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THE AfCFTA: FROM NEGOTIATIONS TO IMPLEMENTATION A DEVELOPMENTAL REGIONALISM APPROACH

HOW CAN THE COTTON, TEXTILES AND APPAREL REGIONAL VALUE CHAIN DRIVE THE IMPLEMENTATION OF THE AfCFTA?

WORKING PAPER

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August 2025

CONTENTS

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ABBEVIATIONS

AAAM	African Association of Automotive Manufacturers
ACET	African Centre for Economic Transformation
AfCFTA	African Continental Freen Trade Area
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
AFIRM	AfCFTA Implementation Review Mechanism
APRM	African Peer Review Mechanism
ASEAN	Association of Southeast Asian Nations
AU	African Union
BLNS	Botswana, Lesotho, Namibia and Eswatini
CBAM	Carbon Border Adjustment Mechanism
CDC	Commodity Dependent Country
CET	Common External Tariff
CMT	Cut, Make and Trim
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GVC	Global Value Chain
IBSA	India, Brazil and South Africa
LDCs	Least Developed Countries
LLDCs	Landlocked Developing Countries
MFN	Most Favoured Nation
NAFTA	North American Free Trade Area
NEDLAC	National Economic Development and Labour Council
NMSPG	Nelson Mandela School of Public Governance
MNC	Multinational Corporation
NTB	Non-Tariff Barrier
NTF	Namibian Trade Forum
RCEP	Regional Comprehensive Economic Partnership
RECs	Regional Economic Communities
RoO	Rules of Origin
RTA	Regional Trade Agreement
RVC	Regional Value Chain
SACU	Southern African Customs Union
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SEZ	Special Economic Zone
SIDS	Small Island Developing States
UKIP	United Kingdom Independence Party
UMSCA	United States-Mexico-Canada Agreement
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
US	United States
WTO	World Trade Organization

INTRODUCTION

In his address to the 32nd Afreximbank Annual Meeting, held in Abuja, Nigeria, on 25 June 2025, the Secretary General of the African Continental Free Trade Area (AfCFTA), Wamkele Mene, reiterated that the AfCFTA "aims to unite all 55 African Union (AU) Member States, representing over 1.4 billion people and a combined gross domestic product (GDP) of about US$3 trillion, into a single integrated market for goods, services, investment, and the movement of people". He confirmed that 54 of the 55 member states have signed the treaty and "forty-nine (49) countries have now ratified the Agreement, representing 90.7% of signatories". He also states that, in addition to the Protocol on Trade in Goods, Trade in Services and Dispute Settlement, AfCFTA member states have concluded and adopted key protocols on Investment, Intellectual Property Rights, Competition Policy, Digital Trade, and Women and Youth in Trade (Mene, 2025). The AfCFTA is the most ambitious free trade agreement in the world in its scope of issues. It is also the first free trade agreement to include a protocol on women and youth. The AfCFTA has also adopted a Continental Dispute Settlement Mechanism to resolve trade disputes among its 55 member states. It is the largest free trade agreement in the world, by number of participating countries, with 55 member states[1] (Ismail, 2022a).

This ambition to create a free trade agreement (FTA), with a comprehensive set of trade rules, among the 55 countries on the African continent is an anomaly in the current global context characterised by increasing protectionism reflected in arbitrary use of tariffs (such as "Trump Tariffs") and trade-related climate regulations (such as the EU Carbon Border Adjustment Mechanism (CBAM)) and the dismantling of the multilateral rules based trading system (Ismail, 2024; Ismail and Maimela, 2025). In addition, the "re-shoring" and "friendshoring", trade and industrial policies of the major economies are disrupting global supply chains, and creating trade wars, such as that between the US and China (Ismail, 2022a). Since the 2008/9 Great Recession, global trade protectionism has been on the rise. The US retreat from multilateralism can be traced to the collapse of the Doha Round in 2008 when US Trade Representative, Susan Shwab, declared that the Doha Round was dead and that the US was not going to return to the Doha Round negotiations until the World Trade Organization (WTO) made major reforms. The US insisted that China and other so-called "emerging countries" change their status and self-declare that [they] these countries shall not utilise the special and differential treatment provisions they had a right to in the WTO (Ismail, 2020). In the US, the Obama Administration maintained this posture and insisted on "new pathways" in the WTO negotiations that prioritised issues of interest to the US, such as trade facilitation and e-commerce, rather than the distortions in trade on agriculture and cotton that were caused mainly by developed country protectionism (Ismail, 2012). The First US Trump Administration (2017-2020) and the US Biden Administration (2021-2024) that followed maintained the US demand to change the status of China, and other emerging developing countries, in the WTO, and both administrations also maintained the US veto on new Appellate Body members, that Obama had initiated, leading to the collapse of the Appellate Body (Ismail, 2020). This trend towards protectionism and inward-looking trade and industrial policies was also observed in the European Union (EU) with the withdrawal of the United Kingdom (UK) from the EU at the end of 2020, after a referendum held on 23 June 2016 decided by a slender margin to exit from the EU (Ismail, 2020).

[1] RCEP (Regional Comprehensive Economic Partnership Agreement) is larger than the AfCFTA by population and GDP size. Sixteen RCEP participating countries account for almost half of the world's population; contribute about 30% of global GDP and over a quarter of world exports. See also Ismail, 2020.

Increasing inequality within countries and between countries is causing a shift to the right in the politics of the Global North with the rise of populist movements and "illiberal democracies" emerging in European countries and the US and also in some countries in the South (such as Argentina, India and Brazil) (UNCTAD, 2025; Abrahamson et al., 2024; Benoit and Colchester, 2025). In Africa, while there was much progress towards multiparty democracies in the early 2000s, there have been significant setbacks in the past decade. The Mo Ibrahim Foundation 2024 Index has found that "Africa's overall governance has stalled, grinding to a halt in 2022. For almost half of the continent's population, overall governance performance is worse in 2023 than it was in 2014" (Mo Ibrahim Foundation, 2024). Another extensive study of African democracy found that the vast majority of the African population have continued to support "the norms and institutions of democratic governance, including strong and enduring support for elections as well as for multiparty competition" (Asunka, 2025). The Carnegie endowment for international peace assessment of some of the more recent coups, particularly in the Sahel region where the coup leaders of Burkina Faso, Mali, and Niger have created the self-proclaimed Alliance of Sahel States, is that these coups were a result of the public and the military's perception that democratically elected leaders were not delivering for their populations on security and economic development. However, some observers argue that these conditions have not changed significantly after the coups (Brown, 2025).

The United Nations Economic Commission for Africa (UNECA) Regional Integration in Africa, ARIA XI assesses whether Africa has attained the optimum conditions for establishing an African Customs Union and African Common Market (UNECA, 2025a). While the insights presented in this report are useful, this paper will argue that such a discussion at this stage, though important, is largely theoretical and perhaps premature. However, another report by UNECA, "Economic Report on Africa 2025: Advancing the Implementation of the Agreement Establishing the African Continental Free Trade Area: Proposing Transformative Strategic Actions" (UNECA, 2025b) discusses the more immediate issues relevant to implementing the AfCFTA in the next few years.

This paper endorses the recommendations made in the second UNECA report and, in addition, it provides further complementary recommendations urging member states to accelerate the implementation of the AfCFTA by reducing tariffs, eliminating non-tariff barriers and harmonising trade policies; while simultaneously developing robust regional value chains in key sectors such as agro-processing, automotive, pharmaceuticals, and renewable energy; integrating climate policies into AfCFTA implementation; simplifying and harmonising customs procedures; implementing gender-sensitive policies; and implementing a regional strategy for the development of the textiles and apparel sector through regional value chains.

The key message of this paper is that the AfCFTA should be implemented in a manner that addresses the existing asymmetries between the member states and the need for all members to benefit from the agreement. The questions that the paper sets to answer are the following: how can the 55 member states consisting of 33 Least Developed Countries (LDCs), 16 Landlocked Developing Countries (LLDC) and six Small Island Developing States (SIDS) integrate in a manner that is mutually beneficial, sharing the benefits of free trade while compensating smaller economies and more vulnerable sectors – in both large and small economies – from adjustments and job losses? What trade and industrial policy measures and mechanisms are required to ensure that the benefits of AfCFTA are spread to poorer and smaller economies? What investments are required to support the development of cross-border infrastructure needed to advance intra-regional trade? How can the AfCFTA advance both democratic institution building and inclusive economic development to make democracies both resilient and sustainable? How can the Cotton, Textiles and Apparel Regional Value Chain drive the Implementation of the AfCFTA?

This paper is structured as follows: Section one will present a critical analysis of theoretical and conceptual issues on trade, regional integration and democratic governance. This will help guide the empirical discussion on implementing the AfCFTA that follows. The case of the cotton/fibre, textiles and apparel regional value chain in Africa is discussed with the global context and the regional and sub-regional trade and production trends within Africa briefly set out (see Box). A report on the work of the Nelson Mandela School of Public Governance and the AfCFTA Secretariat on consultations with the private sector is annexed to this paper. Section two recommends an implementation strategy, drawing insights from the developmental regionalism approach to regional integration. Each of the four pillars of the developmental regionalism approach are then discussed: fair trade, equity and inclusiveness; transformative industrialisation and regional value chains; cross-border infrastructure investment, and; building resilient democratic institutions. Finally, Section three concludes by arguing that Africa has a much better chance of succeeding in implementing the AfCFTA if it adopts a developmental regionalism approach! (Ismail, 2021).

SECTION ONE

Theoretical and conceptual issues on regional integration

Regional integration and indeed the process of globalisation and "free trade" have become major topics of political debate and controversy, across the world, especially due to Trump's "America First" policy and the US-China "Trade War" during his first presidency and his "Make America Great Again (MAGA)" and "Trump Tariffs" in his second presidency (Trump 2.0) (Ismail and Maimela, 2025). Britain's "Make Britain Great Again" narrative pioneered by Nigel Farage and his United Kingdom Independence Party (UKIP) led to Britain's exit from the EU Customs Union ("Brexit") in January 2020 (Ismail and Grunder, 2020). It is thus useful to revisit the basic objectives and purpose of freer trade and regional integration. This theoretical section will thus reassert the need for norms and values to guide African trade negotiations, critique the basic theory of "free trade", and make the case for a "developmental regionalism" approach, that is based on four interconnected pillars: fair trade integration; industrial transformation; cross-border infrastructure; and democracy, governance, peace and security.

