



## Regional T&C trade opportunities and collaboration along the T&C value chain in the MENA region (Egypt, Jordan, Morocco, Tunisia)

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Senior Project Support: **Engy Naguib**

+971 4 372 4363

[Engy.Naguib@Euromonitor.com](mailto:Engy.Naguib@Euromonitor.com)

Project Manager: **Balaji Sagar**

+91 (80) 67740500 EXT 5568

[balaji.sagar@Euromonitor.com](mailto:balaji.sagar@Euromonitor.com)

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## 1. INTRODUCTION

As the pandemic affected the world, including the Textile & Clothing (T&C) sector, production and trade has been disrupted. According to industry experts, normal conditions are not expected to resume until the end of 2022 or 2023 at the earliest. To avoid a distorted view of intra-regional opportunities as a result of the pandemic, the study uses trade data from 2019. However, recommendations, suggested actions, and possible overall changes to the future operation of the T&C industry do take the impact of the pandemic into consideration. This includes changes with regard to digitalisation, the increasing importance of social and environmental sustainability, and trends towards nearshoring, among others.

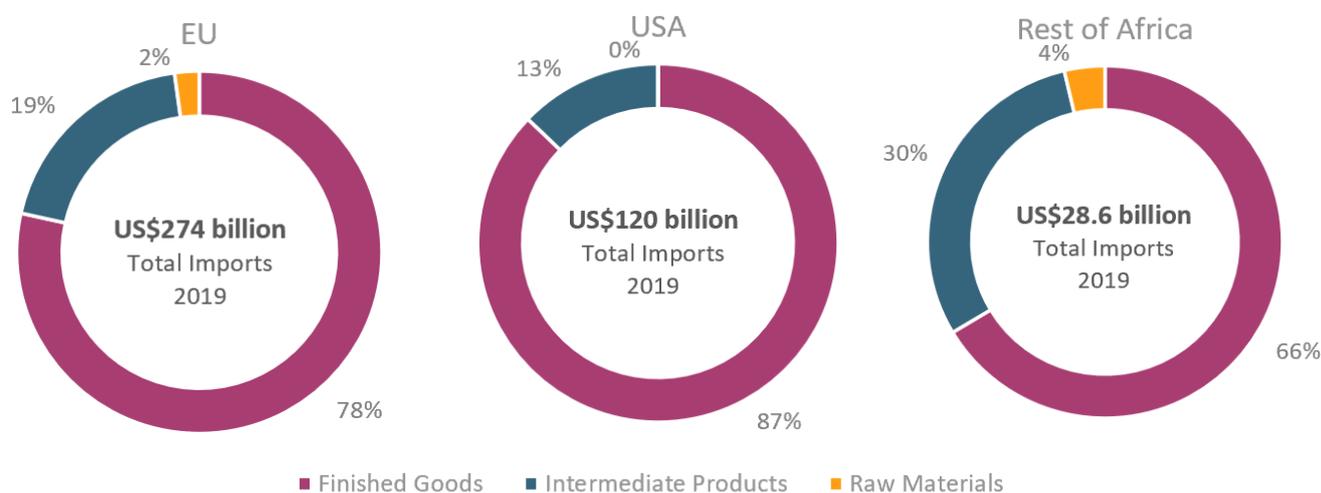
### 1.1 OVERVIEW OF GLOBAL TEXTILE TRADE

In 2019, the global trade in textile and clothing goods amounted to US\$765 billion after rising at an average annual rate of 2.4% in US\$ nominal terms over the 2016-2019 period.<sup>1</sup> Growth in T&C goods trade during this period was driven by increasing disposable incomes at a global level, continued demographic growth, and a gradual shift in preference towards branded products (particularly amongst younger age groups). According to data from the United Nation's COMTRADE, the EU was the largest market for imports of T&C products in 2019, accounting for 36% of the total. It was followed by the USA (16%), while Africa (excluding Agadir countries) accounted for 4% of total imports in the same year.

In terms of type of commodity traded, end clothing products accounted for 64% of total textile and clothing goods traded at a global level in 2019, reflecting their higher value-add, compared to textiles and fabrics. Total trade of T&C intermediate goods and raw materials accounted for 32% and 4%, respectively in the same year. In both the EU and the USA, finished clothing products overwhelmingly dominate amongst types of T&C commodities imported due to their status as the world's two largest markets for apparel consumption. By contrast, intermediate products and raw materials represent a larger proportion of Africa's textile and clothing imports, reflecting the fact that most production activities in the T&C global chain are performed principally in developing economies. The composition of imports of textile and clothing goods to the EU, USA and Africa (excluding Agadir members) is shown in the following chart.

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<sup>1</sup> The study uses 2019 as the last year of the historical period for analysis and, as such, does not consider the impact of COVID-19 on time series, although references to the effect of COVID-19 on trends analysed in this report are presented when appropriate.

**Chart 1** Composition of Imports of T&C Goods by Commodity Type in the EU, USA and Africa: 2019

Source: Euromonitor International from United Nation's COMTRADE

Note: Share of imports expressed in value terms.

## 1.2 OPPORTUNITIES AND CHALLENGES IN MENA

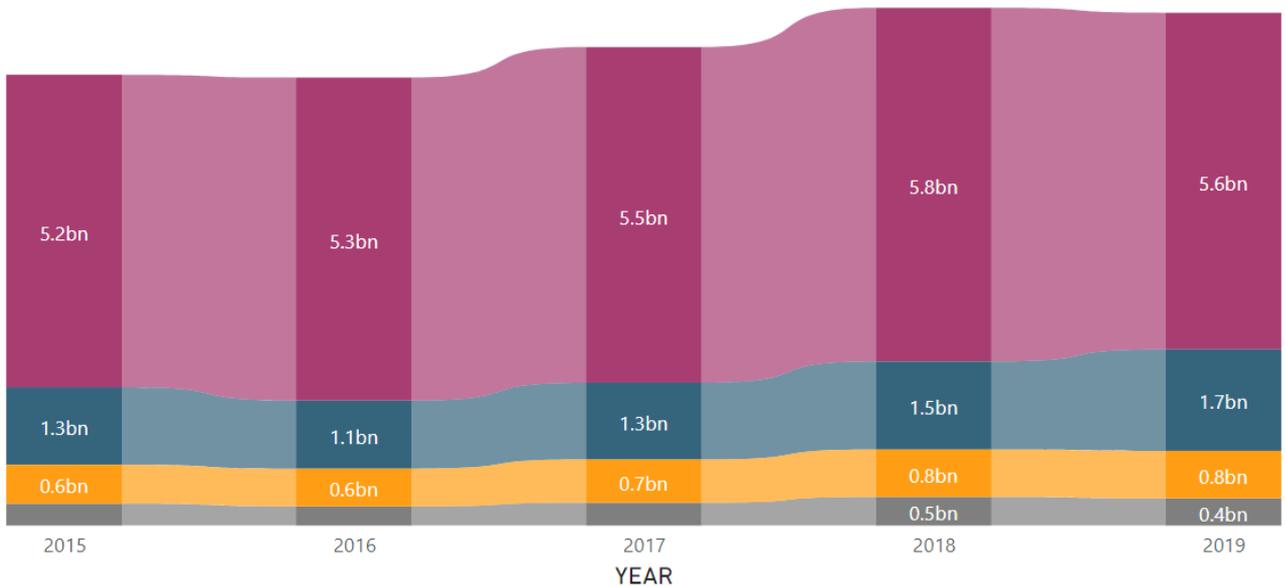
In 2019, the total exports of textile and clothing goods from the Middle East and North Africa region stood at US\$15.7 billion, up from US\$14.4 billion in 2016. The four member countries of the Agadir Group (Egypt, Jordan, Morocco and Tunisia) are an important driver of activity in the T&C sector in the region, registering combined textile and clothing exports amounting to US\$8.6 billion in 2019, equivalent to 55% of total T&C exports from the Middle East and North Africa region (in value terms) in that year.

The EU is the largest trade partner for T&C products manufactured in the Agadir region, receiving 66% of the total in value terms in 2019, followed by the USA with 19% in the same year. This reflects their status as the world's two biggest consumer markets for clothing and footwear (worth US\$360 billion and US\$370 billion, respectively in 2019), as well as free trade agreements signed between Agadir countries and the EU and/or the USA, which provide preferential trade access to exports of T&C goods from Egypt, Jordan, Morocco and Tunisia.

By contrast, exports from Agadir countries to the rest of the MENA region remain relatively low (US\$0.4 billion in 2019, or 4.6% of the total in value terms). This is the result of low purchasing power for most economies in the region, the dominance of low-cost T&C goods from Asia competing with local production in the majority of MENA markets, and frictions to intra-regional trade (including weak transport infrastructure, underdeveloped logistics, and the presence of non-tariff barriers to trade).

**Chart 2** Level of Exports of T&C Products from Agadir Countries to the World

● EU ● North America ● Rest of MEA ● Rest of the World



Source: Euromonitor International from United Nation's COMTRADE

Notes: (1) Data expressed in nominal US\$ terms. (2) North America includes the USA and Canada (3) Rest of MEA comprises all the countries in the Middle East and Africa region excluding Agadir countries.

### 1.3 THE NEED FOR REGIONAL COLLABORATION

Despite the signing of the Agadir Agreement by member states - Egypt, Jordan, Morocco and Tunisia in 2004 and its entry into force in 2006, trade in T&C goods within the trade bloc remains limited, accounting for only 1.4% of total exports and 1.5% of total imports (in value terms) of Agadir members in 2019. This is the result of factors including limited and inconsistent collaboration of T&C value chains amongst Agadir members, rising competition principally from products from South East Asia (which have gained an increasing share of domestic and regional demand for apparel and textile products), and T&C sector trade policies in Agadir countries, which are focused on exports to the EU and US markets.

