The AfRI Practice Hub

Understanding regional integration in Africa

Policy brief 1

Beyond the AfCFTA vision: Building an African cotton, textiles and apparel regional value chain

Agisanang Magooa and Mohammed El Maziani Haddouchi, September 2026

Summary

Africa exports much of its cotton raw and imports much of the fabric its garment makers use, not to mention imports of second-hand clothes. In May 2026, following three years of consultations with private sector actors to arrive at consensus on the sector's challenges and a twenty-point call for action, the African Continental Free Trade Area (AfCFTA) Trade and Industrial Development Advisory Council launched a vision for a competitive, vertically integrated cotton, textiles and apparel regional value chain.

Focusing on the cotton, textiles and apparel sector, this policy brief provides an overview of the Advisory Council's sectoral working group approach, which offers a 'bottom-up' model for AfCFTA implementation that might be replicated in other sectors. We argue that moving from vision to practice faces a broader set of challenges than the negotiation and approval of AfCFTA protocols:

Global Gateway

Co-funded by the European Union

- Fragmentation is structural. Consensus at the negotiating table does not always translate into aligned national policies, as countries pursue different strategies for their industries and exports. Integrated regional value chains will require decision-making mechanisms that build on firm-level, commercial interests and take account of current fragmented production processes, governance and investment policies across the continent.

- Firms must be willing and able to integrate. Lead firms can drive production, innovation and investment, but the sector is dominated by small and medium-sized enterprises (SMEs). Inclusive value chains require making SME development a deliberate objective, so that emerging firms can drive and integrate value chains.

- Integration relies on relationships. Beyond tariffs, infrastructure and investment, regional value chains are institutional and social networks that require trust, information-sharing and coordination among firms.

A private sector call for action

Africa grows cotton but largely exports it raw, while its garment makers import fabric from Asia and its markets absorb large volumes of second-hand clothing. For years, firms producing cotton, textiles and apparel have exported mostly outside the continent, overlooking what could be an interconnected regional and continental production and retail system. In May 2026, the African Continental Free Trade Area (AfCFTA) Secretariat held its Biashara Afrika event in Lomé, Togo. The event brought together business leaders, financiers, policymakers and investors in what was heralded as a 'marketplace' for businesses. There, the AfCFTA's Trade and Industrial Development Advisory Council, chaired by the Nelson Mandela School of Public Governance, launched its Cotton, Textiles, and Apparel (CTA) Value Chain Initiative, with support from the AfCFTA Secretariat and ECDPM.

The CTA Value Chain initiative emerged while negotiations over AfCFTA rules of origin for textiles and apparel were stalled. It was conceived as a private sector-led, practical, demand-led response to the roll-out of the AfCFTA protocols. Within the AfCFTA framework, it seeks to advance the development of competitive and vertically integrated regional value chains in cotton, textiles and apparel across the continent, underpinned by the AfCFTA protocols.

The Vision was crafted through a three-year consultative process, facilitated by the Advisory Council, that brought together cotton growers, manufacturers, industry

associations, retailers and trade unions. Working groups set out a vision for the development of domestic and regional CTA value chains, assessed the industry's manufacturing capabilities and export competitiveness, and highlighted the issue of non-tariff barriers and rules of origin.

Through this work, participants reached a consensus on the key challenges confronting the CTA industry in Africa, and agreed on the priority policy actions needed to promote the development of such regional value chains.

Diagnosis by the call for action

The resulting Twenty-Point Call for Action describes a CTA industry that represents a marginal share of the global market, and is concentrated in Northern Africa, Southern Africa and a few Eastern African countries. The key challenges cited by the working groups include limited processing capacity, very few capabilities in yarn and fabric production, and a concentration of exports of raw cotton and of apparel, largely using inputs imported from Asia at low prices. A lack of information on intra-African supply chain opportunities and production capacity makes it hard for businesses to identify market opportunities, plan investments and establish reliable supply chains within the continent. The Call therefore emphasises the importance of creating an information hub to fill this gap.