The concept of comparative advantage advanced by David Ricardo, an Englishman writing in the 1820s, has continued to influence mainstream economic and trade theory. However, Ricardo's comparative advantage theory was critiqued by development economists on at least three grounds. First, the Nobel prize winner, Joseph Stiglitz, argued that the theory was inaccurate on conceptual grounds as it assumed perfect competition in markets for capital and labour and assumed that information is equally available to both consumers and producers. Stiglitz argued that markets for capital and labour, even in advanced economies, were not free but regulated and access to information tended to be asymmetrical (Stiglitz and Charlton, 2005). Second, several economic historians argued that almost none of the developed countries, including the UK, US, Germany and Japan, followed the theory of comparative advantage themselves at their early stages of industrialisation (Chang, 2002; Reinert, 2007; Wade, 1990). Nat Dyer argues that the famous UK-Portugal trade arrangement on which Ricardo bases his theory of comparative advantage was in fact a coercive deal struck by the British after Britain had defeated the French naval fleet (Dyer, 2025). Portugal sought British protection and conceded to the British trade deal (similar to Trump's current mercantilist dealmaking). The deal resulted in the destruction of Portugal's own textile manufacturing, as Methuen predicted, and even its increased port exports left a huge trade deficit with England decade after decade. Ricardo's theory served national interest – which is that free trade benefited the dominant economic power, which was Britain. Ricardo's theory, Nat Dyer argues, is "a mathematical facade behind which the actual historical social relations of production of the real England and Portugal are deliberately taken out of the equation" (Dyer, 2025). Third, some economic historians argue that compelling poor countries to stick to their comparative advantage, even when this is in segments of global value chains, such as cocoa, coffee, rice, and other such commodities, that are at the lowest end and lowest value, will trap these countries in poverty (Reinert, 2007). These heterodox economists pointed to the alternative theories advanced by the first treasury secretary of the US, Alexander Hamilton, or the German economist, Friedrich List, that called for infant industry protection for countries at an early stage of industrial development. Ha-Joon Chang argues that no country in the world was economically successful without adopting active industrial policies to advance its industrialisation (Chang, 2002). More recent successes of industrialisation in East Asia, such as Taiwan, South Korea and more recently China followed the activist industrial policies they observed in Japan in the 1960s and 1970s (Amsden, 1993; Wade, 1990; Studwell, 2014; Ang, 2016). These countries, it is argued, did not follow the theory of comparative advantage – they defied it!

Dani Rodrik has argued that "The principle of comparative advantage and the case for the gains from trade are crown jewels of the economics profession. So, the nearly unanimous support for free trade in principle is understandable". He argues that there is an alternative political economy perspective, "one that reverses the presumption about which set of special interests hold the upper hand in trade policy. In this second view, trade agreements are shaped largely by rent-seeking, self-interested behavior on the export side. Rather than rein in protectionists, they empower another set of special interests and politically well-connected firms, such as international banks, pharmaceutical companies, and multinational corporations (MNCs). They may result in freer, mutually beneficial trade, through exchange of market access. But they are as likely to produce welfare-reducing, or purely redistributive outcomes under the guise of free trade" (Rodrik, 2018, 2025).

The theoretical basis in support of regional integration is based on the assumptions of the theory of comparative advantage (Viner, 1950). Jacob Viner, an American economist, writing in the 1950s in the US, made a compelling case for regional integration based on Ricardo's theory of comparative advantage. His linear theory observed a pattern of trade integration that followed the sequence of gradual and deeper integration in the following order: preferential trade, free trade, customs union, common market, macroeconomic integration and political union (Viner, 1950). The optimism of the theory of regional integration was compelling, influencing the creation the of the European Economic Community in 1957 and then a host of FTAs, including the North American Free Trade Area (NAFTA) (now United States-Mexico-Canada Agreement – (UMSCA)) in the 1990s, the Association of Southeast Asian Nations (ASEAN), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP) in the 2000s (Ismail, 2020). These trade agreements contradicted the foundational principles of the General Agreement on Tariffs and Trade (GATT), such as the Most Favoured Nation (MFN) (viz, non-discrimination) principle that did not allow any country to provide preferential trade access to a smaller sub-set of members of the GATT. The issue was debated in the GATT and an exception was created to allow for these infringements of the MFN principle by Article XXIV of the GATT. In large part these regional free trade agreements have tended to follow the basic approach propounded by Viner. As a consequence these regional trade agreements (RTAs) have drawn similar criticisms as that of bilateral free trade agreements. These RTAs have tended to favour larger and stronger economies and sectors, requiring adjustment support for the weaker industries and economies.

Jacob Viner argued that regional integration would add to net economic welfare only if it resulted in more "trade creation" than "trade diversion". "Trade creation" occurs when one partner replaces less efficient domestic production with imports from other more efficient producers within the region. "Trade diversion" occurs when imports from more efficient producers from outside the region are replaced by those from less efficient producers inside. As trade creation was more likely to take place in economies that were more diversified and complementary, neo-classical economists tended to be more sceptical of regional integration between developing countries (Davies, 2019). The Southern African Customs Union (SACU) is the oldest Customs Union in Africa, created in 2010 by the British Imperial Government to "reduce imperial cost" by "pooling of regional resources" (Bach, 2016). The academic literature on the economic impacts and resultant tensions created are instructive for any consideration of a rapid transition towards a continental customs union. SACU has created some intrinsic economic impacts. First, higher external tariffs of the common external tariff can have a price raising effect and trade diversion, impacting negatively on the less developed countries. Second, the less developed economies can also suffer a polarisation effect as industries move to the more developed economies (McCarthy, 1994). In the case of SACU this required a peculiar mechanism of a revenue-sharing formula, to compensate the smaller economies for this polarisation and price raising effect of the Common External Tariff (CET) (McCarthy, 1994). This has created tensions historically between the larger economy (South Africa) and the smaller economies (Botswana, Lesotho, Namibia and Eswatini – BLNS) on issues related to the size of revenue transfer compensating the BLNS for the above issues and the differences over the appropriate external tariffs due to divergent trade and industrial policies of the different countries (Kirk and Stern, 2003). A similar debate on the move to establish a Customs Union took place when the Southern African Development Community (SADC) made a political decision to establish a SADC-wide Customs Union by 2010, a Common Market by 2015, and Monetary Union by 2016. While some observers argued that "there was no developmental case for adopting a CET at that time – none that could show this would advance intra-regional trade or assist the region to industrialise" the political decision was taken without a deeper analysis of the conditions that militated against such rapid deepening of the SADC FTA (Davies, 2019)

Thus, this experience of Customs Unions in Africa indicates that there is no easy road to a successful Customs Union. It is a long and winding road and not a panacea. Thus, this paper argues for prioritising the implementation of the AfCFTA. Debates about deepening integration in a linear fashion towards a customs union and common market could lead to unnecessary distractions from the strategic task of implementation of the AfCFTA. The lessons from the EU project suggest that deepening integration without adequate policy instruments to manage imbalances and asymmetrical outcomes could create more challenges for smaller countries and weaker economies as integration deepens.

In a critical appraisal of the European integration project, including the Euro, Joseph Stiglitz, reminds us that, "the objective of the founding fathers of regional integration in Europe (or in Africa) was not *more trade* but increased social and economic development (Stiglitz, 2016: p. xix). Stiglitz argues, that "most policies have ambiguous effects: some individuals are made better off, while others are made worse off. With sufficient political integration, some of the gains of the winners can be transferred to the losers, so that all are made better off, or at least no one is much worse off. With sufficient political integration, those who lose in one policy reform can have the confidence that in the next they will win, and thus in the long run, all will be better off." (Stiglitz, 2016: p.52). He argues that "for reforms to work, there have to be common understandings of what makes for a successful economy and a minimal level of 'solidarity' or social cohesion, where countries that are in a strong position help those that are in need" (Stiglitz, 2016: p. 22). This principle of "solidarity" is similar to the African concept of Ubuntu ("humanity towards others") that was projected by earlier African leaders in the idealism of Pan-Africanism (Mazrui, 2005).

Another body of academic literature emerging from the experience of East European counties in the EU argues that the political institutional setup of the EU is inimical to the management of developmental disparities among member states (Bruszt and Langbein, 2025). In the case of the Eastern enlargement, both in official EU documents and in the scholarship dealing with the study of enlargement, the dominant focus was on *compliance*, and the success in *rule transfer* required the extension of the integrated market. However, they argued that during the Eastern enlargement, the EU – in a departure from the economic orthodoxy of the time – laid the foundations for a short-lived transnational developmental state, a machinery that produces developmental outcomes in the accession countries that the enlarged market alone would not have brought about. The underlying objectives of these initiatives went far beyond facilitating acquis compliance. Instead, the European Commission aimed to increase public and private planning capacities of the accession countries to anticipate major negative externalities and identify new developmental opportunities. In several cases, it also helped to mobilise resources to exploit these opportunities. It allowed for protecting fledgling groups of firms and sectors for limited periods of time and it helped to implement programmes for their restructuring. Thus, the discussion on the enlargement of the EU – especially to incorporate the Eastern Countries – has a great deal of resonance with the current discussions underway in the AfCFTA on implementation of both trade liberalisation and trade rules.

The experience of Europe on regional integration that has led to a right-wing populism – the withdrawal of the UK from Europe (Brexit) and the sceptism and suspicion of European Leaders – in Southern European Countries (Greece, Spain, Portugal) and Ireland, and Northern European Countries, such as Netherlands and France – raises several questions? What is required for globalisation and regional trade integration to succeed? What are the benefits and costs, and who receives those benefits? Who bears the costs? Stiglitz argues that the successes and failures of Europe are seen as lessons for both regional integration and globalisation (Stiglitz, 2016: p.51).

The experience of ASEAN has been somewhat different from the traditional linear and sequential approach proposed by Viner's theory of RTAs. The United Nations Conference on Trade and Development Economic Development Report (UNCTAD, 2013) illustrates how ASEAN embarked on its regional integration programme using a more developmental approach than the classical linear free trade approach proposed by Viner. The history of the Greater Mekong Subregion Economic Cooperation Program is a good example of how regional integration — and developmental regionalism in particular — can be used and adapted in the face of changing domestic and global circumstances to enhance and support economic development and transformation (UNCTAD, 2013). In 1992, the six countries sharing the Mekong River — Cambodia, China, the Lao People's Democratic Republic, Myanmar, Thailand and Vietnam — launched a subregional programme of economic cooperation with the assistance of the Asian Development Bank to promote development in the subregion by enhancing economic linkages across their borders. The underlying strategy of the programme was to integrate the countries of the subregion through improvements in infrastructure, with an initial focus on overcoming barriers to physical connectivity within the subregion, thereby promoting trade and investment and stimulating economic growth. Since its inception, the programme has adopted a developmental regionalism approach to integration by focusing on infrastructural development and sectoral policy coordination in several areas (including agriculture, energy, the environment, human resource development, telecommunications, transport and tourism), as well as promoting cooperation in the cross-cutting areas of trade and investment (UNCTAD, 2013).