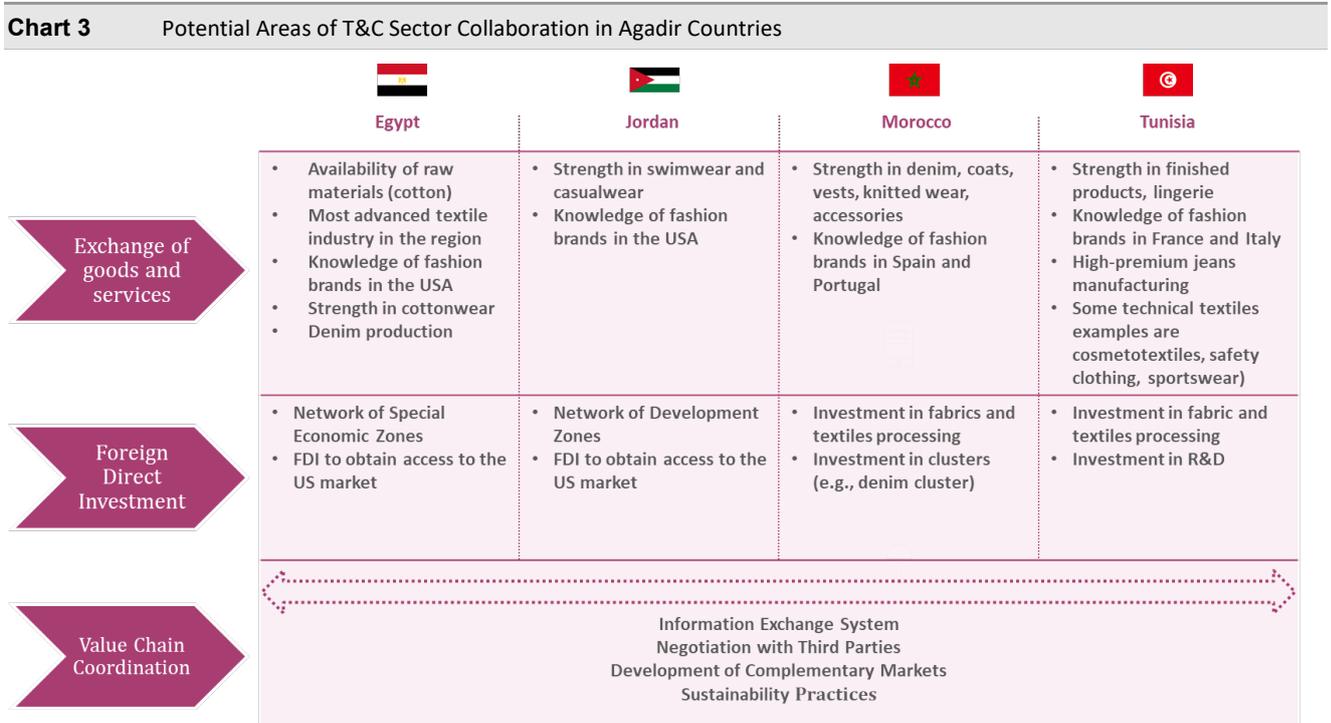
Against this backdrop and based on findings in this study regarding the potential for an increase in regional trade amongst Agadir members, common challenges affecting their value chain for T&C goods, and the existence of complementary areas, it is evident that considerable opportunities for collaboration exist. This involves actors at macro, meso and micro levels participating in T&C sectors in Egypt, Jordan, Morocco and Tunisia.

These opportunities, which have been defined based on inputs from companies, trade associations, and institutions operating at each of these levels of the T&C value chain, can be classified into three broad areas and will be explored during the course of this report:

- a) Opportunities related to the exchange of T&C goods and services amongst Agadir member countries
- b) Opportunities to increase foreign direct investment (FDI) in the T&C sector within the region

- c) Opportunities to improve coordination of T&C value chains of member countries to increase efficiency and generate value for Agadir countries.

A brief outline of the potential areas of collaboration based on the findings of this study are presented in the following chart.



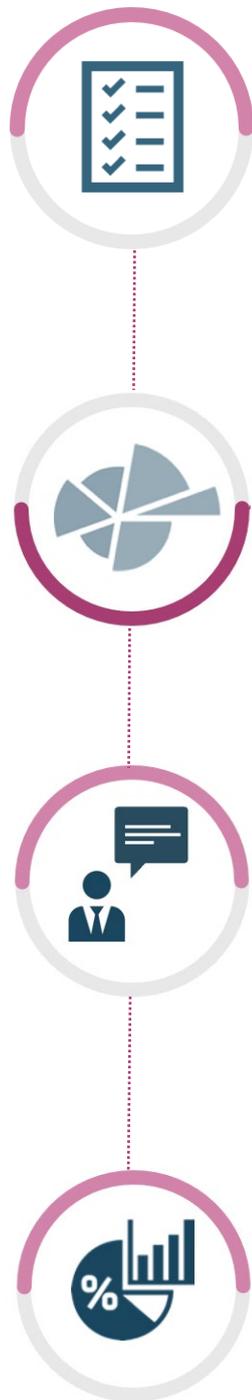
Source: Euromonitor International Analysis from Trade Interviews

### 1.4 METHODOLOGY

This section specifies the approach taken for the study in order to meet its objectives:

- 1) Achieving enhanced trade and investment support for institutions performance and regional collaboration in the T&C sector; and
- 2) Attaining improved competitiveness for SMEs in the T&C sector in Agadir countries.

**Chart 4** Study Methodology Summary



### **APPROACH**

- Euromonitor International has built on its expertise in global markets to devise a customised approach based on a combination of primary and secondary research to develop a comprehensive and holistic view of the overall situation for Agadir members to provide the basis for assessment and recommendations

### **SECONDARY RESEARCH**

- Utilisation of Euromonitor International's Passport, the leading global database for consumer markets, including Clothing and Footwear
- Secondary research from sources including the United Nation's COMTRADE, ITC, the World Bank, the WTO and national statistics

### **TRADE INTERVIEWS**

- Trade interviews were conducted with stakeholders at micro, meso and macro levels across Egypt, Jordan, Morocco and Tunisia
- Interviewed stakeholders included companies operating in the T&C sector, trade associations, capacity-building institutions, sectoral organisations and government bodies across Agadir countries

### **ANALYSIS AND RECOMMENDATIONS**

- Information from primary and secondary research was analysed and synthesised to draw conclusions that meet the objectives set out at the start of the project
- Recommendations seek to address the role of institutional support and regional collaboration, as well as improving competitiveness amongst T&C SMEs

## 1.5 LIMITATIONS

As is the case with any study, there are limitations inherent in the methodology applied, the scope of the research and the availability of data that had an impact on the results of this study, as outlined below:

- a) For the purposes of this study, Euromonitor International based its trade analysis mainly on data provided by the United Nation's COMTRADE database, which, due to processes related to the external reporting and processing of information, did not have complete data for 2020 as of the date of the presentation of the final report. This had an impact on the time series used for the performance of the analysis of trade flows (set to 2015-2019), while also omitting from the quantitative analysis of trade data trends and changes resulting from the impact of the COVID-19 pandemic.
- b) Although Euromonitor International made every effort to select a broad and balanced sample of stakeholders for the performance of trade interviews crucial to this study, as with any sample selection, this could suffer from "sample bias" and "selection bias", particularly given the number of participants at this stage of the research. This limitation may result in primary research findings (including those related to actors at micro, meso and macro levels, as well as perspectives from potential buyers of T&C goods) that cannot be generalised to the situation for T&C sectors in Agadir countries as a whole.
- c) While the selection of case study subjects used in the present report (CAFTA-DR and ASEAN) was made based on an assessment of their model for trade and collaboration as possible sources of inferences that could potentially be applied to the situation in the T&C sectors of Agadir members, there are limitations regarding the specific agreement terms, relative situation and trade relations between signatory parties of the abovementioned trade agreements that could result in conclusions drawn from the case studies not being partly or wholly applicable to the Agadir Agreement.
- d) Research was conducted to cite successful collaborations at Agadir-region level, between enterprises and at institutional and policy levels in the T&C sector and other sectors (e.g. Automobile, Agro Food, and Leather & Footwear). Discussions with the Agadir Technical Unit culminated in identifying minimal and past collaborations mostly in the leather and footwear sector, but with no substantial evidence of the results of these collaborations. This limits the report to only quoting collaborations in sectors at Agadir level rather than detail the nature, activities, and results of the collaborations.
- e) While research was conducted with T&C industry stakeholders, an aggregated view of production capacities in the T&C sector for each Agadir member country could not be achieved due to the limited availability of data representative to the whole industry and the absence of a central repository at country or regional level. This is reflected in the study's recommendations to enable the sector, at individual country and regional level, to understand its strengths and match the necessary inputs in the value chain.

## 2. EXECUTIVE SUMMARY

### Current Situation of the T&C Sector in Agadir Markets

- The **T&C sector in Agadir countries suffers from gaps in development at both ends of the value chain**, i.e. showing strength in **manufacturing processes** but lacking development in **pre-production** (despite the availability of some raw materials in Egypt) and **marketing/promotion** stages at the end of the value chain.
- The most notable **strengths** of the T&C value chain among Agadir members include **preferential market access to the USA and/or EU; proximity to EU markets; and expertise in a number of textile and clothing goods** for each country.
- The main **weaknesses** common to Agadir countries are the **underdevelopment of the pre-production and marketing/promotion stages of the value chain; a shortage of highly skilled T&C personnel; and underinvestment in capital and technology.**

### Product Analysis

- Agadir countries registered a combined **US\$1.14 billion deficit in foreign trade of T&C products in 2019**, driven by a **negative trade balance in both raw materials** at US\$-0.32 billion (reflecting a lack of domestically produced inputs, expect for cotton in Egypt), **intermediate goods** at US\$-5.86 billion, and **final clothing products** at US\$ 5.05 billion (due to the partial integration of Morocco and Tunisia into the global value chains of European fashion brands, where these two countries receive considerable amounts of EU-sourced intermediate goods which are then processed and sent back to Europe as finished products).