This reality is exacerbated by large imports of second-hand clothing and the lack of a common political position on this issue at the regional level. Access to regional markets is hindered by non-tariff barriers, costly and burdensome administrative and customs procedures, and cumbersome rules of origin certification and verification processes. Moreover, unreliable and expensive energy, inadequate infrastructure, transport and logistics reduce the reliability of supply chains and add delays and extra costs. Within this environment, firms across the CTA industry also struggle to access financing, an issue that several African development finance institutions are increasingly committed to addressing.

Opportunities identified under the AfCFTA

In this context, the Call sets an aspirational target: within two decades, 80% of clothing, footwear and leather finished products consumed across the continent should be designed and produced in Africa, with at least 60% of their inputs, such as woven, spun, dyed and processed textiles, sourced locally.

The Call stresses the window of opportunity offered by the ongoing shift towards sustainable production practices across the CTA value chain; the diversification away from China and rising costs in Asian countries; and the vertical concentration of global value chains around countries specialising in fabric production. Adopting sustainable practices, leveraging green technologies, building eco-industrial parks and know-how and increasing fibre production can help capture global market share, while the AfCFTA creates a broader demand base within the continent.

Although the Vision is facilitated by the Advisory Council and aims to be driven by the private sector, many of the challenges identified are systemic. The Call therefore urges policymakers to adopt market-oriented policies and offer the necessary incentives to attract investments and early movers from the private sector. It also calls for states to phase down imports of second-hand clothing, eventually limiting them to goods that can be transformed in a circular fashion. This could in turn help attract investments and build recycling technologies and capabilities.

The initiative thus seeks to set a direction for firms in the sector to leverage the opportunities offered by the AfCFTA, and makes the case for developing and integrating all segments of the value chain through a collective continental dialogue. Yet it also reveals the need for reforms and support from policymakers in creating a conducive environment, as well as the challenge of encouraging investors and producers to reorient their production, sourcing and marketing strategies towards a continental market. What would it take for cotton producers to sell to weavers in Africa? Or for textile and apparel producers to source within the continent? Where structural barriers exist within production systems, institutions and investment practices, the question is how to move from diagnosis to advancing AfCFTA implementation and cross-border cooperation among firms.

Bridging the industry's current state and long-term vision

The ongoing process under the Advisory Council seeks to support the industry in establishing short-term goals to bridge the gap between the current state of the CTA sector and the ambition of building a continental value chain for cotton, textiles and apparel. Three key concerns are relevant to any actions in the short term.

1. Fragmentation is structural and not simply organisational

Policy misalignment among African countries has reinforced value-chain fragmentation, as countries prioritise different aspects of value capture. Such differences played out in the lengthy negotiations over the AfCFTA rules of origin for textiles and apparel, adopted by the African Union Assembly in February 2026. Yet the protracted negotiations point to the difficulties of establishing reliable and predictable regional sourcing agreements.

For example, South Africa and Egypt focus on upstream beneficiation, while Mauritius and Kenya emphasise downstream assembly for export. Mauritius and South Africa, which already trade with each other, illustrate this divergence. Mauritius, benefiting from lenient African Growth and Opportunity Act (AGOA) rules, favoured single transformation and is comfortable sourcing cheaper externally-sourced fabrics. Conversely, South Africa advocated for double transformation AfCFTA rules of origin for textiles (covering yarn, fabric and clothing produced entirely in Africa) to protect its upstream textile industry. While both countries have ratified the AfCFTA, their priorities differ.

The same fault lines extend across other African regions. Egypt, which has established spinning and weaving capacity, has pushed for stricter local content rules. By contrast, Kenya, with its garment sector built on export processing zone-based factories assembling imported fabric for export under AGOA, had the same incentive as Mauritius to keep rules of origin loose. The result was a continent-wide deadlock, with negotiations stalled for almost four years.

Even with an agreement now reached at continental level, fragmented national policies, each operating independently, can prevent the coordinated action that could allow a continental value chain to emerge. For regional manufacturers planning to source across West, North, East and Southern Africa, this raises a practical question: what does short-term planning look like in such a context?