The ASEAN experience also illustrates how Rules of Origin (RoO) and phased tariff liberalisation can forge an integrated regional cotton-textile-apparel network (Whitfield et al., 2021; ACET, 2025). Between 2010 and 2015, the ASEAN Free Trade Area unfolded in two stages. The original ASEAN6 members (Brunei, Indonesia, Malaysia, Singapore, Thailand, and the Philippines) eliminated tariffs by 2010, and the ASEAN4 (Cambodia, Laos, Myanmar, Vietnam) followed by 2015. This staggered opening prompted apparel assembly to shift toward lower-wage Cambodia, Laos, Myanmar, and Vietnam, while capital-intensive yarn spinning, weaving, and dyeing remained concentrated in the higher-income ASEAN6. The authors point out that Japanese investors accelerated the division of labor by relocating fabric mills and related upstream functions to Thailand, then outsourcing cut-make-trim operations to the ASEAN4 (Whitfield et al., 2021). As a result, Thailand's textile shipments and intra-ASEAN garment exports surged in tandem (Whitfield et al., 2021; ACET, 2025).

The ASEAN free trade agreement has resulted in a regional production network where activities are dispersed by wage levels. The low-income countries of Myanmar, Laos and Cambodia provide cheap labour, and firms in the higher-income countries of Thailand and Indonesia organise marketing, merchandising and the production of fabric. This resembles the triangular manufacturing of the 1990s that provided little benefit for countries unless they developed local firms and local supply chains (Whitfield et al., 2021). Thus, the ASEAN experience reveals the critical importance of manufacturing and the formation of regional industrial value chains as an indispensable driver of more mutually beneficial and sustainable regional integration. It also shows how all members of the regional grouping benefited from regional integration with low-income members that have limited productive capacities producing the labour-intensive component of the final products, while the relatively more developed members focused on the capital-intensive part of the regional production network. This is a classic example of regional value chains.

Drawing on the insights above and the critical analyses of the mainstream view of free trade and the lessons of the experiences of other regions such as the EU and ASEAN, Africa has to build its regional integration project on the basis of the values of solidarity (Ubuntu) and *not* on mercantilism and transactionalism! This means that special and differential treatment must be built into the architecture of trade arrangements to address issues of asymmetry of different economies and their capacity to benefit from free trade. It is thus argued that adopting a “developmental regionalism” approach to implementing the AfCFTA offers the best hope of transforming regional integration into a development project and succeeding in gaining legitimacy, mutual benefits for all members, and the sustainability of the AfCFTA.

This paper thus argues that the AfCFTA must adopt a “developmental regionalism” approach to regional integration, anchored on four pillars: fair trade; transformative industrialisation and regional value chains; cross-border infrastructure investment; and democratic governance and institutional resilience. In Section two, each of these four pillars are discussed. To illustrate the concept of developmental regionalism and to discuss how a regional industrial value chain can help in the implementation of the AfCFTA in a manner that is equitable, and that advances transformative industrialisation in cross-border investment – while strengthening more resilient democratic institutions – the paper will discuss the development of cotton/fibre, textiles and apparel regional value chains across the African continent. It is argued that advancing transformative industrialisation by building regional value chains can be an effective driver of a more equitable and developmental approach to the implementation of the AfCFTA. The global trends and profile of the cotton, textiles and apparel sector are briefly outlined in the Box below. In addition, the process underway on the continent led by the Nelson Mandela School of Public Governance and the AfCFTA Secretariat to consult the private sector and formulate a strategy to develop a competitive regional industrial value chain in the cotton/fibre, textiles and apparel sector in Africa is summarised in the Annex. The discussion will then proceed in Section two below to how this regional value chain (RVC) can facilitate the implementation of the AfCFTA.

BOX

Overview of the global and African cotton/fibre, textiles and apparel value chain and opportunities for African industrialisation

Studies by researchers on the textiles and apparel global value chain indicate that there are three main factors that are changing the global landscape of apparel supply chains. Some of these factors may open new opportunities for African countries while others may be more challenging. These factors are i) diversification outside of China and rising costs in Asia; ii) a trend towards verticality and near-shoring; and iii) sustainability (Whitfield and Maile, 2024). These global trends are discussed with a focus on the dynamics within each of the African sub-regions (North, West, East and Southern Africa) and the potential to create a continental regional value chain with some sub-regional variations.

The textiles and apparel industry export market was estimated at about US$500 billion in 2022, with most of the production capacity being in Asia – mostly China, Bangladesh, Vietnam, India and Cambodia (Triki and Whitfield, 2024). By 2024 the total value generated by the textiles and apparel sector was US$1.7 dollars, employing 300 million people with Africa only accounting for 1% of global textiles and apparel trade (ACET 2025; Triki and Whitfield, 2024). Apparel is mostly consumed in Europe, UK, North America, Japan and South Korea, as these countries represent more than 75% of total clothing imports (Triki and Whitfield, 2024). In 2024, the main textile (fabric) and apparel exporters were concentrated in Asia, with China, Bangladesh, Vietnam, Cambodia, India, and Sri Lanka among the top supplier countries. African countries export very little of what is traded within apparel global supply chains and across the African continent, except in the case of cotton, but import a large amount of what the rest of the world produces (Whitfield, 2022).

The African continent was estimated to export only about 2% of the total apparel exports (about US$11.2 billion; HS 61 and HS 62, 2022) (Triki and Whitfield, 2024). This is mainly because productive capabilities in textiles and apparel in the continent are low and are mostly concentrated in North, South, and some Eastern African countries (AfCFTA and NMSPG, 2024). Africa's fabric and apparel production is biased towards cotton, especially in yarn and fabric production, with little participation in production and export of man-made fibre, yarn and fabric (Whitfield, 2022).

Most apparel exports from the continent are from North Africa, followed far behind by East and Southern Africa. Apparel exports from the African continent go largely to Europe and then North America (Whitfield, 2022). Currently, only 8% of Africa's textiles and apparel imports are supplied by other African suppliers (Whitfield, 2022). Africa accounts for a relatively large share of used apparel (30%) and imports of fabric (14%) (Whitfield, 2022).

From the literature, four groups of countries emerge as important and potential players in the cotton/fibre, textiles and apparel sector in Africa. By sub-region these include:

North African countries – Morocco, Tunisia and Egypt – **mainly producing for export**
West African textile and mainly **cotton-producing countries**
East Africa: Kenya and Ethiopia – low-income, **weak backward linkages**
Southern Africa: Mauritius/Madagascar and South Africa, Lesotho and Eswatini – **regional supply chains**

North Africa

North Africa is the largest exporter of textiles and apparel in the African continent, mainly to the EU, particularly to Italy, France, Germany, Spain and Portugal (Whitfield, 2022). This industry has developed over the past three decades in particular in Tunisia and Morocco, and Egypt has also emerged as a strong player over the last decade (Kakare, et al., 2025). Egypt's production of high-quality and low-cost cotton has been promoted by supportive industrial policies, domestic infrastructure and abundant human resources (Kakare, et al., 2025). Despite being a large exporter, North Africa lacks verticality; most of the fabric used in production is imported from outside the continent mainly from Türkiye, China and European countries such as Italy, Germany, France, Spain and Portugal (AfCFTA and NMSG, 2024). Morocco and Tunisia each channel just two percent of their textile and clothing exports to African buyers (ACET, 2025).

West Africa

West Africa produces about 60% of Africa's cotton and about 5% of the world cotton production, and about 15% of world exportation (Whitfield, 2022). However, West African countries have little modern production capabilities in spinning, weaving, knitting or dyeing. Most of the cotton is ginned and then exported to external markets without further processing (Whitfield, 2022). A significant portion of the population in West Africa buys wax print cloth, imported from Asia, and have their clothes tailor made. Most greige fabric used by the wax printing companies in Cote d'Ivoire and Ghana is imported from Asia (Whitfield, 2022). According to Whitfield, only Ghana has some capabilities in apparel production for exports, though the governments of Benin, Côte d'Ivoire and Togo, along with Ghana, are adopting strategies to promote the textiles and apparel sector. Benin has started exporting apparel and supplying fabric to regional firms such as in Nigeria (Whitfield, 2022; Karkare et al., 2025). Cotton processing in West Africa remains minimal. Over 90% of locally grown cotton is exported raw, while textiles and apparel industries struggle to add value. In Burkina Faso, Mali, and Côte d'Ivoire, only about 2% of cotton is transformed into fabrics and garments, while Benin is estimated to transform around 10% (ACET, 2025).

East Africa

Kenyan apparel accounts for 80% of the total textiles and apparel exports of the country, with exports predominantly going to the US through the African Growth and Opportunity Act (AGOA) (Karkare et al., 2025). Whitfield's study reveals that Kenya's production focused on high-volume and low-margin goods, with foreign buyers dictating factors such as price and supplies. She argues that the export-oriented apparel sector operates in something of an enclave relying on imported inputs (93%), mainly from Asia (Triki and Whitfield, 2024). In the case of Ethiopia, the government adopted a proactive and targeted industrial policy and engaged an international buyer (PVH) to convince its suppliers to move their operations to Ethiopia as part of their (buyer's) diversification strategy (Triki and Whitfield, 2024). In addition, the government supported a class of locally owned export-oriented firms that used locally made export-quality fabric (Triki and Whitfield, 2024). Thus, Ethiopia was able to move out of "cut, make and trim" (CMT) apparel production into higher value-added production. The civil conflict in Ethiopia and the subsequent removal of the country from the AGOA list on account of human rights-related concerns that the US government raised in early 2022, has slowed down the sector and led to several investors such as PVH withdrawing. Ethiopia was not the only country to be removed from the AGOA list for reasons unrelated to trade. Since 2016, five Sub-Sharan countries have been removed for human rights-related issues: Burundi (2016), Central African Republic (2023), Gabon (2023), Niger (2023) and Uganda (2023). In 2018, Rwanda was also suspended from AGOA – not for human rights-related issues – but for exercising its right to protect the country's clothing industry by imposing higher tariffs on imports of second-hand clothes.