**Table 1** Agadir's trade by value chain stage with the World in 2019 (US\$ billion)

Trade flow	Raw materials	Intermediate goods	Final clothing products	Total T&C
Exports	0.24	1.38	6.97	8.59
Imports	0.56	7.25	1.94	9.75
Re-exports	0.00	0.01	0.02	0.02
Trade Balance	-0.32	-5.86	5.05	<b>-1.14</b>

- **The EU and the USA are the main exports destinations for Agadir T&C products** (receiving 66% and 19% of total exports, respectively in 2019), while **Asia Pacific is the main source of imports** (46% of the total in the same year).
- **Intra-regional trade of T&C goods among Agadir members is minimal** (representing only 1.4% of combined foreign trade on 2019) due to factors including **lack of cooperation along the regional value chain, low competitiveness compared to Asian and Turkish final clothing products**, and the **specific trade policies of Agadir members**, which place emphasis on developing trade relations with major partners like the EU and the USA, rather than fostering intra-regional trade.

### Collaboration amongst Agadir Countries

- Initiatives for **collaboration at a micro level are scarce** (amongst T&C companies), with stakeholders in the industry identifying factors like the **existence of non-tariff barriers, lack of regional transport infrastructure, and the competitive (rather than collaborative) nature of relations** as reasons behind this.
- At the **meso level (institutions)**, there have been **timely initiatives towards collaboration**, mainly focused on trying to implement schemes **to increase inter-country trade based on complementarities** (e.g. Egyptian cotton may be exported to Morocco, while Moroccan accessories may be exported to Egypt), although, for the most part, practical results are yet to be achieved.
- Collaboration at **macro (government) level has been limited**, with initiatives to support the T&C sector (e.g. Egypt's 'Textile Vision 2025', or Tunisia's 'Competitiveness Pact' of 2019) **derived solely from individual countries' government policies and not as a result of coordinated regional efforts**

### Key Conclusions

- Analysis of Agadir members' T&C products has **presented a shortlist of goods** where Egypt, Jordan, Morocco and Tunisia **have a comparative advantage for both intra-regional and foreign trade**.
- We conclude that to maximise opportunities for the success of the trade bloc, it is necessary to **increase coordination among Agadir members' individual T&C value chains, develop capabilities to meet foreign buyers' demands, and address common challenges** affecting the performance of their T&C sectors.
- Identified areas of cooperation include the **introduction of information exchange systems, negotiations with third parties** and an **extension of sustainability practices**.

### Recommendations

- Create awareness on comparative advantages of intra-regional trade at each stage of the value chain to benefit from the accumulation of Rules of Origin.
- Develop full-package solutions via regional integration to address EU buyer demands and capitalise on repeat orders.
- Cross-national investments for production set-ups and sub-contracting to small enterprises within the Agadir region may minimise production costs in the most promising product categories to increase the competitiveness of final clothing products in destination markets
- Create a repository of the most competitive and quickly accessible raw materials for imports from the rest of Africa and potential exports of intermediate and finished products to the USA and EU to benefit from AfCFTA's preferential tariffs
- Launch tailored virtual industry shows towards the USA, the EU, and the rest of MEA and represent Agadir member countries in person at international trade fairs, highlighting the members' individual and the regional strengths as complementary forces.
- Organise trade seminars, technical conferences, and business meetings between enterprises, institutions, and ministries of the Agadir countries to facilitate collaboration and identify potential investment areas in each member country that could benefit the region

- Create one common online platform to showcase sector and company specific information for networking among industry stakeholders at all levels; this should include demand and supply of (especially intermediate) products, sharing of best practices, and establishing a database of enterprises and institutions with their strengths and requirements
- The Agadir Technical Unit may play a pivotal role in facilitating the execution of recommendations to develop intra-regional trade exchanges, value chain integration, and investment relations. The Unit should facilitate policy-level decisions, among others. ITC could support the Agadir Technical Unit's in its work in the T&C sector.

### 3. INTRODUCTORY TRADE ANALYSIS

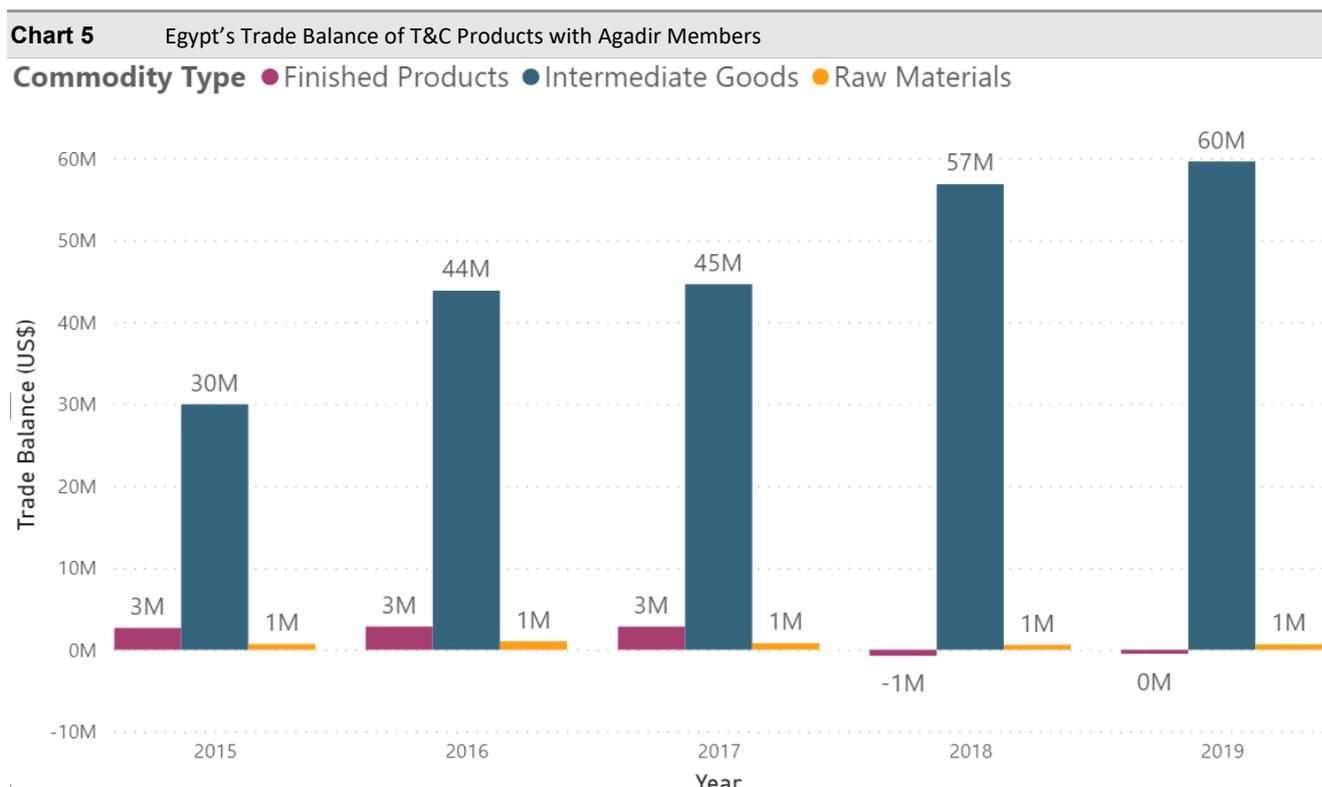
This section will focus on the trade balance as the key metric to identify the potential for trade of clothing products (end clothing products), textiles (intermediate products, e.g. threads, yarns, and fabrics), and fibres (raw materials) both at a regional level (considering improving trade between Agadir Agreement members) and at a global level (with an emphasis on the key exports markets of the USA, the EU and African countries). Trade analysis is consolidated at a regional level (Agadir region). However, detailed analysis of intra and extra-regional trade potential for each of the Agadir markets is presented in Section 8 of this report.

#### 3.1 TRADE FLOWS AND POTENTIAL TRADE AMONG AGADIR COUNTRIES

Analysis of the trade balance of each Agadir country versus its partners within the trade bloc and the comparative advantages of each country in the region was evaluated collectively at regional level.

##### 3.1.1 EGYPT

Egypt's trade balance of textile and clothing goods with other Agadir members can be observed in the following chart.



Source: Euromonitor International from the United Nation's COMTRADE

### **Fibres**

Trade of T&C raw materials (fibres) between Egypt and Agadir members is limited, accounting for only 0.9% of Egypt's total T&C exports in 2019, and it recorded no imports of T&C raw materials from other Agadir members in that year. About 90% of Egypt's raw material exports corresponded to cotton (not carded or combed) and artificial and synthetic fibres (mainly staple fibres, not carded or combed). Morocco was the primary destination (receiving 58% (US\$380,488 value) of Egypt's total fibre exports to Agadir countries in 2019.

### **Textiles**

Intermediate products (textiles) constitute the bulk of T&C goods trade between Egypt and other Agadir members, representing 87.1% of total T&C exports and 41.8% of total T&C imports in 2019. Cotton-based textiles dominated Egyptian fabric exports to Agadir countries (US\$41.4 million or 62% of the total in 2019). This was principally woven cotton fabrics, containing 85% or more cotton by weight and weighing more than 200g/m<sup>2</sup>, reflecting the country's status as an important producer of cotton at a regional level.

