produce yarns and fabrics and employ over 2,300 people.

Cotton fibre produced in Côte d'Ivoire is mainly exported and only a small portion is marketed to three local spinning and weaving units (FTG, UTEXCI and COTIVO) which, in 2019, processed about 1% of the cotton fibre produced locally.

The **fabric printing** market is dominated by two companies (UNIWAX and TEXCI) employing over 843 persons.

The **sewing and (semi)industrial clothing workshops** make clothes and other fashion items from mainly imported fabric.

In Côte d'Ivoire, textile **exports** amounted to EUR 60 million in 2019, mainly thanks to African wax fabrics printed by the VLISCO Group.

Challenges and opportunities of the textile sector in Côte d'Ivoire

Challenges along the value chain

Cotton production/cotton fiber

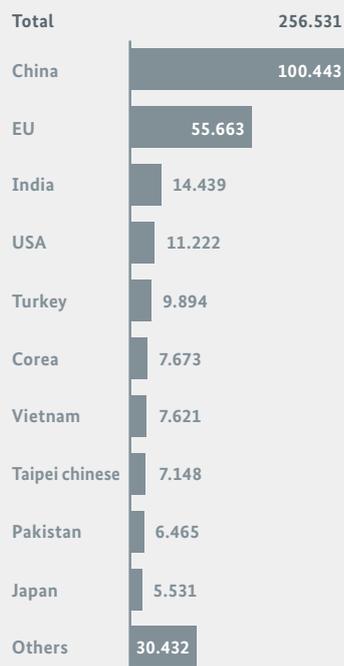
- The seeds used for cotton cultivation have relatively low yields and associated research & development needs further production enhancement;
- Cultivation practices are not yet adapted to climate change;
- Low level of mechanization and cotton growing remains labour intensive;
- The equipment and technologies used by local industries are outdated, as are the industrial processes.

Major global cotton exporters

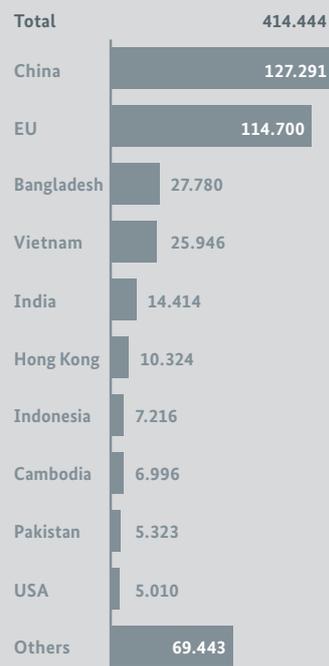
EUR Millions, 2019

**Major global exporters of textiles**

EUR Millions, 2019

**Major global exporters of clothing**

EUR Millions, 2019



Source: WTO and ITC Trademap

Spinning and weaving

- The development of industrial processing depends heavily on significant investment in industrial equipment, the availability of skilled human resources and access to raw materials;
- Local training offerings are not aligned with the specific skill needs of these industries;
- The production costs remain sensitive to the volatile costs of raw materials.

Clothing manufacturing

- Côte d'Ivoire lacks a professional TVET system to provide players in the confection/fashion with the necessary technical and managerial skills;
- The garment manufacturing sector is not very industrialized and the number of players in the mass production of garments is quite small;
- The supply of local raw materials and accessories (fasteners, buttons, pins, claws and threads) is insufficient to meet the demand and these materials are mainly imported.



Brief history of the cotton-textile industry in Côte d'Ivoire

After Côte d'Ivoire's independence, the textile industry developed strongly and cotton reached a local processing level of 20%, supported by the technical assistance of French experts. On 1 October 1973, the Ivorian State created the Compagnie Ivoirienne pour le Développement des Textiles (CIDT) in which the Compagnie Française du Développement du Textile (CFDT) was a shareholder and retained a technical assistance role. At that time, the textile industry was the pride of the country in the West African sub-region. About 4,000 employees worked there, mainly making uniforms for the armies and police forces of the sub-region.