The Rwanda case illustrates that for the US, AGOA is not simply a generous and a non-reciprocal preferential market offered to African countries, but a policy tool designed to enforce non-trade political objectives on African countries, and also to deter African countries from using industrial policy as an effective instrument to protect their infant industries, as the US did during its early stage of development. Given the current political environment in the US, it is highly unlikely that AGOA will be renewed when the term expires at the end of September 2025. This new development presents African countries with an opportunity to rethink their trade, industrial and investment policies, which in the recent past have been designed with bilateral and non-reciprocal preferential market access such as AGOA in mind. The danger of relying on such market access offers granted voluntarily by a development, where the partner holds all the cards on who has access to the market and under what condition, has been demonstrated by the recent actions taken by the US. This resort to conditionalities attached to the use of trade preferences such as AGOA has been observed in the East African Community where the US withdrew and threatened to withdraw its AGOA preferences when these countries applied a ban on second-hand clothes from their markets (Ismail, 2017). This paper believes that it has become increasingly urgent and necessary for African countries to focus more on exports to regional markets through the AfCFTA as a strategy for export growth and diversification and RVC-driven global competitiveness.

Southern Africa

Southern Africa has the most integrated RVCs on the continent and South Africa is central to this, accounting for 30% of overall intra-Africa imports of textiles and apparel, though these are mostly finished goods of apparel rather than intermediate goods such as fabrics (Whitfield et al., 2021). In general, except Mauritius and South Africa, most countries in Southern Africa are concentrated in low-value addition activities related to the apparel sector, with little activity in the textile sector (Whitfield et al., 2021). Apparel exports from Lesotho and eSwatini come from two separate kinds of investments – Asian investors, mainly Taiwanese, seeking to access the US market through AGOA, and South African investors (Whitfield et al, 2021). Mauritius is the only country on the continent with fully developed vertical integration in knit, woven fabric and yarn production. Cotton imports come almost entirely from within the continent; however, cotton wear is only part of the overall Mauritian production, and imports of other fibres come mostly from Asia (Whitfield et al., 2021). Mauritian firms export fabric to companies in Madagascar. They have outsourced labour-intensive activities to Madagascar, while keeping high value-added activities in Mauritius. Mauritius is the second-largest foreign investor in Madagascar (Whitfield et al., 2021).

Whitfield's study of the trends in different regions of the African continent provides three important insights: First, a "continental RVC" can be developed, building on several existing sub-regional value chains. Rather than one continental value chain, strategising about an AfCFTA textiles and apparel RVC could be framed around different regional champions catering to the specific and differentiated production structures and demand across regional markets. Second, the development of the textiles value chain in turn needs investments in other natural fibres and man-made fibres where there are currently no capabilities. Third, there is scope to increase the share of intra-African production in the African market. The significant level of imports from Asia suggests there is vast untapped potential for intra-Africa trade which can be driven by regional champions.

A recent study undertaken by researchers from African Centre for Economic Transformation (ACET) argued that to transform cotton into a driver of economic transformation, policymakers and industry must pursue three interlocking strategies: a) strengthen farm-level resilience through stress-tolerant seeds, irrigation, and finance to increase and stabilize raw output; b) invest in midstream and downstream infrastructure – regional ginneries, spinning, mills, and textile parks – to capture more value locally; and c) accelerate AfCFTA implementation by harmonising regulations, building transnational logistics corridors, and mobilising SME-focused finance and skills development programmes (ACET, 2025).

These insights informed the thinking of the AfCFTA Secretariat and the AfCFTA Trade and Industrial Development Advisory Council researchers based at the Nelson Mandela School of Public Governance when they embarked on an intensive process of consultation with the private sector stakeholders and various industry associations of the cotton, textiles, apparel and retail sectors across the African continent. This consultation process is discussed in the Annex.

SECTION TWO

The developmental regionalism approach

The developmental regionalism approach advocated for Africa's regional integration is anchored on four pillars: 1) Fair trade; 2) Regional value chains; 3) Cross-border Infrastructure; and 4) Democratic governance. Each pillar is discussed in turn in this section.

1. Fair trade, equity and inclusivity

This pillar promotes three key principles: First, a) Inclusivity of decision-making and of economic growth both in form and substance: i) Inclusive decision-making and domestic consultations; ii) Inclusive growth and development– especially by ensuring the participation of women and youth. Second, b) Asymmetry of implementation and content by building asymmetrical trade agreements in favour of small and less developed economies (such as Least Developed Countries (LDCs), Small, Vulnerable Economies (SVEs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS)). Third, c) Developmental role of the private sector in: i) adopting good business practices and; ii) supplier development. These elements of the first pillar are discussed in turn below:

a) Inclusivity of decision-making and of economic growth both in form and substance

i) Inclusive decision-making and domestic consultations

To avoid the risk of dominant firms disproportionately influencing the outcomes of the AfCFTA negotiations there is a need for more inclusive decision-making at a domestic level and greater participation by domestic stakeholders in the consultation process. It is for this reason that South Africa developed an institutional framework for policymaking and development as its new democracy was born in 1994. Rob Davies, the South African minister of trade and industry, from May 2009 to May 2019, explained this as follows: "In 1994 we recognised that any transformation programme on the scale we envisaged would entail significant social and economic adjustment costs. Consequently, constitutional provisions were made for cooperative governance among all tiers of government, as well as the establishment of representative policymaking institutions which would further our pursuit of socioeconomic transformation in South Africa. In this regard the National Economic Development and Labour Council (NEDLAC) was established in 1995 as a statutory body drawing together Government, organised labour, business, and community organisations to develop consensus around key areas of economic, trade, labour and development policymaking" (Ismail, 2012). This consultative framework provides a great deal of discipline to the positions of government negotiators in bilateral, regional and multilateral negotiations. While the South African NEDLAC process has been challenged by a weakening of democratic institutions and social compacts in South Africa in the past decade, NEDLAC still remains an effective instrument that brings together government, trade unions, business associations and civil society institutions to engage and negotiate on strategic economic and social policies of South Africa. This example is relevant to other countries on the African continent that do not have effective inclusive mechanisms to facilitate inclusive decision-making.

ii) Inclusive growth and development – participation of women and youth

The SDG Goal 10 calls for reducing inequality within and among countries and Goal 8 calls for inclusive economic growth, full and productive employment and decent work for all. However, Oxfam (2018) points out, in many countries wage inequality has increased and the share of labour compensation in GDP has declined because profits have increased more rapidly than wages. While the income share of the top 1% has grown substantially, many others have not shared in the fruits of economic progress. Even in emerging countries with rapid economic growth, many workers, including a disproportionately large share of women, remain trapped in low pay and poverty wages (UNCTAD, 2025; Oxfam, 2025).

During the past few decades of globalisation, workers have lost out as years of wage suppression has led to a decline in the ratio of income (from employment) to GDP from the 61.5% recorded in 1980 to 54.5% in 2018 in the developed world, with a similar decline from 52.5% in 1990 to just over 50% in 2018 in the developing world (UNCTAD, 2018). Temporary and/or precarious work is the norm in developing countries, and is on the rise in rich nations. Temporary employees have lower wages, fewer rights and less access to social protection. Women and young people are more likely to be in these jobs (Oxfam, 2018).

The climate crisis is not "gender neutral". Women and girls experience the greatest impacts of climate change, which amplifies existing gender inequalities and poses unique threats to their livelihoods, health, and safety. In many regions, women bear a disproportionate responsibility for securing food, water, and fuel. Agriculture is the most important employment sector for women in low- and lower-middle income countries. During periods of drought and erratic rainfall, women, as agricultural workers and primary procurers, work harder to secure income and resources for their families. This places added pressure on girls, who often have to leave school to help their mothers manage the increased burden. As climate change drives conflict across the world, women and girls face increased vulnerabilities to all forms of gender-based violence, including conflict-related sexual violence, human trafficking, child marriage, and other forms of violence (UN Women, 2022). The Paris Agreement recognises gender equality as a principle in addressing climate change in its preamble. A just transition must therefore enable the removal of discriminatory structures and an empowering environment for women.

In Lesotho women make up roughly 80% of the workforce in the textiles and apparel sector (World Bank, 2021). A recent study finds that women often face persistent pay and advancement gaps in this sector; on average, women earn 20%-30% less than male counterparts in comparable roles, as men are disproportionately represented in higher-paying supervisory and technical positions (ACET, 2025). Only one in 10 management roles in the textiles and apparel industry is held by a woman, severely limiting promotion prospects and income growth (ACET, 2025).

The AfCFTA's foresight in addressing this issue of gender inequality and youth unemployment is reflected in the AfCFTA Women and Youth Protocol. The AfCFTA Protocol identifies three components to facilitate inclusivity in intra-African trade, namely: (i) provision of technical assistance and capacity development; (ii) being cognisant of, and responsive to, the challenges that women and youth confront; and (iii) providing preferential access to trade related infrastructure (AfCFTA, 2023). Article 8 of the Protocol speaks directly to inclusive socio-economic development, committing members "to promote empowerment, eliminate discriminatory practices, and enhance the productive capacity of women and youth in trade" (AfCFTA, 2023; Parenzee and Magoo, 2025).

b) Asymmetrical trade integration in implementation timelines and substance

Africa consists of countries that fall under different categories that may require special attention and specific treatment. Of the 55 African member states, 33 are LDCs, 16 are LLDCs and six are Small Island SIDS. Some LDCs are also SIDS and some are also LLDCs. The concept of Special and Differential Treatment in the WTO has become associated with a) longer timeframes for tariff reduction; b) flexibility in the rules of trade; and c) the need for capacity building. The modalities for the Protocol on Goods already provide for different timeframes for tariff liberalisation for LDCs and for non-LDCs. The modalities also provide for 10% of tariff lines to be excluded or deemed to be sensitive products with different timeframes for liberalisation of these tariff lines for LDCs (13 years) and non-LDCs (10 years). The Protocol for Goods makes a commitment on behalf of the secretariat to work with member states to secure avenues to secure resources required for "technical assistance, capacity building and cooperation" (Art 29). The smaller countries should use these provisions to negotiate customised trade implementation mechanisms that are aligned to their national development strategies without undermining the need for an ambitious and expeditious implementation of the AfCFTA and all its Protocols.