### **Apparel Products**

The trade in ready-made clothing products is the only category where Egypt records a deficit with other Agadir members, registering a slight negative trade balance of US\$490,000 in 2019. The trade deficit is driven by relatively sizeable imports of finished products into Egypt (amounting to US\$9.7 million in 2019), composed principally of women's clothing (mainly made from man-made filaments and wool), which accounted for 76% of total finished clothing product imports from other Agadir members in 2019. In terms of exports, Egypt shipped finished clothing products valued at US\$9.2 million to other Agadir countries in 2019, comprising mainly interior and exterior textiles (e.g. sacks and bags, and bed linen made of man-made fibres); men's clothing (principally cotton products like underpants, shirts and trousers); and other garments (mostly made from man-made filaments), whose share of total category exports to Agadir countries reached 52%, 18% and 16%, respectively in 2019.

Building on the results of trade analysis and conversations with stakeholders in the T&C sector in each of the Agadir countries, a shortlist of Egyptian products with high export potential has been identified. These present the highest opportunities for trade expansion both within the region (Agadir trade bloc) and beyond (specifically to the EU, US and African markets).<sup>2</sup> The products with the highest potential for exports to the Agadir region are presented in the following table.

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<sup>2</sup> List of high-potential products based on individual assessment of the comparative advantage of T&C goods exported by each country (measured by the product's relative share of exports to the particular region compared to the relative share of the country's total T&C exports to the world). This approach highlights a set of T&C products manufactured by Agadir countries that have a comparative advantage in their trade with each specific region, the results of which are detailed in this section.

**Table 2** Potential Trade Opportunities for Egypt in the Agadir Region

Value chain stage	HS Code	Type	Details	Comparative Advantage
Raw materials	5003	Silk	Silk waste (including cocoons unsuitable for reeling, yarn waste and garneted stock)	15.4x
	5305	Natural	Coconut, abaca (Manila hemp or <i>Musa textilis</i> Nee), ramie and other vegetable textile fibres n.e.c., raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garneted stock)	4.8x
	5504	Artificial & Synthetic	Artificial staple fibres, not carded, combed or otherwise processed for spinning	2.5x
	5501	Artificial & Synthetic	Synthetic filament tow	2.1x
	5203	Cotton	Cotton, carded or combed	0.9x
Intermediate products	5906	Other intermediate products	Textile fabrics, rubberised; other than those of heading no. 5902	26.1x
	5606	Other intermediate products	Yarn and strip and the like of heading no. 5404 or 5405, gimped (other than those of heading no. 5606 and gimped horsehair yarn); chenille yarn (including flock chenille yarn); loop wale-yarn	20.9x
	5909	Other intermediate products	Textile hose piping and similar textile tubing; with or without lining, armour or accessories of other materials	19.5x
	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	17.7x
	5513	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170g/m <sup>2</sup>	15.5x
End clothing products	621290	Other apparel (e.g. gloves, ties, mittens)	Braces, suspenders, garters and similar articles; whether or not knitted or crocheted, n.e.c. in heading no. 6212	37.2x
	620211	Women's Clothing	Coats; women's or girls', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of wool or fine animal hair, other than those of heading no. 6204 (not knitted or crocheted)	36.4x
	630612	Interior and exterior textiles	Tarpaulins, awnings and sunblinds; of synthetic fibres	28.9x
	621030	Women's Clothing	Garments; overcoats, raincoats, car-coats, capes, cloaks and similar articles, women's or girls', of	17.8x

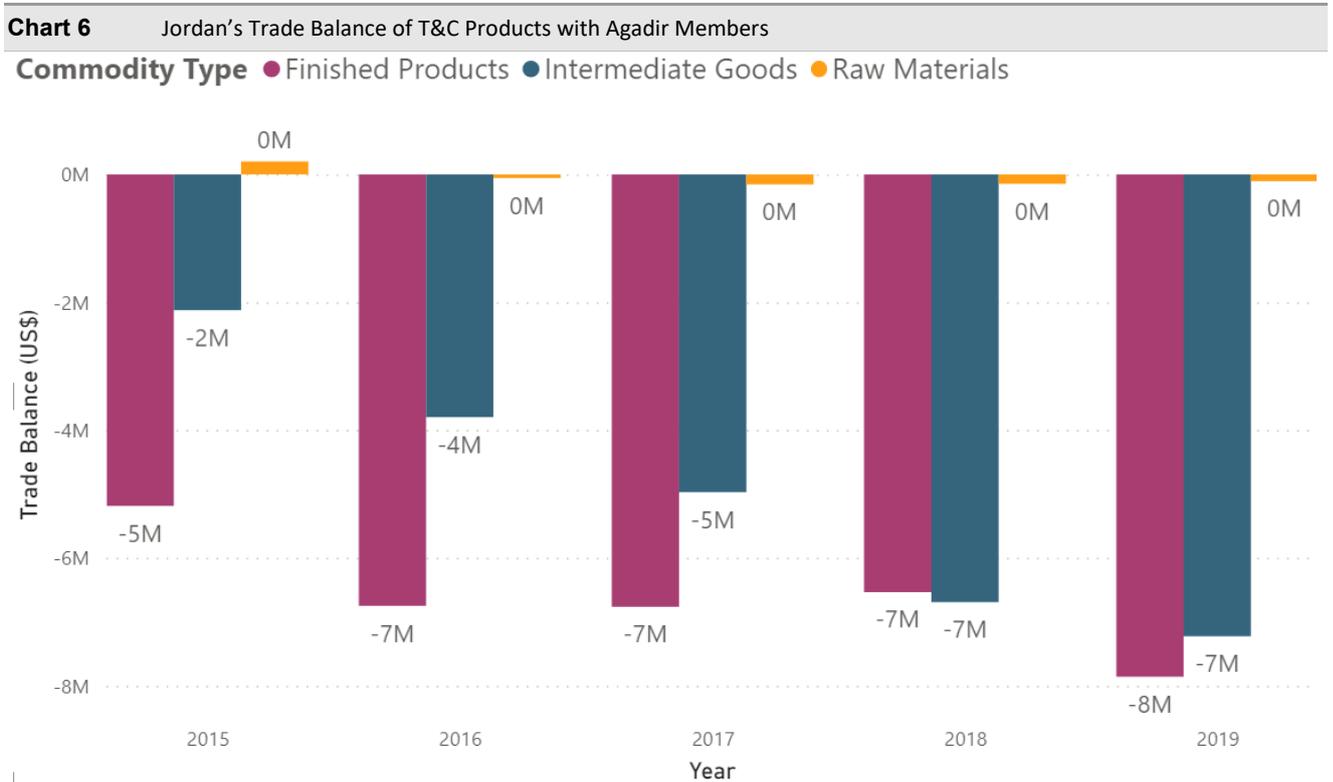
Value chain stage	HS Code	Type	Details	Comparative Advantage
			the fabrics of heading no. 5602, 5603, 5903, 5906 or 5907 (not knitted or crocheted)	
	610891	Women's Clothing	N negligees, bathrobes, dressing gowns and similar articles; women's or girls', of cotton, knitted or crocheted	15.4x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the Agadir region divided by the relative share of Egypt's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the region for the period 2015-2019.

### 3.1.2 Jordan

Jordan's trade balance of textile and clothing goods with other Agadir members is displayed in the chart below.



Source: Euromonitor International from the United Nation's COMTRADE

Note: Trade balance adjusted for re-export of T&C products from Jordan

#### Fibres

While Jordan recorded a trade deficit with other Agadir members in all T&C categories in 2019, the deficit in raw materials was the smallest across the categories (at US\$105,000 in that year, equivalent to just 0.7% of the country's total T&C trade deficit). This reflects the minimal trade in fibres between Jordan and other countries within the Agadir group. Jordan's exports of T&C raw materials mainly comprised raw wool and fibres classified under waste (e.g. noils, yarn waste and garneted stock), while imports were made up mainly of unprocessed synthetic staple fibres. Egypt was the counterpart for the

all of Jordan's trade in T&C raw materials within the Agadir group in 2019, signalling that these flows likely correspond to movements of inventory between companies with operations in the Qualified Industrial Zones (QIZs) in both countries.

### Textiles

Jordan's trade deficit in intermediate products with other members of the Agadir group reached US\$7.2 million in 2019, equivalent to 47.6% of the country's total trade deficit in T&C products. This was driven principally by large imports of textiles (mainly from Egypt), which amounted to US\$14.7 million in the same year. The main products imported within this category from other Agadir members included man-made filaments (mostly sewing thread), which represented 73% of total imports in the category in 2019, while other intermediate products (principally woven pile and chenille fabrics) and artificial & synthetic fibres (mainly sewing thread of man-made staple fibres) accounted for 16% and 9% of total imports from Agadir partners, respectively in the same year.

### Apparel Products

The deficit in Jordan's trade of end clothing products with other Agadir members was the largest across any T&C category in 2019 (at US\$7.9 million, after being adjusted for re-exports). This was driven by relatively large imports of ready-made clothing products into the country (US\$8.1 million in 2019), while Jordan's exports in this category within the Agadir group largely corresponded to re-exports to the Egyptian market, reflecting flows from companies with activity in both QIZs. Imports of T&C finished products into Jordan were composed mainly of other garments (those made of knitted or crocheted man-made fibres), followed by interior and exterior textiles (mostly made up articles including dress patterns, blankets and travelling rugs) and men's clothing (principally cotton-made clothing like singlets, bathrobes and dressing gowns), which represented 76%, 10% and 8% of total imports in the category from other Agadir members, respectively in 2019.

The products from Jordan with the highest export potential to the Agadir region are presented in the following table.

