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Africa: The Trade Pact That Could Stitch Africa's Textile Industry Together

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The AfCFTA offers African cotton, textile and clothing businesses the opportunity to build cross-border production networks, attract investment and retain more value on the continent. And it can do so while providing the shared rules and larger market needed to strengthen factories and trade corridors.

More than five years after trading began under the African Continental Free Trade Area, one of its biggest tests is taking shape in the textile industry: can it connect the continent's cotton growers, spinners, weavers and clothing manufacturers into a competitive regional production network?

The AfCFTA offers access to a larger market and preferential trade, but its success will be measured by whether businesses can move African-made inputs across borders and turn that opportunity into factories, investment and jobs.

Under this model, cotton grown and ginned in Benin could be spun into yarn in Côte d'Ivoire, woven in Ghana, and made into clothing for sale across West Africa. No country would need to master every stage of production. Instead, producers could specialise and trade intermediate goods across borders, retaining more of the value created between the farm and the shop floor.

That is the promise. The harder question is whether the trade agreement can make such supply chains cheaper, faster and more reliable than importing textile inputs from Asia.

Arisekola Muritala of the International Trade Centre sees early movement away from an industry organised largely around raw cotton exports and isolated national factories.

"There are clear signs that Africa's cotton-to-textile value chain is beginning to shift from a fragmented, export-oriented model towards greater regional processing, but I would describe the transformation as emerging," he said.

The AfCFTA, signed in 2018, entered into force in 2019 and trading under its rules formally began in January 2021. It aims to reduce tariffs and other barriers to trade among African countries. Of the African Union's 55 member states, 54 have signed the agreement and 49 had ratified it by February 2025.

But it is not yet a borderless continental market. Participating countries must publish and implement tariff schedules, align customs procedures and apply agreed rules of origin before a business can claim preferential treatment. A product does not become eligible for lower duties simply because it was shipped from one African country to another.

Rules of origin are especially important for textiles. They determine how much production must take place in participating African countries for yarn, fabric or clothing to count as African-made. If the rules are too loose, imported fabric could undergo minimal processing on the continent and still receive preferential access. If they are too demanding, clothing factories that continue to rely on imported yarn or fabric may be unable to use AfCFTA preferences at all.

For a regional value chain to work, the rules must also recognise intermediate production. Cotton, yarn, fabric and finished garments may cross several borders before reaching a consumer.

Sand Mba-Kalu, convener of the Africa Cotton, Textile and Apparel Centre, argues that specialisation is central to the opportunity.

"Africa should not confuse regional industrialisation with every country trying to do everything," she said. "A competitive continental industry will be built through specialisation — cotton in one location, spinning and weaving in another, garment production elsewhere, and African design, branding, finance and retail connecting the entire chain."

The commercial case is reinforced by the structure of Africa's trade. Afreximbank's African Trade and Economic Outlook 2026 estimates that intra-African trade accounted for roughly 18% of the continent's total trade in 2025. Manufacturing represented only 34% of African exports, compared with about 70% globally.

This leaves many economies dependent on exporting commodities whose prices they do not control, while importing manufactured products at greater cost. AfCFTA is intended to create a large enough African market to support investment in the "missing middle" of the textile chain: spinning, weaving, knitting, dyeing and finishing.

The World Bank has estimated that full AfCFTA implementation could raise Africa's real income by about 7%, or close to US$450 billion, by 2035. It projected that intra-African exports could rise by more than 81% against a scenario without the agreement, with particularly strong gains in manufacturing. Crucially, the analysis found that much of the benefit would come from reducing non-tariff barriers and improving trade facilitation, rather than from tariff cuts alone.

For textile businesses, this distinction matters. A lower import duty offers little advantage if a consignment of yarn is delayed at a border, customs officials apply different paperwork, technical standards are incompatible or unpredictable transport costs wipe out the saving.

“The problem is no longer simply tariffs. It is the cost and uncertainty of moving goods across African borders,” said Tararama Gutu, a Zimbabwean agro-industrialist, value-chain strategist and co-founder of Cotton Pro Company Pvt Ltd.

“Rules of origin need to encourage genuine African value addition without becoming so complicated that smaller manufacturers cannot use the preferential trade system.”

Electricity is another constraint. Spinning, weaving, dyeing and finishing require dependable power, industrial water, specialised machinery and skilled workers. Poor roads, congested ports and limited trade finance add costs that a free-trade agreement cannot remove on its own.

Muritala said the textile and clothing industry depends on speed and predictability as much as physical infrastructure.

“Building roads and ports is only one part of the equation,” he said. “Customs procedures, documentary requirements, border inspections and varying standards can all increase lead times and logistics costs.”

There are signs of investment. Governments are expanding industrial parks and trying to attract textile and clothing manufacturers, while regional institutions are promoting links among cotton growers, processors and exporters. AfCFTA’s Guided Trade Initiative has also enabled participating countries and companies to test preferential trading arrangements using actual shipments.

But the evidence of an integrated continental textile chain remains limited. Few examples show manufacturers sourcing large and sustained volumes of cotton, yarn or fabric from neighbouring African countries. Regional production is developing in clusters, not yet as a seamless network.

“Regional sourcing is increasing in selected countries, but it is not yet increasing strongly enough to constitute a continent-wide structural shift,” Mba-Kalu said.

“We have established and emerging clusters, not yet a seamless continental chain. The AfCFTA has provided the legal architecture; the next task is to build the factories, financing systems, common standards and predictable trade corridors.

Afreximbank argues for cross-border industrial corridors and joint processing zones, supported by policies that encourage trade in intermediate goods rather than concentrating only on finished products. Such an approach could connect cotton-growing countries that lack spinning capacity with established or emerging textile centres elsewhere on the continent.

It could also give factories a larger market. Manufacturers that cannot reach an efficient scale by serving one national economy could potentially sell across dozens of AfCFTA markets. That prospect may help justify investment in capital-intensive stages such as spinning, weaving and finishing, while expanding demand for African cotton.

However, market size “on paper” is not enough.

“The next test is whether customs systems, tariff schedules, transport corridors, standards and payment systems can make that market real at the factory gate,” Mba-Kalu said.

Demand within Africa must also guide production. Muritala argues that governments, manufacturers and investors need to work with African brands and retailers so that new capacity produces the yarns, fabrics and garments the market will actually buy.

“It is crucial that policymakers, manufacturers and potential investors collaborate with brands and retailers on the continent so they can steer the supply to where the demand is,” he said.

That shifts the AfCFTA story beyond the simple idea of duty-free trade. Its industrial value lies in whether it can help create repeat business between cotton growers, ginners, spinners, textile mills, clothing manufacturers and retailers in different African countries.

Gutu summarised the ambition: “African cotton — African yarn — African fabric — African dyeing and finishing — African garments — African consumers and export markets.”

Global supply chains are being reshaped by geopolitical tensions, protectionism and companies’ search for more resilient suppliers. That creates an opening for African manufacturers, particularly if they first build scale by serving nearby markets.

But the transformation should be measured in commercial evidence: how much African yarn and fabric factories buy, how quickly goods cross borders, whether businesses can claim tariff preferences, how much new processing capacity is operating and how many stable industrial jobs it creates.

“The direction of travel is very encouraging [but] the transformation is still in its early stages,” Muritala said. “The opportunity now is to move from isolated success stories to integrated continental value chains.”

The AfCFTA gives Africa a framework for connecting its cotton fields, factories and consumers. Whether it succeeds will depend on turning that legal framework into working production networks and making it commercially sensible for African manufacturers to buy from one another.