The developmental role of the private sector

i) Good business practices

The role of the private sector in driving the process of regional integration is crucial. In Africa only a few countries have a significant private sector that have become regional "multinationals" and are driving the regional integration process. These include companies mainly from South Africa, Nigeria, Kenya, Morrocco, Mauritius and Egypt. Other countries such as Angola, Ethiopia, Ghana, and Rwanda have increasingly become "gateways" into the African market. (Vickers and Cawood, 2018). There is a need for governments to temper the role of the major private sector firms that could skew the benefits of the AfCFTA towards a few "hegemonic" economies. The South African government recognised this reality and has taken steps to discipline the role of its private sector. In July 2016, the government of South Africa released a document titled *Guidelines for Good Business Practice by South African Companies Operating in the Rest of Africa* (Vickers and Cawood, 2018). The guidelines are voluntary but offer an opportunity for engagement between the South African government and the major private sector firms on their role in the rest of Africa. The principles listed in these guidelines include: compliance with domestic legislation and fair business practices; adherence to the United Nations (UN) Global Compact; respect for human rights; application of fair labour practices; promotion of Good Corporate Governance – good corporate citizenship; promote environmental responsibility and sustainable business practices; ensuring occupation health and safety; development of regional markets and regional value chains; promotion of corporate social responsibility; promoting employment of local labour, skills development and technology transfer; avoiding engaging in corrupt and illegal activities; and compliance with tax laws and regulations. These principles need to be complied with, and companies that invest in the rest of the continent should be accountable to their host countries.

ii) Supplier development

How can smaller countries leverage their markets to enable local producers to become suppliers of the major retailers? The case of Woolworths in Namibia illustrates how local producers (in this case of fresh produce) can leverage the power of the local market and the regulatory power of the government to encourage retailers (and major manufacturers and service providers) to support the building local capacity to supply into their stores and supply chains. Local producers of fresh produce approached the government of Namibia in 2018 to complain that the new Woolworths store did not procure from local suppliers or had limited supplies of local fresh produce on their shelves. Woolworths raised concerns about the poor quality and environmental standards of local farm produce. The Namibian Trade Forum (NTF), which is a partnership between the Ministry of Industrialisation and Trade of Namibia engaged with Woolworths management to address this concern and complaint of the local farmers. Interviews undertaken in Namibia and with Woolworths in South Africa confirm the constructive nature of the partnership that was built between the retailer and the

NTF in Namibia. Woolworths took up the challenge to source about 50% of its fruit and vegetables from local suppliers and achieved this target over a period of three years. This project has resulted in Woolworths building partnerships with seven local suppliers for its Namibian stores (in 2019). As a result of the support provided by Woolworths, these suppliers were able to meet the high food safety, hygiene, environment and quality standards that are essential requirements suppliers of Woolworths Foods (Black et al., 2019).

This section has argued that building asymmetrical trade agreements in favour of small and less developed economies; adherence by the major African Corporates and MNCs to Good Business Practices; and; encouraging African retailers (producers, banks and other MNCs) to support the building of local capacity will assist in contributing to fairer outcomes of the AfCFTA and a more balanced and mutually beneficial regional integration process. This set of principles and approaches to regional integration can be applied to the building of a regional value chain in the cotton/fibre, textiles and apparel regional value chain. Woolworths is also a major retailer for African fashion goods and apparel. Similarly other retailers such as the TFG (The Foschini Group) are expanding their footprint in Africa, partly through acquisitions such as JET Stores and the JD Sports Fashion stores. The principle of local supplier development could be applied to other retailers that are expanding across the African continent.

2. Building regional industrial (and services) value chains

In this section the implementation of the AfCFTA by developing regional value chains in the cotton/fibre, textiles and apparel sector across the African continent is discussed. The discussion makes the case for: i) transformative industrialisation – adding value to Africa's commodities; ii) private sector-led regional value chains (with a focus on the cotton/fibre, textiles and apparel value chain) guided by democratic developmental states; iii) investment and production-led regional value chains; iv) development-oriented implementation of AfCFTA rules and regulations at the border, and; v) climate resilient development and sustainable supply chains. Each of these elements, it is argued below, are part of the developmental regionalism approach to regional integration.

i) Transformative industrialisation – Overcoming the low value trap of commodity production and trade within global value chains

An Argentinian economist, Raul Prebish, who became the Economic Director of the Economic Commission for Latin America in 1950, and first Secretary General of UNCTAD (1964-1969), pointed to a structural inequity in the global economy for the exporters of commodities, from developing countries. Together with another famous Austrian economist, Hans Singer (Prebisch-Singer hypothesis), he argued that, over time, the prices of primary goods (such as agriculture and mineral commodities), which are often determined externally and based on global supply and demand, tend to decline relative to the prices of manufactured goods, which are fixed by producers depending on productivity and the quality of value addition (Toye and Toye, 2003). In this scenario, the terms of trade disadvantages developing countries as exporters of commodities and, over time, they would need to export larger volumes of commodities to obtain the same value of manufactured goods – making developing countries relatively poorer and poorer. This pattern of trade creates structural imbalance or inequity between developed and developing countries in the trading regime.

Professor Adebayo Adedeji the Under-Secretary-General and Executive Secretary of UNECA from 1975 to 1991 was the architect of regional integration in Africa and a leading African development thinker. Adedeji argued that "the structure of the African economy defines the essential features of Africa's central problem of underdevelopment" (Davies, 2021). Speaking at Adedeji's Memorial lecture, Rob Davies, a former

Minister of South Africa, argued that “poor countries have stayed poor because they have remained trapped in their colonially-defined role as producers and exporters of some primary product or products, such as agricultural or mineral, used in industrial production elsewhere” (Davies, 2021).

An UNCTAD study states that a country is “commodity-dependent” if at least 60% pf its total exports consist of primary commodities (UNCTAD, 2023). According to UNCTAD, commodity dependence in developing countries follows a significant regional pattern with notable concentration in Africa. Between 2021 and 2023, for example, 46 or the 54 African countries (85%) were commodity dependent. Notably, a country’s Human Development Index value is significantly and negatively correlated with export concentration and commodity dependence. Another important dimension of commodity dependence is the well-established link with low levels of development. During 2019-2021, while only 12.5% of developed countries were commodity-dependent, 81.2% of LLDCs, 73.9% of LDCs, 60.5% of SIDS, and 54.7% of other developing countries were commodity dependent. This highlights that commodity dependence particularly affects the most vulnerable developing countries – namely LDCs, LLDCs and SIDS (UNCTAD, 2023). As already noted, commodity dependence is predominant in Africa, but also in South America and Oceania, followed by West and Central Asia. These four regions combined account for 85 of 101 commodity dependent countries (CDCs), with close to half of all CDCs being in Africa. Africa was also the region with the highest commodity dependence during the period examined (2019-2021) by the UNCTAD study (UNCTAD, 2023).

With deepening globalisation, there has been a growing trend towards global value chains, which now accounts for nearly 80% of global trade (UNCTAD, 2002). The UNCTAD study found that the increased mobility of capital together with continued restrictions on labour mobility had “extended the reach of international production networks in a number of products in which the production process can be partitioned into different segments that can be located in different countries according to their factor endowments and costs”. UNCTAD argued that developing countries will need to rapidly upgrade production to more market and supply dynamic products, instead of extending the existing patterns of production and trade. However, the report warns that participating in global value chains (GVCs) could involve “trading more but earning less”, especially for vulnerable economies that remain trapped in low added value, low-productivity and labour-intensive production systems (UNCTAD, 2002).

Developing countries – caught in a “commodities trap” – that wish to increase the value of their products and diversify out of the low value end of basic commodity production need the policy space to formulate industrial policies that help them advance their industrialisation agenda. More recently discussions of a “middle-income trap” have raised concerns that even for countries that have successfully entered the lower ends of global value chains the challenge of further diversification and upgrading can remain difficult (Greenspan, 2025).

Thus, the challenge for African countries is how to build their own regional value chains – not necessarily to opt out of the global economy – but to leverage the African continental market of 1.3 billion people as a foundation for enhancing their competitiveness by adding value to their commodities within their region and moving up the ladder in global value chains. In this respect, the study on the cotton/fibre, textiles and apparel value chain undertaken by the AfCFTA Secretariat and the NMSPG and the strategy proposed could serve as a guide in developing regional value chains in cotton/fibre, textiles and apparel in the context of implementation of the AfCFTA (Karkare et al., 2025).

ii) Private sector-led regional value chains guided by democratic developmental states

This paper argues that the implementation of the AfCFTA – driven by private sector-led industrial value chains – has the best chance of achieving the objectives of developmental regionalism in Africa.

Governments have a critical role to play in the vision, negotiation and the implementation of the AfCFTA. However, the goods and services that African countries will trade among themselves are produced largely by the private sector, making this sector critical for the successful implementation of the AfCFTA and developmental regionalism. Consequently, consulting with the private sector and its vision for regional integration is vital in designing policies and strategies for implementing AfCFTA. It is for this reason, the AfCFTA Sectary General argued in his statement to the Annual Meeting of Afreximbank that, the "private sector must be at the center, not as a beneficiary, but as a key driver of Africa's integration agenda" (Mene, 2025). The AfCFTA Secretariat is undertaking research on the priority regional value chains that have the potential to advance regional integration and dynamise transformative industrialisation on the African continent. The AfCFTA Secretariat has thus identified the following regional value chains to be prioritized: i) cotton/fibre, textiles and apparel; ii) agro-processing; iii) automotive, new energy vehicles, electric batteries and critical minerals; iv) pharmaceuticals; and v) digital economy and e-commerce.

In each of these areas the private sector should be the driver of regional value chains, and to determine what to produce in which countries. Government cannot prescribe what should be produced and where. In the automotive sector, the OEMS that are already located in Africa, such as FORD, GM, BMW, VW, Mercedez, Toyota, Nissan, Hyundai, Stellantis, Isuzu and Kia, have created an association called the African Association of Automotive Manufacturers (AAAM) to develop a common vision and strategy to build a regional supply chain, develop the competitiveness of the industry, and expand the African market (https://aaamafrica.com/). The AAAM website states that the association was created in 2015 and is "a pan-African automotive association focused on industrialising Africa through strategic partnerships, policy development, and value chain integration". AAAM has been engaging with the AfCFTA Secretariat, private sector companies across various segments of the value chain and governments on implementation of the AfCFTA and further development of the auto regional value chain.