Value chain stage	HS Code	Type	Details	Comparative Advantage (2)
Raw materials	5101	Wool	Wool, not carded or combed	30.3x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	1.3x
Intermediate products	5702	Other intermediate products	Carpets and other textile floor coverings; woven, (not tufted or flocked), whether or not made up, including kelem, schumacks, karamanie and similar hand-woven rugs	65.3x
	5603	Other intermediate products	Nonwovens; whether or not impregnated, coated, covered or laminated	55.1x

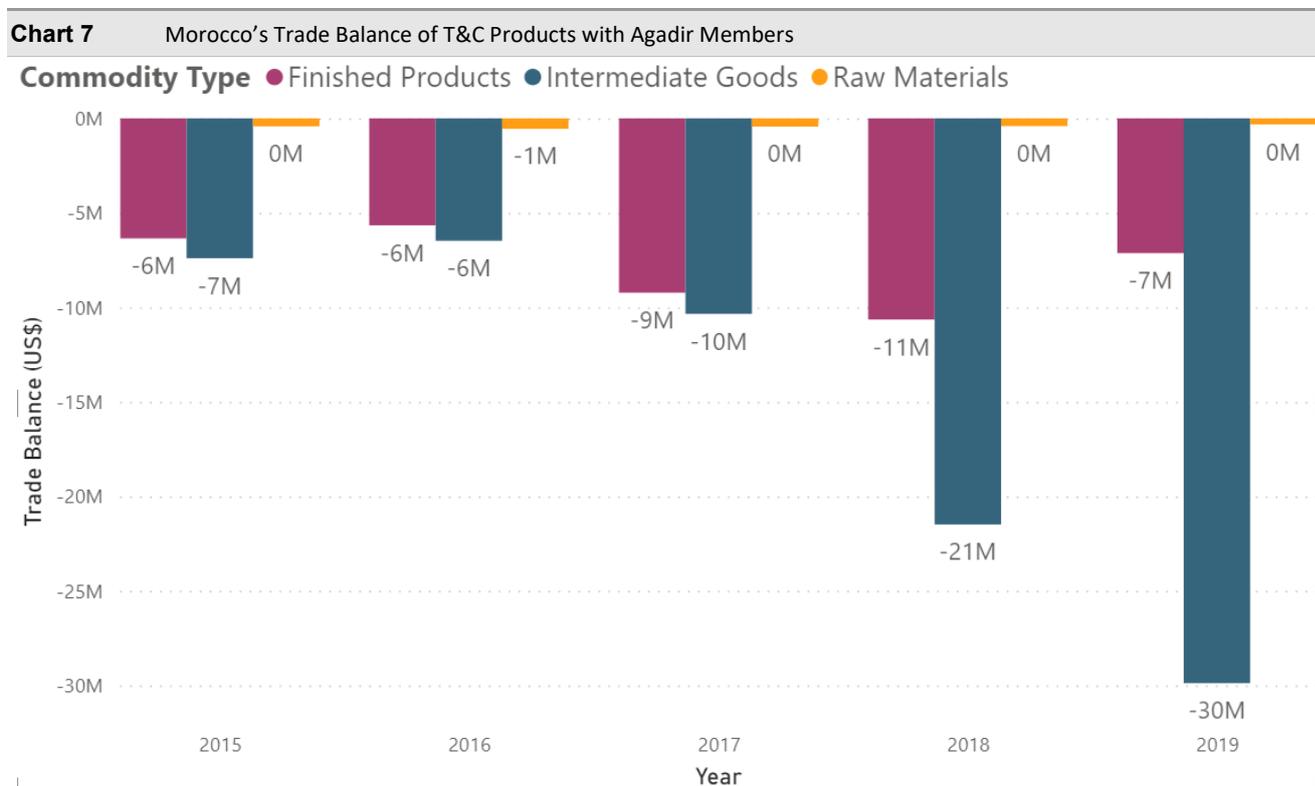
Value chain stage	HS Code	Type	Details	Comparative Advantage (2)
	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	51.5x
	5601	Other intermediate products	Wadding of man-made filaments and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill neps	37.4x
	5602	Other intermediate products	Felt; whether or not impregnated, coated, covered or laminated	29.3x
End clothing products	620711	Men's Clothing	Underpants and briefs; men's or boys', of cotton (not knitted or crocheted)	73.3x
	610449	Women's Clothing	Dresses; women's or girls', of man-made filaments (other than wool or fine animal hair, cotton, synthetic or artificial fibres), knitted or crocheted	73.3x
	620113	Men's Clothing	Coats; men's or boys', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of man-made fibres, other than those of heading no. 6203 (not knitted or crocheted)	51.6x
	630533	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made filaments, of polyethylene or polypropylene strip or the like, not flexible intermediate bulk containers	10.1x
	620819	Women's Clothing	Slips and petticoats; women's or girls', of man-made filaments other than man-made fibres (not knitted or crocheted)	9.2x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the Agadir region divided by the relative share of the Jordan's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the region for the period 2015-2019.

### 3.1.3 Morocco

The trade balance for T&C goods between Morocco and the rest of the Agadir group is presented in the following chart.



Source: Euromonitor International from the United Nation's COMTRADE

#### Fibres

Morocco registered a trade deficit in all T&C categories with other Agadir members in 2019, with the deficit in the trade of fibres reaching US\$320,000 (equivalent to only 0.9% of Morocco's total trade deficit for T&C goods in that year), due to the low levels of trade in raw materials for the T&C sector between Morocco and other members of the group. Imports of raw cotton and natural fibres (mostly flax) were the main drivers of the country's raw materials trade deficit in 2019, while Morocco registered no exports of fibres to Agadir members in that year. Egypt (due to its availability of raw materials) and Tunisia (reflecting restocking raw materials flows between Moroccan and Tunisian manufacturers) were the main sources of imports of fibres into Morocco within the Agadir region in 2019, representing 65% and 24% of the total, respectively in the same year.

#### Textiles

Intermediate goods was the category where Morocco registered the largest trade deficit across T&C product categories in 2019, amounting to US\$29.9 million (equivalent to 80% of the total) in that year. The country's deficit in the trade of textiles with other Agadir members was largely the result of considerable imports of goods within this category, which aggregated to US\$42.9 million in 2019. These were principally driven by imports of woven cotton fabrics (which represented 47% of total textile imports from Agadir members in that year), followed by other intermediate products (mainly carpets

and other textile floor coverings) and man-made filaments (mostly woven fabrics of synthetic filament yarn), which accounted for 27% and 22% of total category imports, respectively in 2019. Cotton fabrics imported into Morocco were primarily sourced from Egypt, while other intermediate products were mainly procured from Jordan and man-made filaments were largely sourced from Tunisia.

### Apparel Products

Morocco's deficit in the trade of end clothing products amounted to US\$7.1 million in 2019 (equivalent to 19% of the total in that year). This reflects both small exports and relatively high imports of apparel products, with the latter led by men's clothing (mainly cotton apparel like trousers, shirts and jackets), which accounted for 32% of total imports in the category from Agadir members in 2019. This was followed by imports of women's clothing (also cotton-made products including trousers, dresses and blouses) and by interior and exterior textiles (principally blankets and travelling rugs, life jackets and cloths). Amongst Agadir partners, Tunisia was the main source of imports of men's clothing into Morocco in 2019, while Egypt dominated as a source of women's clothing and interior and exterior home furnishing, with only a relatively small share (about 11%) of imports originating in Jordan (mainly men's clothing made of synthetic fibres).

The products from Morocco with the highest export potential to the Agadir region are presented in the following table.

Value chain stage	HS Code	Type	Details	Comparative Advantage
Raw materials	5202	Cotton	Cotton waste (including yarn waste and garneted stock)	69.2x
Intermediate products	5204	Cotton	Cotton sewing thread, whether or not put up for retail sale	144.7x
	5907	Other intermediate products	Textile fabrics; otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like	105.9x
	5909	Other intermediate products	Textile hose piping and similar textile tubing; with or without lining, armour or accessories of other materials	95.7x
	5209	Cotton	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/m <sup>2</sup>	61.5x
	5703	Other intermediate products	Carpets and other textile floor coverings; tufted, whether or not made up	44.9x
End clothing products	630299	Interior and exterior textiles	Toilet and kitchen linen; of man-made filaments (other than cotton or man-made fibres)	16.2x