1980–2000: Structural Adjustment Programme and reforms for the cotton sector

In the 1990s, Asian textiles flooded the world market. Ivorian textile production was not spared, and textile companies suffered a drop in output. These difficulties, combined with the country's economic decline, limited the state's capacity to invest and revive its asphyxiated activities, and led it to adopt a Structural Adjustment Programme (SAP) for the agricultural sector, marked by the privatisation of several state-owned enterprises in the major agricultural sectors towards the end of the 1990s. In the cotton sector, the activities of supplying producers with insecticides were privatised. In addition, the privatisation of CIDT led to the creation of Ivoire Coton, COIC and SECO, a subsidiary of the OLAM group.

2000s: Political upheaval weakens the sector

The 2000s were marked by the political crises, which led to disruptions in the cotton-producing areas and the shutdown of several textile factories that were either looted or unable to produce. These factories were operating at 50% or even 25% of their production capacity and were incurring high fixed costs. Cotton production dropped significantly from 396,217 t of cotton in the 2002–2003 season to 78,839 t in the 2003–2004 season. The porosity of land borders has facilitated smuggling activities and counterfeit products flooded the market because of the decreasing purchasing power of the Ivorian population.

2012 until today: Developing an industrial policy for the cotton/textile sector

In 2012, the Ivorian government initiated a reform of the cotton sector with the aim of increasing producers' income, improving the living environment in rural areas and professionalising the agricultural sector. These reforms have borne fruit, especially since cotton production more than tripled between the 2010–2011 and 2021–2022 seasons, rising from 175,000 t to 580,000 t, respectively.

Investment opportunities in each link of the value chain

Cotton fibre production

The gradual professionalisation of the cotton fibre industry would require a continuous investment primarily in:

- The establishment of a R&D centre to improve the cotton seed yield;
- Strengthening of agricultural technical training platforms;
- Facilitating access to mechanical equipment adapted to cotton growing;
- Increasing the production capacity of the ginning plants.

Spinning and weaving

The development of industrial transformation depends on significant investment in industrial equipment, the availability of qualified human resources and access to raw materials. Thus, the opportunities identified for these different growth drivers aim to:

- Facilitate the creation of industrial projects and facilitate access to financing through bank loan guarantees for industrial investments;
- Strengthen the existing local training offer through partnerships and create a TVET system with specific training offers to obtain qualified human resources.



Clothing manufacturing

Garment manufacturing is characterized by a medium to low level of investment and a high degree of feasibility for most of the growth drivers such as strengthening training opportunities, accessibility to equipment, promotion and use of sustainable raw materials, and implementation of a traceability system. Thus, the opportunities identified relate to:

- The strengthening of the existing local training offer through the promotion of partnerships and the creation of a solid TVET system to obtain qualified workforce;
- Facilitating access to the hire-purchase financing mechanism, professionalisation and training of the workforce in the use of machinery as well as the promotion and support of (semi) industrial projects;
- Facilitating access to raw materials and accessories and promoting sustainable local production;
- The gradual introduction of traceability systems to ensure the integrity and tracking of cotton.

Recommendations

General recommendations

The following recommendations follow the logic of the cotton-textile value chain and some concrete actions are suggested to boost it as a whole. Thus, it is advisable to:

Production of cotton fibre

- Set up a reference textile technopole for R&D and skills development and invest in cotton recycling;
- Boost production of cotton seeds with enhanced yields and resistance;
- Sell/rent agricultural equipment for mechanization and post-harvest treatment at lower cost;
- Develop digital solutions to improve cotton crop yields and set up a cotton traceability system;
- Increase the production capacity of existing ginning units;
- Develop ginning units to exploit the production potential in Gontoungo and Bafing areas.

Spinning, weaving and confection

- Create integrated textile factories (ginning, spinning and weaving, printing and clothing) and renew the production tools of the spinning, weaving and printing units;
- Develop maintenance services for spinning and weaving equipment and spare parts manufacturing plants;
- Develop ready-to-wear clothing factories in industrial quantities;
- Set up incubation and co-creation centres to train confection/fashion entrepreneurs;
- Set up an accelerator to help confection/fashion entrepreneurs acquire management skills and rapidly develop their ventures.