Similarly, the initiative that the AfCFTA has undertaken by identifying the private sector players in the cotton/fibre, textiles and apparel sector, as described in the Annex is intended to develop into a regional value chain led by the private sector players, with their own vision and that seeks to build the global competitiveness of the sector. As discussed, the private sector associations, cotton growers, manufacturers and retailers have been engaging with each other on building a vision for the regional value chain and a strategic plan of action to build this value chain while implementing the AfCFTA trade liberalisation schedules and rules and regulations.

iii) Investment-led and production-led regional trade integration

The implementation of regional value chains under the AfCFTA should be investment led and production driven. Research undertaken by the AfCFTA Secretariat and the NMSPG illustrates that historically, textile production, rather than apparel assembly, has contributed to industrialisation, given its far greater potential for linkages to other sectors and knowledge spillovers through technology-upgrading and innovation (Whitfield et al., 2021). The development of the textiles value chain in turn needs investments in other natural fibres and man-made fibres, for which there are currently no capabilities (Karkare et al., 2025). Studies undertaken by the AfCFTA Secretariat and the NMSPG show a recent trend where companies seeking to diversify away from China, to increase sustainability in value chains, and to insert greater control over operations, leading to an interest in vertical integration and economies of scope by branching into complementary activities (Whitfield, 2022). This underlines the need for African governments to use the AfCFTA as a tool to attract international buyers and first-tier suppliers to set up operations on the continent (Karkare et al., 2025).

The launch of the cotton/fibre, textiles and apparel value chain should thus give priority to establishing links with potential buyers that can convince their suppliers to move their operations (as happened in Ethiopia), and closely collaborating with suppliers to enable their operations. In the case of Ethiopia, this was achieved by constructing Special Economic Zones (SEZs), while also meeting other priorities, such as building domestic technological capabilities. In West Africa, the role of ARISE Integrated Industrial Platforms, which is a SEZ-developer, was critical in creating the industrial infrastructure needed to attract leading enterprises in textiles and apparel production and their suppliers. ARISE has entered public-private partnership arrangements with governments across multiple countries to attract investments, including in the textiles and apparel sector. In Benin, ARISE also operates factory sheds, and has directly invested in textile mills with similar plans in Togo (Karkare et al., 2025).

In Southern Africa, regional investors have emerged as a major driver of the textiles and apparel value chain. Mauritian firms have set up subsidiary operations in Madagascar (Whitfield, 2022). Another source of investments has been South African businesses that expanded to Lesotho and Eswatini as labour costs rose in South Africa. In East Africa, especially Kenya, Uganda and Tanzania, a vast majority of firms in the textiles and apparel sector are locally owned, usually owning a single operation geared towards the domestic market or subcontracting for larger firms (Karkare et al., 2025). In addition to these examples of potential investment in the African cotton/fibre, textiles and apparel value chain, retailers such as Woolworths have also been key in generating *demand* for African textiles and apparel products. Woolworths and other retailers that are based on the continent and understand the apparel needs, quality standards and fashion of the African continent, can become drivers of the regional value chain and can also enable supplier capabilities in individual African countries and contribute to the development of regional technological capabilities.

The AfCFTA can and should be leveraged to attract investments in textile production, including developing local and regional own brands. The AfCFTA Investment Protocol aims to create an attractive environment for both intra-African and foreign direct investment (FDI) flows by liberalising investment policies, ensuring non-discriminatory treatment for investors, strengthening investor protections, and reducing barriers to capital movement. The protocol is particularly important for countries seeking to attract and improve large-scale investments in the textiles sector, especially in mills and yarn and fabric production.

iv) AfCFTA rules and regulations should be development oriented – and support transformation and industrialisation, viz, Rules of Origin

A critical challenge in the AfCFTA negotiations has been reaching an agreement on the Rules of Origin for the cotton, textiles, and apparel sectors. The debate was influenced both by economic interests of different countries and by theoretical perspectives. The negotiations are partly complicated by differences between the RoOs of existing RECs' FTAs that continue to function under the AfCFTA (Karkare et al., 2025; Ismail, 2023; Mofo and Ismail, 2022). Rules of Origin are typically employed as a trade mechanism to ensure that value addition takes place within the free trade area and to inhibit the transshipment of commodities from a third country into a preferential trading zone. AfCFTA negotiators have three options for developing RoO in the cotton, textiles and apparel sectors, namely: triple transformation, double transformation, and single transformation. Under triple transformation (which is used in the NAFTA/USMCA), the fibre, fabric and garment must be processed within the region for the final good to be eligible for preferential treatment (cotton → yarn → fabric → apparel). Under the double transformation requirement, two stages of production must take place in the region concerned (yarn → fabric → apparel) for origin determination. Under the single transformation requirement, only one production step needs to take place within the region for the product to acquire originating status (fabric → apparel). RoOs in the AfCFTA are viewed in two distinct ways (Ismail, 2023; Mofo and Ismail, 2022). For some governments, they are a way to protect existing sectors and promote industrialisation. That is, they prevent "trade deflection" (or transshipment) by encouraging investment in domestic manufacturing and local value creation on the continent in order to benefit from preferences (Ismail, 2023).

In this view, RoOs are intended to promote the value addition of African commodities within the continent and should be suitably crafted to safeguard the African market (Mofo and Ismail, 2022). Thus, the AfCFTA RoOs should encourage investment and promote transformative industrialisation by enabling the growth of RVCs across several parts of the value chain, including textiles and apparel (Mofo and Ismail, 2022).

The competing view is that strict rules have not led to such investment and simply represent a restriction that leads to low preference utilization, especially in countries where the institutional capacities to implement and enforce rules are weak. That is, they can also serve as non-tariff barriers (NTBs), imposing domestic production requirements that discourage firms from investing, thus undermining the overall goal of promoting industrialisation through trade. The experience of RECs in promoting the development of the textiles and apparel sector shows that simply implementing RoOs, which are promoted to foster structural transformation and industrialisation, is not sufficient on its own. These RoOs need to be part of a comprehensive industrial policy that is supported by a variety of complementary measures, including access to the latest technology and industrial enhancement; branding and fashion development; digital trade; accessible and affordable financing; market intelligence to identify trade and investment prospects; support for agglomeration and clustering; extension services; and training programmes for skills development (Mofo and Ismail, 2022).

The experience of RECs in promoting the development of the textiles and apparel sector shows that simply implementing RoOs, which are promoted for structural transformation and industrialisation, is not sufficient on its own. These RoOs need to be part of a comprehensive industrial policy supported by a variety of complementary measures, including access to the latest technology and industrial enhancement; branding and fashion development; digital trade; accessible and affordable financing; market intelligence to identify trade and investment prospects; support for agglomeration and clustering; extension services; and training programmes for skills development. Furthermore, countries or regions could focus on promoting their industrialisation in a particular sector of the value chain, such as cotton or apparel production, to enhance their industrialisation efforts, rather than concentrating on the entire value chain. This selective approach would have implications for the RoOs that will be adopted (Karkare et al., 2025).

The key consideration for a continental RVC is the need to think regionally rather than nationally. While on paper there are ambitions to work regionally, there is often competition between nations. As suggested, this also plays a role in the RoO discussions. National rules themselves are a culmination of eventual negotiations between various influential groups of actors, which may or may not be disposed to think regionally. This was likely the case in South Africa's Master Plan, where the focus is on national rather than regional procurement. The key point is that while all of these are aspects of industrial policy, each country must find ways to align national interests with a common continental vision of the different ways in which textiles and apparel RVCs might take shape (Karkare et al., 2025).

v) Climate resilient development and sustainable industrialisation

Although the major concerns of the Sustainable Development Goals (SDGs) include poverty reduction, climate change mitigation and adaptation, there is not much coherence between the different goals of the SDGs and they have often been discussed in silos. There are only five years left before The United Nations Sustainable Development Goals reach their end-point in 2030. At the Summit for a New Global Financing Pact, hosted by French President Emmanuel Macron, in Paris in June 2023, the UN Secretary-General

António Guterres exclaimed: “Halfway to the 2030 deadline, the Sustainable Development Goals are drifting further away by the day. Even the most fundamental goals on hunger and poverty have gone into reverse after a decade of progress” (Gutteres, 2023). The 17 Goals of the SDGs are wide-ranging and span issues of eradicating poverty and hunger to gender equality.

While the SDGs do address the goals of climate change mitigation and the need to accelerate economic development, particularly in developing countries, they do not make the connection between economic development and climate change explicitly (Ismail, 2022b). For example, while SDG7 and SDG13 are mostly concerned with climate change adaptation and access to clean energy, they make no mention of clean energy production and green technology-upgrading (Anzalin and Lebdioui, 2021); and SDG9 focuses on industry, innovation and infrastructure but makes no mention of the need for transition towards a low carbon economy. As a result, the SDGs fail to put forward the potential synergies and trade-offs between these two developmental goals (Anzalin and Lebdioui, 2020). For African countries, the most sustainable path to reduce poverty and develop their economies is to industrialise. However, in the context of climate change neither “degrowth” nor “grow now, clean up later” approaches are appropriate for African countries. In the case of “degrowth”, African countries will risk deindustrialising and perpetuating their high poverty levels. In the case of the second approach, African countries can simply perpetuate their dependence on fossil fuel industries and be increasingly locked out of global markets that require low-carbon production standards (Ismail, 2022a)

African countries have the opportunity to build sustainable textiles and apparel industries from the start, which can give them a competitive advantage as apparel-supplying countries in South and Southeast Asia do not (yet) have “green” industries. The cost of renewable energy technology is falling and renewable energy technologies to power industries are evolving. New fibre and recycling technologies also offer a window of opportunity to leapfrog into the next generation of technologies. Taking advantage of this window of opportunity requires that African governments look forward and not backward, and that they think in terms of building new and not rebuilding the existing textile industries (Whitfield and Maile, 2024)

As the global industry seeks to move towards sustainability, climate-friendly solutions are being sought. In fibre production, while polyester is not a climate-friendly solution, current cotton cultivation can also be harmful for the environment, given its water intensity (65% of Africa’s cotton production comes from countries with hydraulic stress) and use of pesticides and fertiliser, among other things. Organic cotton requires a fundamental shift in farming techniques and heavy investments in certification. Human-made cellulose fibres are upcoming and are considered more sustainable than polyester. They offer windows of opportunity to leapfrog to frontier technologies as there is currently no clear incumbent advantage. However, development in these fibres is currently absent in Africa. While recycling provides opportunities, the concentration of technological innovation in the West risks further fragmentation of the value chain (Karkare et al., 2025).