The launch of the CTA Vision united stakeholders, but if fragmentation shapes how production, governance and investment are organised across Africa, it will be crucial to identify decision-making mechanisms that can help address these structural features.

2. Firms must be willing and able to integrate

A second concern is who will ultimately benefit from such regional value chains under the AfCFTA. The Vision rightly identifies investment, productive capacity and textile manufacturing as central to industrialisation. It recognises that competitive regional value chains require lead firms capable of driving production, innovation and market access. Yet

Africa's landscape is not characterised by large firms, but by thousands of small and medium-sized enterprises operating across the cotton, textiles and apparel value chain. This exposes an important tension between the firm-centric logic of regional value chains and the AfCFTA's broader developmental ambition of inclusive industrialisation.

Across the continent, Africa's textile and apparel industries employ more than 20 million people and generate about 1.2% of GDP. Specific data on SMEs' share of employment or output within these sectors at the continental level is not easily accessible, but it is widely reported that SMEs make up over 80% of employment and represent 90% of businesses across Africa, many of those informal and in low productivity areas. Large firms play a crucial role in coordinating production and attracting investments, as they are capital-intensive and efficient, produce at scale and invest in technology and infrastructure. SMEs, meanwhile, form the sector's backbone as they provide significant employment, foster local entrepreneurship and support industrial growth. Given Africa's unemployment challenge, SMEs should be at the heart of the development questions the CTA Vision aims to address.

Some argue that reliance on large firms is not inherently negative, and that the AfCFTA's favouring of big companies does not mean that smaller firms will be unable to operate. Large firms are indeed major drivers of regional integration processes, as seen in Europe. Smaller firms cannot reap the benefits of economies of scale, cannot absorb the fixed costs of cross-border trade and are often risk-averse.

Yet the pressing question is not whether SMEs risk exclusion, but how their growth can be actively supported within the regional value chain framework itself. The European experience, driven by large firms that captured most of the integration gains, offers an instructive but incomplete template, because SMEs were positioned as secondary beneficiaries rather than central actors. Applied uncritically to Africa, this lead-firm-driven model may do little to address the continent's challenge of integrating its SMEs.

SMEs remain insufficiently integrated into regional production networks more broadly. Their exclusion stems from enduring challenges such as limited access to finance, technology and business support, as well as difficulties meeting quality standards. Because they cannot achieve economies of scale by default, they also struggle to build the commercial networks needed for cross-border trade.

Unless these barriers are addressed, regional value chains risk reinforcing existing inequalities by concentrating opportunities among a relatively small number of established firms with the resources to expand across borders. A different approach is therefore warranted, with SME development as a deliberate policy objective, enabling smaller

manufacturers, informal producers and emerging firms to participate in these regional value chains rather than remain peripheral to them. But again, that will depend on policies that steer large firms to engage with smaller firms.

3. Integration requires relationships, not only infrastructure

A third related concern is the importance of market information and relationships. The AfCFTA-related policy debate centres on reducing tariffs, improving infrastructure and trade facilitation, increasing productive capacity and attracting investment. These are necessary conditions for industrialisation, but they are not sufficient to build integrated regional production systems. Regional value chains are not simply collections of firms linked through trade. They are also institutional and social networks that depend on sustained coordination between producers, manufacturers, retailers, policymakers, investors and customers – and a willingness to change existing relationships.

In practice, a garment maker assembling imported fabric will not switch to a supplier elsewhere on the continent simply because tariffs fall. Information on who can supply, trust that orders will be delivered on time and to required standards and confidence that trade-related regulations will not shift matter just as much. This calls for a broader understanding of what value means within regional value chains. Gains in production and exports will depend on the strength of the relationships and institutions that enable firms to collaborate, innovate and upgrade over time. Trust, market information sharing, business networks and policy coordination are fundamental to reducing transaction costs, encouraging long-term investment and fostering resilient ecosystems.

Without these networks, economic integration risks remaining an aspiration. Regional governance therefore has a role in building them. By bringing together actors from across the value chain, the CTA process and the Advisory Council seek to lay the groundwork for such networks.