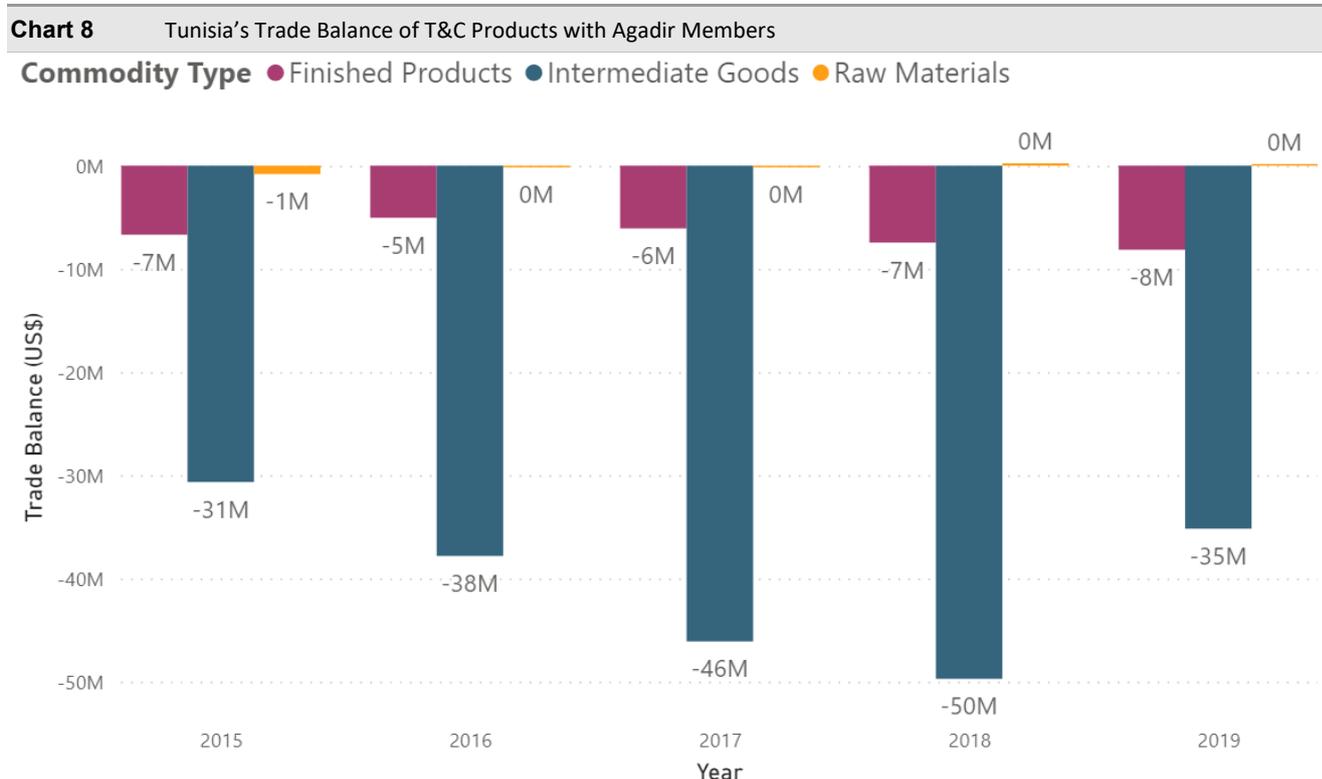
Value chain stage	HS Code	Type	Details	Comparative Advantage
	610190	Men's Clothing	Coats; men's or boys' overcoats, car-coats, capes, anoraks, wind-jackets and similar articles, of man-made filaments n.e.c. in heading no. 6101, knitted or crocheted (excluding those of heading no. 6103)	11.5x
	630533	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made filaments, of polyethylene or polypropylene strip or the like, not flexible intermediate bulk containers	8.2x
	610322	Men's Clothing	Ensembles; men's or boys', of cotton, knitted or crocheted	6.1x
	631010	Interior and exterior textiles	Rags; used or new, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of man-made filaments; sorted	6.0x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the Agadir region divided by the relative share of the Morocco's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the region for the period 2015-2019.

### 3.1.4 Tunisia

Tunisia's trade balance in T&C products with other members of the Agadir group is summarised in the following chart.



Source: Euromonitor International from the United Nation's COMTRADE

### Fibres

Raw materials were the only category where Tunisia recorded a positive balance in the trade of T&C goods with Agadir members in 2019, registering a small surplus of US\$57,100 in that year. This was driven exclusively by exports of fibres (corresponding in their totality to raw cotton, shipped mostly to Morocco), while Tunisia recorded no imports of T&C raw materials from other Agadir countries in 2019. Both the nature and the destination of textile and clothing raw materials from Tunisia indicate that these flows would likely correspond to inventory movements between Tunisian and Moroccan manufacturers, in order to take advantage of shorter lead times compared to typical origin countries of unprocessed cotton, like Egypt and Turkey.

### Textiles

Tunisia recorded a US\$35.2 million deficit in the trade of intermediate goods with other Agadir members in 2019 (accounting for 81% of the country's total trade deficit in T&C products in the same year). The large trade deficit mainly reflected significant imports of textiles into the country, corresponding principally to woven cotton fabrics (which accounted for 86% of total textile imports into Tunisia from other Agadir members in 2019), followed by man-made filaments (mainly synthetic filament yarn) and other intermediate products (mostly twine, cordage and ropes), which represented 6% and 3% of the total in the same year. In terms of origin of intermediate goods imported into Tunisia, Egypt was the main source of textiles brought into the country; due to the dominance of cotton-based products amongst intermediate goods sourced from the region.

### Apparel Products

Tunisia's deficit in the trade of end clothing products with Morocco, Egypt and Jordan totalled US\$8.1 million in 2019 (equivalent to 19% of the country's trade deficit in T&C goods in that year). This was the result of Tunisia's low levels of apparel exports to Agadir members and of relatively large imports, the latter corresponding mainly to interior and exterior textiles (mostly textile made up articles and sacks and bags), which represented 49% of total T&C imports into the country in 2019. This was followed by imports of women's clothing (mainly cotton-made trousers, dresses and blouses) and of men's clothing (mainly cotton products like shirts, trousers and jackets), whose share of total apparel imports reached 24% and 16% of the total, respectively in the same year. Egypt was the main source of imports for interior and exterior textiles and of men's clothing into Tunisia in 2019, while Morocco dominated in terms of imports of women's clothing.

Tunisian products with the highest export potential to the Agadir region are presented in the following table.

Value chain stage	HS Code	Type	Details	Comparative Advantage
Raw Materials	5203	Cotton	Cotton, carded or combed	178.2x

Value chain stage	HS Code	Type	Details	Comparative Advantage
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	18.3x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	6.0x
	5101	Wool	Wool, not carded or combed	0.1x
Intermediate products	5007	Silk	Woven fabrics of silk or of silk waste	94.8x
	5515	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, n.e.c. in chapter 55	81.0x
	5403	Man-made filaments	Artificial filament yarn (other than sewing thread), not put up for retail sale, including artificial monofilament of less than 67 decitex	47.0x
	5407	Man-made filaments	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading no. 5404	32.3x
	5404	Man-made filaments	Synthetic monofilament of 67 decitex or more, of which no cross-sectional dimension exceeds 1mm; strip and the like (e.g. artificial straw) of synthetic man-made filaments of an apparent width not exceeding 5mm	25.5x
End clothing products	621520	Other apparel (e.g. gloves, ties, mittens)	Ties, bow ties and cravats; of man-made fibres (not knitted or crocheted)	413.2x
	630140	Interior and exterior textiles	Blankets (other than electric blankets) and travelling rugs; of synthetic fibres	110.9x
	630293	Interior and exterior textiles	Toilet and kitchen linen; of man-made fibres	80.8x
	610891	Women's Clothing	Negligees, bathrobes, dressing gowns and similar articles; women's or girls', of cotton, knitted or crocheted	59.3x

Value chain stage	HS Code	Type	Details	Comparative Advantage
	611596	Socks-Hosiery	Hosiery and footwear; without applied soles, of synthetic fibres, knitted or crocheted (excluding graduated compression hosiery, panty hose, tights, full or knee-length hosiery measuring per single yarn less than 67 decitex)	51.3x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the Agadir region divided by the relative share of the Tunisia's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the region for the period 2015-2019.

## 3.2 TRADE ANALYSIS BETWEEN AGADIR COUNTRIES AND THE WORLD

This section analyses the trade balance of the Agadir group versus foreign partners (with a special focus on the USA, the EU and Africa) in terms of apparel products (end clothing products), textiles (threads, yarns, and fabrics – intermediate products), and fibres (raw materials).

### 3.2.1 Agadir T&C Trade with the World

The Agadir group's trade balance of T&C products with other countries at a global level is displayed in the following chart.



Source: Euromonitor International from the United Nation's COMTRADE

### **Fibres**

Countries in the Agadir group registered a combined deficit in the international trade of T&C raw materials amounting to US\$324 million in 2019. This was principally driven by the group's large imports of fibres (US\$563 million in 2019), mainly corresponding to raw cotton fibres (sourced from the EU and Africa), and to a lesser extent artificial and synthetic fibres (from the USA and China), and wool (from Australia and Argentina). This more than offset Agadir's net exports of T&C raw materials (US\$239 million in 2019), composed mainly of Egyptian raw cotton shipped to destinations like India and Pakistan. These patterns reflect the underdevelopment of the value chain at the raw materials stage for Agadir countries, even in the case of Egypt (the only country in the group with availability of domestically produced raw materials). Egypt itself lacks a strategy for the utilisation of the country's production of high-quality cotton. As a result, Egypt has to export an important share of its top-grade ESL cotton to countries in South East Asia, while at the same time many Egyptian apparel manufacturers import lower grade cotton for the production of denim and other products that only require short staple cotton.

### **Textiles**

Net exports of T&C intermediate goods from the Agadir group amounted to US\$1.2 billion in 2019, compared to imports of US\$7.1 billion in the same year, resulting in a trade deficit of US\$5.9 billion for the category. The group's exports of textiles were led by other intermediate products (mostly carpets and nonwovens) and cotton textiles (mainly cotton yarn and woven fabrics of cotton), shipped principally to the EU market. On the other hand, imports were made up mostly of man-made filaments (synthetic filament yarn and woven fabrics of synthetic filament yarn), artificial and synthetic textiles (yarn, and woven fabrics of synthetic staple fabrics), and cotton (including cotton yarn and woven fabrics of cotton). China, Turkey and India were the main sources of T&C intermediate goods imports into Agadir countries in 2019.