3. Investment in cross-border infrastructure (development corridors)

Africa has 16 landlocked countries that suffer high transport and transit costs, which seriously constrain their overall socio-economic development. According to ECA estimates, landlocked developing countries spend almost two times more of their export earnings on transport and insurance services, on average, than developing countries, and three times more than developed economies (UNECA, AU and AfDB, 2017). In the preface to the UNECA/NEPAD flagship publication on PIDA (Programme for Infrastructure Development in Africa), Carlos Lopes and Ibrahim Mayaki (UNECA and NEPAD Agency, 2016) state that: “Industrialization is at the core of Africa’s structural transformation and infrastructure is its catalyst” (UNECA, AU and AfDB, 2017). The authors remind us that several of the AU and UN documents have underlined the important role of industrialisation and infrastructure for Africa's structural transformation and economic development. African Union Leaders recognised that trade integration alone will not solve Africa's development challenges and thus adopted an Action Plan for Boosting Intra-African Trade that includes seven clusters – trade policy, trade facilitation, productive capacity-building, trade-related infrastructure, trade finance, trade information and factor markets (UNECA, 2016). In addition to these, the AU Action plan of the Accelerated Industrial Development of Africa identifies "infrastructure development" as a priority while the African Union's Agenda 2063 anticipates that "world class integrative infrastructure" will propel intra-African trade to 50 percent by 2045 and Africa's share of global trade from 2% to 12%.

Economists make a distinction between *hard* infrastructure and *soft* infrastructure. Kingombe (2017) argues that while hard infrastructure, such as transport, energy and telecommunications, is essential for competitiveness and trade, a wide range of soft infrastructure constraints obstruct the regional integration process, including the lack of harmonisation of policies, regulations, and procedures governing both trade and infrastructure development (Kingombe, 2017). Hoekman and Njinque (2016) emphasise the importance of soft infrastructure, especially trade facilitation to reduce trade costs in Africa. They argue that the returns from hard infrastructure, such as transport infrastructure, is highest when investments in facilities and networks – such as transport corridors – are coupled with programmes to improve the "soft" infrastructure needed to streamline the legal, institutional and regulatory frameworks necessary for competitive logistics services.

Hoekman and Njinque (2016) cite the example of the Abidjan-Lagos corridor, which handles more than two-thirds of West African trade, transport and transit activities. They state that there is a major ongoing project that aims to improve the road infrastructure between Abidjan and Lagos as well as modernising the ports in Côte d'Ivoire, Ghana, Togo, Benin and Nigeria. The soft infrastructure component of the operation of the corridor includes customs operations at borders, port efficiency, and reduction of roadblocks along the corridor.

The case of the Maputo Development Corridor has been celebrated as a successful example of cross-border infrastructure investment that re-established links between Mozambique and South Africa after apartheid collapsed in 1994 with the birth of the new democracy. The Maputo Corridor is a transport corridor linking the east coast port of Maputo in Mozambique with the highly industrialised and productive regions of the Gauteng province in South Africa. The key elements of this transport corridor are the N4 toll road, the rail corridor, the Lebombo/Ressano Garcia border post and the port and terminal facilities at the Port of Maputo. The Maputo corridor is only 590kms by road from Johannesburg, and 581km by rail, the shortest route to a port for South African exporters on the corridor and moves a variety of commodities including coal, timber, agricultural produce, granite, chrome, cement, containers, steel, magnetite, sugar, maize, gasoline, pulp, fertiliser and citrus (Mommen, 2013).

The impact of the Maputo corridor has been criticised for its lack of employment creation and development opportunities, and there are also organised groups seeking to broaden the development outcomes of public and private investments around transport corridors and transform it into "development corridors" (Byiers and Vanheukelem, 2014). It is this potential that can be leveraged by building regional industrial value chains between economies along cross-border infrastructure projects. Mozambique is also a producer of cotton. Eswatini is on the Maputo Corridor and produces apparel. Karkare et al. (2025) point to the development of a regional value chain between Mauritius, Madagascar, South Africa and other Southern African countries, including Eswatini and Lesotho. Seen from this perspective, the building of regional industrial value chains, supported by cross-border infrastructure, both hard and soft, will enable these hard corridors to also become development corridors, creating employment for thousands of workers, especially women and youth.

4. Democratic governance and regional integration in Africa

This pillar argues that democratic governance is an inextricable part of Africa's development and that both democracy and development must move in tandem to build resilience of democratic institutions. African leaders already recognised this relationship and the need to build capacity at the national level through peer review of political and economic governance when they created the African Peer Review Mechanism (APRM). This unique African solution to Africa's challenges, it is argued is of relevance to the AfCFTA's efforts to build its own Peer Review Mechanism (AFIRM) to monitor the implementation of the AfCFTA. Each institution is thus discussed in turn below.

Freedom and development are linked together – like 'chicken and eggs'!

At the 50th OAU/AU year Golden Jubilee anniversary in 2013 the AU adopted its visionary and pathbreaking programme of work: Agenda 2063. Aspiration 3 of Agenda 2063 envisions an "Africa of good governance, democracy, respect for human rights, justice and the rule of law". However, while most African states have begun accepting multi-party systems of governance in the new millennium, more recent trends indicate that while overall governance levels have improved in the past two decades these improvements have slowed down and declined since 2017 (Matlosa, 2018; Mo Ibrahim Foundation, 2022). There is a debate in the academic literature on what are the underlying causes of this regression in democracy in Africa. Some writers have argued that "Political Institutions of a society are a key determinant of … economic prosperity" and that "societies with inclusive institutions that have grown over the past three hundred years have become relatively rich today" (Acemoglu and Robinson, 2013).

In October 2024 Daron Acemoglu, Simon Johnson and Jim Robinson (known as AJR for short) were awarded the Nobel Memorial Prize in Economic Sciences for their work on "how institutions are formed and affect prosperity" argued in their book, *Why Nations Fail*? (Acemoglu and Robinson, 2013). This view has been criticised by Mushtaq Khan who states that AJR's argument is based on a misleading analysis that leads them to conclude that inclusive political institutions will *in general* lead to better, more inclusive economic institutions. He argues that in many developing country contexts, the social and productive forces to advance economic institutions that create a level playing field may be too weak or non-existent! In these countries, such as most African countries, there are too few firms, and the few big firms that exist may not want a level playing field as they want access to RENT, and the poor may be too weak or too diverse to act in a united manner (Khan, 2017). Thus, reforms that focus on making political institutions more inclusive may not impact positively on economic development (Khan, 2017). Another academic writer argues that in AJR's classification of countries, it appears what they *really* mean by "inclusive, non-extractive" refers to Western democracies and they ignore the fact that Western democracy was accompanied by colonial extraction, industrial policies and trade protectionism, and cronyism among politicians and big capitalists that gradually became legalised in the form of lobbies (Ang, 2024).

African writers are also critical of the AJR thesis on the importance of political institutions as a key explanation for Africa's regression from democracy. Thandika Mkandawire (2001) and Claude Ake analysed the Political Economy of African Neo-colonial states and the reasons for their failure to develop. Mkandawire critiqued the 'neo-patrimonial' view (that African leaders ruled by distributing rent to their personal networks) as being racist and patronising. He was also critical of the World Bank Structural Adjustment Policies, of the 1980s and 1990s, and argued that African States did not have the tax base and capacity to lead processes of institutional capacity development and transformation. Claude Ake (1991) critiqued the Western model of development based on modernisation theory that was propagated by the West. He pointed out that in the post-colonial period (1950s and 1960s), the cold war and internal conflicts within African countries resulted in a failure to drive a development strategy, resulting in dependent development.

The Pan-African leaders understood that Africa needed to transform its economy to lift itself from poverty. Kwame Nkrumah argued as follows: "Although most Africans are poor, our continent is potentially extremely rich. Our mineral resources, which are being exploited with foreign capital only to enrich foreign investors, range from gold and diamonds to uranium and petroleum. Our forests contain some of the finest woods to be grown anywhere. Our cash crops include cocoa, coffee, rubber, tobacco and cotton. As for power, which is an important factor in any economic development, Africa contains over 40% of the potential water power of the world, as compared with about 10% in Europe and 13% in North America. Yet so far, less than 1% has been developed. This is one of the reasons why we have in Africa the paradox of poverty in the midst of plenty, and scarcity in the midst of abundance" (Chelwa, 2025).

Mwalimu Julius Nyerere, stated that: "Freedom and development are as completely linked together as are chicken and eggs! Without chickens you get no eggs; without eggs you soon have no chickens. Similarly, without freedom you get no development, and without development you very soon lose your freedom." "Uhuru na Maedeleo" (Freedom and Development) (Chelwa, 2025).

The African Peer Review Mechanism

During the AU Summit held in Durban, South Africa in 2002, the NEPAD Declaration on Democracy, Political, Economic and Corporate Governance was adopted. The declaration committed African countries to work together in pursuit of the following objectives: democracy and good political governance; economic and corporate governance; socio-economic governance; and the African Peer Review Mechanism. The APRM is a voluntary platform for self-assessment and peer review of governance policies, procedures and institutions by African Union member states aimed at institutionalising and consolidating democratic governance (Matlosa, 2018: p. 100). The APRM is an instrument that is voluntarily acceded to by AU member states (see https://www.aprm-au.org/). It is a self-monitoring mechanism intended to foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration of successful best practices, including identifying deficiencies and assessing the needs for capacity building.

The APRM covers simultaneous evaluations around four distinct pillars: democracy and good political governance; economic governance and management; corporate governance; and socio-economic development (Sawyer and Jerome, 2018: p.140). The APRM is unique in both scope and breadth, with the review process extending to all levels of government, parliamentary and judiciary as well as the private sector and civil society organisations (Sawyer and Jerome, 2018: p.140). These writers argue that the APRM is a truly indigenous, locally owned initiative designed by Africans for Africans. Thus, there is much room for the AfCFTA AFIRM to cooperate and collaborate with the APRM. In this way the African governments can have the benefit of both mechanisms that can use the economic development instruments of the AfCFTA to support the building and resilience of democratic institutions and vice versa.