Conclusion

The CTA Vision sends a clear signal from the private sector on the challenges facing the cotton, textiles and apparel industry, and the policy actions needed to address them. It also illustrates a bottom-up approach to rally support for AfCFTA implementation in one specific value chain. Firms and associations from one sector, across borders and segments of the value chain, agreed on common priorities that complement the top-down negotiation and implementation of protocols.

Following the Vision's validation, ongoing work by the Advisory Council has now begun on developing a plan with clear targets and timelines, and a flexible governance structure to define strategic objectives, roles and commitments to operationalise the CTA value chain. As this work advances, this brief points to areas that deserve attention: institutional mechanisms that can bridge divergent national strategies and reduce structural fragmentation; a deliberate focus on developing and integrating SMEs; and the information, trust and business networks that regional sourcing will require. Equally important will be the resources mobilised to keep such a process moving, the conditions for a continental value chain to develop, and the concrete support the Advisory Council, the AfCFTA Secretariat and other partners can provide. Whether this bottom-up approach delivers will thus also depend on how these issues are addressed in the next stages.

More broadly, it is hoped that this sectoral working group approach can offer lessons for adoption of a similar approach in other sectors, reflecting a way to match the 'policy supply' of the AfCFTA process with 'policy demand' from the firms expected to use it.

Acknowledgements

The AfRI Practice Hub is an initiative led by ECDPM in cooperation with the Nelson Mandela School of Public Governance at the University of Cape Town. It is funded by the European Union (EU) and its member states under the Team Europe Technical Assistance Facility to Support the AfCFTA and continental economic integration (EU-TAF).

Global Gateway

Co-funded by the European Union

Agisanang Magooa is a doctoral researcher focusing on regional value chains within the cotton, textiles and apparel sectors at University of Helsinki. Mohammed El Maziani Haddouchi is a research assistant working on African economic integration at ECDPM. The authors would like to thank Faizel Ismail and Bruce Byiers for their invaluable input and constructive feedback. Views and opinions expressed are those of the authors and do not necessarily reflect those of ECDPM, The Nelson Mandela School of Public Governance or the EU. For comments and feedback, please contact agisanang.magooa@helsinki.fi.

References

AfCFTA Secretary General's Advisory Council on Trade and Industrial Development (2026). Developing a Globally Competitive, Regenerative and Vertically Integrated Industry in Africa: A Call for Action from the Private Sector.

African Development Bank (2019). Building Africa's manufacturing strength in textile and clothing sector.

Agarwal, P., Ismail, F., and Mkhabela, V. (2023). AfCFTA and rules of origin for the textile and apparel industry in Africa. Working Paper. ODI Global.

Amoussou, O., Nyantakyi, E.B., and Mabuza, P. (2021). SMEs and trade finance in Africa. Africa Economic Brief. African Development Bank.

Bassey, E. (2026). Unlocking Africa's textile, apparel and fashion potential through the AfCFTA. Fibre2Fashion.

Chibelushi, W. (2026). East Africa wants to curb imports of used clothes. But it's not easy. BBC.

Kaplinsky, R. and Morris, M. (2019). Trade and industrialisation in Africa: SMEs, manufacturing and cluster dynamics. Journal of African Trade.

Karkare, P., Byiers, B., Bisong, A., Ismail, F., Agarwal, P., and McKaige, C. (2025). AfCFTA implementation challenges: Towards an African continental textiles and apparel value chain. Research Report. ODI Global, ECDPM and The Nelson Mandela School of Public Governance.

Mold, A. (2021). Proving Hegel wrong: Learning the right lessons from European integration for African Continental Free Trade Area. Journal of African Trade.

The Nelson Mandela School of Public Governance (n.d.). AfCFTA | Trade and Industrial Development Advisory Council.

Tralac (2026). African Continental Free Trade Area (AfCFTA): Legal texts and policy documents.

Vlok, E. (2024). Crossing threads: The voice of trade unions in African integration. Interview by Trenton Elsley, Spotify.

Wade, A. (2025). AfCFTA: Rules of origin facing obstacles in the automotive and textile sectors. Financial Afrik.