### **Apparel Products**

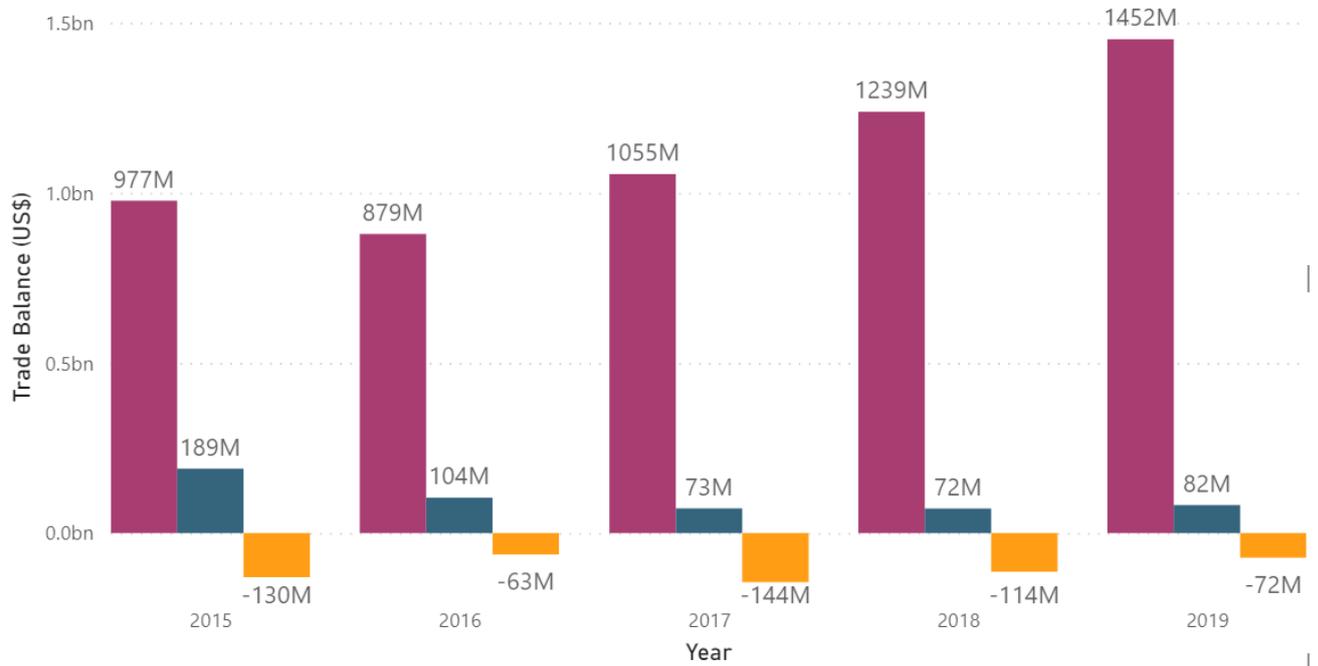
End clothing products was the only category where the Agadir group registered a positive trade balance for T&C goods in 2019, at US\$5.0 billion. This was largely driven by the group's exports of women's clothing (mainly trousers, suits and dresses), men's clothing (mostly trousers, shirts and jackets made of cotton), and other garments (jerseys, pullovers, cardigans). The EU market was the main destination for Agadir group exports of end clothing products, receiving 72% of the total in 2019, on the back of the free trade agreements signed individually between the EU and all members of the Agadir group. In terms of imports of end clothing products, these were mainly composed of women's clothing (principally blouses, trousers and nightdresses of man-made filaments), other garments (including jerseys, pullovers and cardigans), and interior and exterior textiles (worn clothing, articles made up of textiles, and cloths). China and Turkey were the main sources of T&C finished apparel products imports into Agadir in 2019 (accounting for 34% and 18% of the total, respectively), reflecting their high competitiveness which has seen them gradually gain market share in the Agadir region, displacing domestic production, which has found an outlet in exports markets.

### 3.2.2 Agadir T&C Trade and Potential with the USA

The Agadir region's balance of trade with the USA for T&C goods is presented in the chart below.

**Chart 10** Agadir's Trade Balance of T&C Products with the USA

**Commodity Type** ● Finished Products ● Intermediate Goods ● Raw Materials



Source: Euromonitor International from the United Nation's COMTRADE

Note: Trade balance has been adjusted for re-exports

#### Fibres

The Agadir group's deficit in the trade of raw materials for the T&C sector with the USA reached US\$72.3 million in 2019. This mainly reflected the group's relatively high imports of fibres (US\$74.1 million in 2019), composed mostly of artificial & synthetic fibres (principally artificial filament tow and synthetic staple fibres) and cotton (not carded or combed). By contrast, exports of raw materials from Agadir members to the USA (after being adjusted for re-exports) were fairly small, reaching only US\$1.8 million in 2019 (corresponding mainly to small flows of cotton from Egypt), reflecting the underdevelopment of the Agadir group's T&C value chain at the raw materials stage as well as US buyers' preference to source their cotton needs from within the US.

#### Textiles

The Agadir region registered a slight surplus in the trade of intermediate goods with the USA, totalling US\$82.3 million in 2019. This was the result of relatively large exports of textiles from Agadir members (which amounted to US\$144 million in 2019), while imports stood at US\$61.4 million in the same year. The Agadir group's exports of textiles were largely composed of other intermediate products (mostly carpets and other textile floor coverings), which represented 98% of total exports in the category in 2019. Meanwhile, textile imports from the USA were composed principally of cotton textiles (largely cotton yarn and woven fabrics of cotton), which accounted for 75% of total imports in the category in the same year.

### Apparel Products

Countries in the Agadir group recorded a US\$1.5 billion positive balance in the trade of finished clothing products with the USA in 2019. This was driven almost exclusively by the group's sizeable exports of end clothing products (US\$1.5 billion in 2019, after being adjusted for re-exports), led by exports of other garments (mostly knitted garments and jerseys, pullovers and cardigans), which accounted for 38% of total category exports in that year. This was followed by exports of men's clothing (principally trousers, suits and shirts made of unknitted man-made filaments and of cotton) and T-shirts, singlets and other vests (made of knitted man-made filaments), which represented 35% and 14% of total category exports to the USA, respectively in 2019 (with 97.5% of apparel exports into the US market originating from Egypt and Jordan). In terms of imports, these were comprised mostly of products classified under the interior and exterior textiles category (mostly worn clothing, and to a lesser extent blankets and cloths).

The products with the highest potential for export from the Agadir group to the US market are presented in the following tables.

Exporter	HS Code	Type	Details	Comparative Advantage
Agadir Region	610892	Women's Clothing	Negligees, bathrobes, dressing gowns and similar articles; women's or girls', of man-made fibres, knitted or crocheted	1574.9x
	610419	Women's Clothing	Suits; women's or girls', of man-made filaments (other than synthetic fibres), knitted or crocheted	421.2x
	611249	Tracksuits, ski suits, swimwear	Swimwear; women's or girls', of man-made filaments (other than synthetic fibres), knitted or crocheted	239.6x
	611430	Other garments (e.g. jerseys, pullovers, cardigans)	Garments; of man-made fibres, knitted or crocheted, n.e.c. in chapter 61	123.5x
	611030	Other garments (e.g. jerseys, pullovers, cardigans)	Jerseys, pullovers, cardigans, waistcoats and similar articles; of man-made fibres, knitted or crocheted	122.2x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the USA divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the USA for the period 2015-2019.

The analysis shows opportunities to expand exports of products like women's clothing (mainly negligees, bathrobes, dressing gowns and tracksuits, ski suits, swimwear) to the US market, using

### materials such as man-made fibres and filaments. Intermediate Products with the Highest Export Potential from the Agadir Region to the USA

Exporter	HS Code	Type	Details	Comparative Advantage
Agadir Region	5909	Other intermediate products	Textile hose piping and similar textile tubing; with or without lining, armour or accessories of other materials	14.4x
	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	4.5x
	5907	Other intermediate products	Textile fabrics; otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like	2.8x
	5705	Other intermediate products	Carpets and other textile floor coverings; n.e.c. in chapter 57, whether or not made up	1.1x
	5803	Other intermediate products	Gauze; other than narrow fabrics of heading no. 5806	0.9x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the USA divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the USA for the period 2015-2019.

Carpets are a product where Agadir members have a notable comparative advantage in terms of exports of intermediate goods to the US market, representing over 80% of the total amount (in value terms) of products in the short list. This reflects high demand by US consumers for carpets made in the Agadir region, driven principally by their quality and design, beyond considerations about the type of carpet (knitted, woven or tufted) and textile material used in the production process.

**Table 7** Raw Materials with the Highest Export Potential from the Agadir Region to the USA

Exporter	HS Code	Type	Details	Comparative Advantage
Agadir Region	5201	Cotton	Cotton; not carded or combed	0.1x
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	0.1x
	5101	Wool	Wool, not carded or combed	0.1x
	5301	Natural	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	0.1x
	5501	Artificial & Synthetic	Synthetic filament tow	0.1x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the USA divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the USA for the period 2015-2019.