The AfCFTA Implementation Review Mechanism (AFIRM)

The AfCFTA Secretariat has been directed by Ministers in June 2024 to develop an AfCFTA Implementation Review Mechanism (AFIRM). The objectives of this mechanism is; i) to assess State Parties' compliance with their AfCFTA commitments; ii) to increase the transparency of the implementation of AfCFTA provisions; iii) to promote improved adherence by State Parties to rules, disciplines, and commitments under the AfCFTA Agreement; iv) To identify gaps in implementation of the AfCFTA Agreement and facilitate appropriate, solutions to implementation challenges; and; v) to encourage peer learning and experience sharing by State Parties.

This is an opportunity for the AfCFTA secretariat to design a process that is not merely compliance driven similar to the experience of the EU or the basic thrust of the WTO Trade Policy Review mechanism (Lazlo and Langbein, 2025; Ismail, 2021). Based on an extensive set of interviews of policymakers in China, Yuen Yeun Ang argues that there is no single model that depicts the appropriate relationship between institutional development and economic development. She argues that "Poor and weak countries can escape the poverty trap by first building markets with weak institutions and, more fundamentally, by crafting environments that facilitate improvisation among the relevant players". She argues that while it is tempting to search for a single "model but this is a search for a mirage. In fact, whether in the capitalist-democratic West, the East Asian developmental states, or China at different periods of reform, no particular solution is universally effective or ideal. Particular solutions work only when they fit the needs and resources of particular contexts and the success criteria of the players involved" (Ang, 2016). In other words, instead of searching for the best practice model to imitate, countries should identify what is "best match" for their specific conditions and build on that through experience and learning.

This paper argues that building institutions and development is a co-evolutionary process (Ang, 2016). The AfCFTA would need to craft its AFIRM in a manner that prioritises development and is thus sensitive to the development context of each country and its capacity to implement onerous rules and liberalisation commitments. Countries that have not been able to fully implement should be supported with institutional capacity building and peer to peer learning.

SECTION THREE

Conclusion: Leadership for transformation

This paper argued that the driving force for the implementation of the AfCFTA must be the building of transformative regional industrial value chains, as identified by the AfCFTA Secretariat. The cotton/fibre, textiles and apparel regional value chain offers an immediate opportunity to harness the comparative advantages and capabilities of almost all African economies and implement the AfCFTA with a developmental regionalism approach. This approach requires the simultaneous advancement of four pillars: fair trade; regional value chains; cross-border infrastructure investment; and the building of resilient democratic governance institutions.

First, lessons from the development experience in the Global South suggest that more effective and sustainable approaches to building resilient democratic institutions must begin by recognising "the needs and resources of particular contexts" and make advances in both democratic institution building and development as a co-evolutionary process simultaneously (Khan, 2017; Ang, 2016).

Second, the experiences of the EU and other developing country regions indicate that (Stiglitz, 2016; Bruszt and Langbein, 2025; UNCTAD, 2025; ACET, 2025) a rapid trade liberalisation and compliance -based approach to regional trade integration can cause polarisation, increased inequality and social dislocation within regional integration processes. Regional integration approaches need to be underpinned by values of solidarity, ubuntu, equity and fairness (Stiglitz, 2016; Mandela, 1993). Lessons from East Asia, in particular the experiences of ASEAN member states documented by UNCTAD, indicate that advancing regional cooperation through industrial value chains and cross-border infrastructure development before liberalising trade can have more developmental impacts (UNCTAD, 2013). This approach will make the regional integration process developmental.

Third, while Africa has contributed the least to global greenhouse gas (GHG) emissions, unfortunately the continent has been experiencing the worst negative impacts. Therefore, Africa's best interests are to leverage its low lock-in to fossil-fuel dependence and utilise the newly available and relatively cheaper technologies to build its renewable energy infrastructure and industrialise in an ecologically sustainable manner. This means that in the cotton/fibre, textiles and apparel regional value chain, African countries should move towards more eco-friendly technologies, organic cotton and natural fibres, and more sustainable synthetic fibres while taking advantage of opportunities for recycling (Whitfield and Maile, 2024). More South-South peer learning and technology transfer between Africa, Latin America and Asia could offer valuable lessons to African countries to build their technical capacity and attract investment and finance for their development needs. South Africa can use its historic alliance between the three great democracies in IBSA (India, Brazil and South Africa) to build a new historic alliance between IBSA, the AfCFTA, and China. This will bring the three continents together to consider trade, investment and technology partnerships to advance both the fight against poverty and the fight against climate change.

Fourth, an AfCFTA training academy would be a valuable instrument to build institutional knowledge, capacity of policy makers, inclusion of workers and social groups such as women and youth and strengthen the legitimacy and support for the implementation of the AfCFTA. Launching such an Academy must be a high priority for the AfCFTA Secretariat and African governments.

Fifth, given the declining support for multilateralism and the collapse of the liberal international order that was established after the Second World War, African countries must seize their historic opportunity to rethink their traditional trading links, strengthen intra-African trade, promote industrialisation through regional value chains, and strive to develop more sustainable and inclusive economic development pathways. History teaches us that real transformative change must come from below and from within – as Africa is the most marginalised and has the largest number of poor people (Cox, 2013), it has a historic responsibility to lead. African intellectuals, think tanks and civil society institutions can play a critical role of reimagining and shaping the new architecture of Global Governance. Africa cannot be a mere object of a new multi-polar order led by the US, China and Russia. She must choose her own destiny. She must rise to the challenge to transform by industrialising and building her competitiveness, in a manner that is inclusive, and harnesses the power of the next generation of youth and women to build a socially just, ecologically sustainable, inclusive, and democratic new global governance architecture for all of humanity. A good starting point for Africa's rejuvenation is to ensure that the AfCFTA is fully implemented and serves as a driver of African industrialisation through regional value chains. The cotton/fibre, textiles and apparel sector presents an excellent candidate for kick-starting the development of the regional value chain as an integral part of the implementation of the AfCFTA.

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ANNEX

Consultations with African private sector stakeholders in the cotton, textiles, apparel and retail sectors on the creation of a regional value chain

Together with the AfCFTA Secretariat the Nelson Mandela School of Public Governance (University of Cape Town) launched a series of webinars in October 2020 on the theme: *How can the AfCFTA advance transformative industrialization?* (see Vutula, 2025). The webinars brought together key sector stakeholders, policymakers, and academics to engage on how best to use the AfCFTA as a lever to facilitate the building of a regional cotton, textile, and apparel value chain across the African continent. Three such roundtables took place on the following themes: i) creation of backward linkages and regionally integrated cotton and textile value chains (26 October 2020); ii) sustainable sourcing, green production and creating forward linkages (1 February, 2021); and iii) addressing barriers and creating an enabling environment for the development of the regional integration of the Cotton, Textiles and Apparel Value Chain (12 April, 2022).

The Secretary General of the AfCFTA, Wamkele Mene, created a Trade and Industrial Development Advisory Council with African experts and academics to undertake research and advise the AfCFTA Secretariat and Ministers. The Advisory Council was launched on the 21 February 2022 at a formal meeting in Johannesburg. To facilitate the consultations with the private sector, the Advisory Council created three working groups with the mandate to consult with the private sector and held online webinars, with the participation of the private sector from different sub-regions of the African continent in June and July 2022. By January 2023 the process included about 20 private sector associations from across Africa, including South Africa, Mauritius, Kenya, Tanzania, Nigeria and Morocco. The first draft vision document, outlining a strategy for building a regional value chain and programme of action, was presented on behalf of the Advisory Council, to a meeting of senior trade officials on the 7th and 8th February 2023, and the AfCFTA Council of Ministers **in a** meeting held in Botswana on 12 February 2023 on behalf of the Advisory Council. Ministers agreed to support the proposal to launch a work plan to develop: a) a strategy, based on the private sector vision, for the development of the cotton, textiles and apparel regional value chain in Africa, and; b) to establish three working groups that would involve the active participation of the private sector. The work programme of the three working groups were: i) building competitiveness and innovation (WG 1); ii) attracting investment in textiles (WG II); and iii) addressing non-tariff barriers to trade within Africa (WGIII). To advance this process a panel discussion with representatives of the private sector from Kenya, Mauritius, Tanzania, South Africa and Nigeria took place at the first (inaugural) Business Forum of the AfCFTA that was held at on the 16th to 18th April 2023. A work in progress report was then presented to Ministers at the AfCFTA the Cape Town International Convention Centre Ministerial Retreat that was held in Nairobi between the 29th and 31st of May, 2023. The Presentation was on the overview of the work undertaken by the AfCFTA Trade and Industrial Development Advisory Council on the Cotton, Textile and Retail regional value chain and the Rules of Origin.

At a meeting held on 30 June 2023, the AfCFTA Advisory Council agreed to appoint Dr Rob Davies, Dr Taffere Tesfachew and Dr Stephen Karingi to facilitate, WG 1, 2 and 3 respectively. The participants of the working groups included representatives of the private sector, academics and trade unions and technical experts, regional and multilateral institutions such as the African Development Bank (AfDB), Afreximbank, UNECA, International Trade Centre and UNCTAD. The AfCFTA Secretariat presented technical reports and updates on the continuing negotiations on the RoO that took place in senior officials meetings of the member states of the AfCFTA. Again, Trade Ministers of the AfCFTA were briefed, by all three of the facilitators of the working group at their meeting in in Dar es Salaam on the 6th and 7th December 2023. The briefing was on the technical work undertaken by the three Working Groups on the Cotton, Textiles and Apparel Regional Value Chains and the Rules of Origin. In the course of 2024, the work of the three working groups was concluded in 2024 and an online validation workshop with all three working groups and about 20 private sector representatives was held in July 2024. The final outcome of this process was the drafting of a 12-page vision document summarising the consultations undertaken during the past few years by the NMSPG and the members of the Advisory Council on the creation of a cotton, textiles and apparel regional value chain. The vision document is titled: *Developing a Globally Competitive, Regenerative and Vertically Integrated Industry in Africa: A Call for Action from the Private Sector.* The main document provides a summary of the challenges faced by the industry in Africa and a call for Action by policymakers, private sector, trade unions and other stakeholders. The document has three annexes that provide: a) an overview of the current structure of global textile and the apparel value chains; b) an overview of current trends shaping global value chains; and c) a brief overview of the current levels of development of the industry in Africa.

The next steps in the process are to include the following: a) the institutionalisation of the process and creation of a fibre to textiles and apparel value chain forum. This body is to be led by the private sector - but also include academic institutions and think tanks, the AfCFTA Secretariat and some regional multilateral agencies such as Afreximbank, UNECA and the AfDB; and b) the creation of a Textiles and Apparel Information Hub. This platform should collect trade and investment data that could be used by the private sector producers and traders.