The infrastructure

- Promote the exploitation of biomass (bioenergy) from agricultural waste (cocoa pods, palm kernel waste, etc.);
- Develop eco-industrial parks and green parks to support the promotion of investment in the textile industry;
- Integrate storage space for inputs into future industrial zones and develop container parks in and around industrial zones.

Specific recommendations for entrepreneurs in the garment segment

The garment manufacturing sub-sector offers the best opportunities in terms of ease of implementation, investment volume (smaller) and job creation (larger). Thus, developing this segment requires **strengthening technical/professional training, improving access to equipment, and developing the use of sustainable materials locally.**

Capacity building

The creation of a TVET platform and the development of partnerships with training structures abroad will, in the medium term, improve the skills of entrepreneurs, increase the quality of human resources and the employability, in particular of women and youth. Training offers should also concern professional qualifications for entrepreneurs interested in the confection/fashion industry.

The establishment of incubation and co-creation centres to train young fashion entrepreneurs have the advantage of organizing the entrepreneurial segment, strengthening relations between the players, promoting the sharing of best practices, and developing knowledge in the sector through the provision of qualifying management training, technical assistance, management tools (accounting, IT etc.), and support for sourcing.

Improving access to financing

Facilitating access to alternative financing mechanisms such as hire-purchase will over time increase the production capacity of local companies and create more jobs in the confection/fashion sector. The ideal targets are entrepreneurs in the ready-to-wear garment industry who wish to develop and expand internationally, with a sufficient level of professionalism and the ambition to increase their turnover and workforce.

Promoting local processing units and sustainable materials

The segment of sustainable textile materials is steadily growing. Hence, incentives for and promotion of production and procession of such materials would give an important advantage to the local industry even at the global level.

The implementation of a traceability system will allow for identification and tracking practices for inputs and raw materials, thus guaranteeing integrity and reducing fraudulent behaviour.



**Infobox:**

In Côte d'Ivoire, the Special Initiative on Training and Job Creation of the German Federal Ministry for Economic Cooperation and Development (BMZ), together with Business Scouts for Development (BSfD), is increasingly intervening in the sector of textile, confection and fashion. In particular, the enhancing technical and management competencies has been the focus of the past several months (such as technical/professional training aimed at jobs creation). Furthermore, the 2022 edition of "Next Stage", the joint accelerator of the Special Initiative and BSfD, is focussing on leveraging the potential of over 20 textile/fashion SME, thus making them more resilient and preparing them for new markets.

Under the brand Invest for Jobs, the Special Initiative offers comprehensive advice, contacts and financial support to companies engaging in Africa to create jobs and training opportunities and to improve working conditions in its partner countries (www.invest-for-jobs.com).

i**Sources and useful links:**

- Study on textile, confection and fashion (in French):
<https://invest-for-jobs.com/fr/nouvelles/tout-sur-les-atouts-du-secteur-textile-ivoirien>
- Compagnie Ivoirienne pour developpement des textiles:
<https://cidt.digital-print.ci/>

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Business Scouts for Development work as development policy experts in around 40 countries across the globe. On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), they advise German, European and local companies on development policy matters and promote responsible business engagement through cooperation projects. The Business Scouts for Development work closely with partners from business associations and institutions and from TVET organisations both in Germany and in each country.

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NEW MARKETS – NEW OPPORTUNITIES

In order to support the sustainable engagement of German companies in emerging and developing countries, Germany Trade & Invest (GTAI), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the German Chambers of Commerce Abroad (AHKs) as well as other partners combined their expertise in the publication series “New Markets – New Opportunities”.

The booklet shows companies the economic potential of future markets as well as the funding and consulting opportunities offered by the German development cooperation. “New Markets – New Opportunities: A Guide for German Companies” is supported by the Federal Ministry for Economic Cooperation and Development (BMZ). All issues are published on the websites of GTAI and GIZ. You can find selected issues, for example on Côte d'Ivoire also at

www.bmz.de/bsfd



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