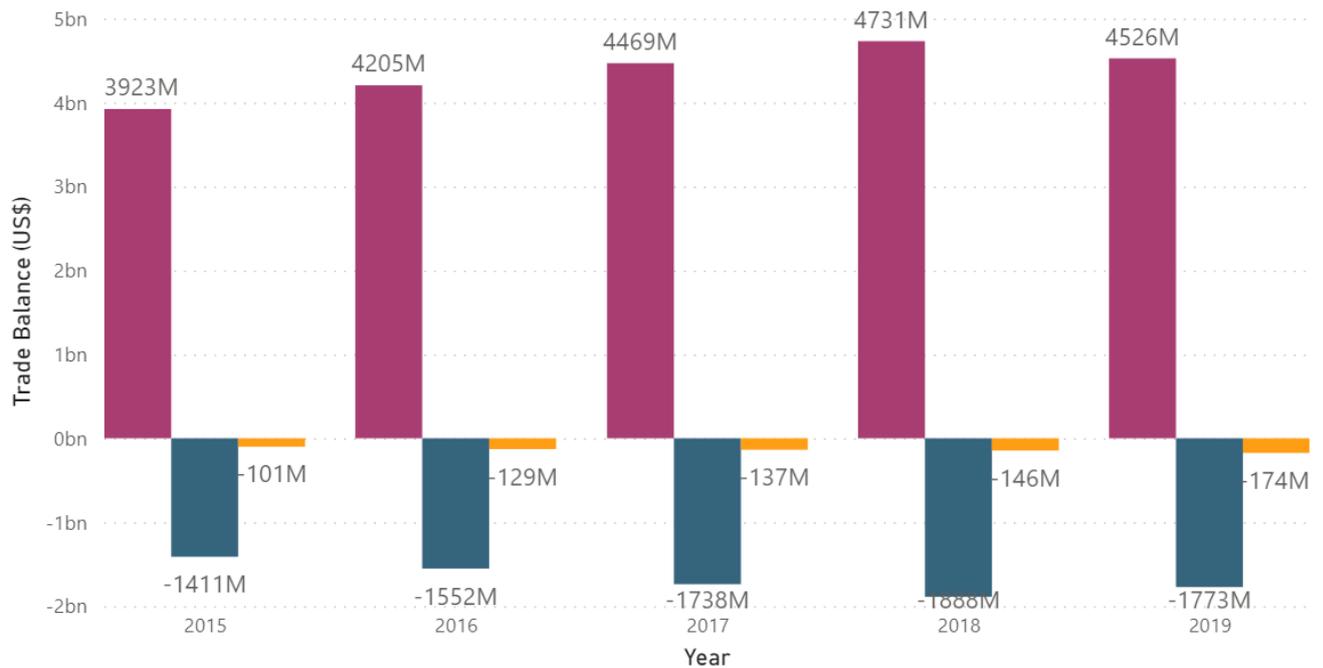
While there were minor exports to the USA of raw materials from Agadir countries during the period 2015-2019 (most notably cotton fibres from Egypt), these do not show a comparative advantage for either of the trade partners in these transactions. For instance, the USA holds just a minimal share of Egypt's global raw cotton exports (0.3% in 2019), resulting in a ratio of comparative advantage for this product of 0.06x in the same year (signalling that Egypt's cotton exports to the USA are at a relative disadvantage in terms of trade with the rest of the world), while the USA prefers to use locally produced cotton.

### 3.2.3 Agadir's T&C Trade and Potential with the EU

The Agadir region's trade balance with the EU for T&C products is displayed in the following chart.

**Chart 11** Agadir's Trade Balance of T&C Products with the EU

**Commodity Type** ● Finished Products ● Intermediate Goods ● Raw Materials



Source: Euromonitor International from the United Nation's COMTRADE

#### Fibres

The Agadir group recorded a deficit in the trade of fibres with the EU totalling US\$174 million in 2019. This was mainly the consequence of the group's large imports of raw materials (US\$200 million in 2019), composed principally of cotton (not carded or combed); artificial & synthetic fibres (artificial staple fibres, synthetic staple fibres and filament tow); and natural fibres (including flax, coconut and true hemp fibres). Conversely, exports of raw materials from Agadir members to the EU were considerably lower at US\$26 million in 2019, corresponding mainly to synthetic staple fibres, cotton and

flax, with these patterns reflecting both the underdevelopment of the raw materials stage of the Agadir region's T&C value chain and the partial integration of the T&C value chains of Morocco and Tunisia with the value chains of European fashion brands (where raw materials and textiles from European fashion brands are transformed into apparel by Moroccan and Tunisian manufacturers to be sent back to the EU for sale and distribution).

### Textiles

Agadir members' combined trade of textiles with the EU registered a deficit of US\$1.8 billion in 2019, driven by significant imports of intermediate products (US\$2.3 billion), compared to exports of textiles at US\$488 million in the same year. Other intermediate products (largely textile fabrics impregnated, covered or laminated with plastic, and nonwovens) were the main textiles imported into Agadir in 2019 (representing 30% of the total in that year), followed by artificial and synthetic fibres (mostly woven fabrics of staple fabrics) and cotton (mainly woven fabrics of cotton and cotton yarn), which accounted for 26% and 23% of the total, respectively. In terms of exports, these corresponded principally to other intermediate products (carpets, nonwovens and rubber thread) and cotton (woven fabrics and cotton yarn), which together accounted for 71% of total category exports to the EU in 2019.

### Apparel Products

End clothing products was the only category where the Agadir group recorded a surplus in trade of T&C goods with the EU in 2019, at US\$4.5 billion in 2019. This was on the back of the group's considerable exports in the category, including women's clothing (mainly suits, trousers and dresses of not knitted man-made filaments); men's clothing (mostly cotton-made trousers, shirts and anoraks); and interior and exterior textiles (largely blankets and travelling rugs, bed linen, and made up articles of textiles including dress patterns), which accounted for 47%, 28% and 10% of total category exports, respectively in 2019. Countries with strong logistical networks in the Mediterranean Sea (Spain, France and Italy) were the main destinations of Agadir-made finished apparel goods, receiving 71% of total category exports to the EU in 2019, mainly originating from Morocco and Tunisia (reflecting flows driven by the partial integration of these two countries into the value chain of European fashion brands). Conversely, imports of ready-made clothing products into Agadir countries comprised clothing accessories (made of not knitted materials); interior and exterior textiles (mostly made up articles of not knitted textiles, worn clothing and cloths); and women's clothing (principally trousers, dresses and blouses made of cotton).

The products from the Agadir region with the highest export potential to the EU market are presented in the following tables.

Exporter	HS Code	Type	Details	Comparative Advantage
Agadir Region	610892	Women's Clothing	Negligees, bathrobes, dressing gowns and similar articles; women's or girls', of man-made fibres, knitted or crocheted	10982.2x

Exporter	HS Code	Type	Details	Comparative Advantage
	621290	Other apparel (e.g. gloves, ties, mittens)	Braces, suspenders, garters and similar articles; whether or not knitted or crocheted, n.e.c. in heading no. 6212	5835.3x
	611249	Tracksuits, ski suits, swimwear	Swimwear; women's or girls', of man-made filaments (other than synthetic fibres), knitted or crocheted	3753.7x
	620211	Women's Clothing	Coats; women's or girls', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of wool or fine animal hair, other than those of heading no. 6204 (not knitted or crocheted)	3157.9x
	621430	Other apparel (e.g. gloves, ties, mittens)	Shawls, scarves, mufflers, mantillas, veils and the like; of synthetic fibres (not knitted or crocheted)	2499.8x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the EU divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the EU for the period 2015-2019.

The highest potential for exports of end clothing products from the Agadir region to the EU lie in women's clothing (briefs, hosiery, ensembles, negligees and skirts) made of man-made filaments or synthetic fibres, on the back of the high quality and design of these products. However, there is also opportunity for products like coats made for men or women (of materials like wool, cotton and man-made fibres), which account for almost 50% of the total value of products with the highest potential for exports from the region to the EU.

### Textiles

**Table 9** Intermediate Products with the Highest Export Potential from the Agadir region to the EU

Exporter	HS Code	Type	Details	Comparative Advantage (2)
Agadir Region	5911	Other intermediate products	Textile products and articles for technical uses; specified in note 7 to this chapter	249.6x

Exporter	HS Code	Type	Details	Comparative Advantage (2)
	5808	Other intermediate products	Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompoms and similar articles	77x
	5309	Natural	Woven fabrics of flax	68.5x
	5810	Other intermediate products	Embroidery; in the piece, in strips or in motifs	30.6x
	5807	Other intermediate products	Labels, badges and similar articles; of man-made filaments, in the piece, in strips or cut to shape or size, not embroidered	26.1x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the EU divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the EU for the period 2015-2019.

As the region as a whole, and specifically Morocco and Tunisia, imports a large share of their yarn and fabric requirements from outside the region (including an important part from the EU), export potential is limited. Export potential mainly lies in textiles made from natural fibres such as silk, wool or flax, among others. Some non-finished fabrics are exported to EU countries for finishing, and then re-imported to convert finished fabrics into ready-made clothing.

### Fibres

Exporter	HS Code	Type	Details	Comparative Advantage (2)
Agadir Region	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	2.1x
	5101	Wool	Wool, not carded or combed	1.0x

Exporter	HS Code	Type	Details	Comparative Advantage (2)
	5103	Wool	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garneted stock	0.7x
	5302	Natural	True hemp (cannabis sativa L.), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garneted stock)	0.5x
	5202	Cotton	Cotton waste (including yarn waste and garneted stock)	0.4x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019. (2) Comparative advantage in exports defined as the relative share of the product's exports to the EU divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the EU for the period 2015-2019.

In terms of raw materials with high potential for exports to the EU, these correspond mainly to niche products (hemp or waste), reflecting the limited availability of raw materials in the region, except for cotton from Egypt. However, in this case, European countries prefer sourcing their cotton inputs from within the EU (Spain or Greece) or Sub-Saharan Africa for specific niche products.

### 3.2.4 Perspective and Requirements from EU Buyers

The requirements from EU apparel and textile buyers from a consumers' perspective, implies that there is a need to develop full package solutions, and respond to short lead times. This could potentially be achieved by integrating the value chain in each stage (raw materials, intermediate products, and end clothing products) rather than by a single manufacturer. An assessment of EU buyer requirements and how to meet them are explained in the following sections.

**Chart 12** Cycle for EU Buyer Requirements Assessment

### Cycle for EU Buyer Requirements Assessment



### 3.2.5 EU Consumer Demand Trends

 <b>Trends</b>	<b>Details</b>
 Hyperconsumption of fashion	<ul style="list-style-type: none"> <li>• EU consumers are avid fashion consumers as an activity of pleasure and renewal</li> <li>• They take increasing care on their personal image and wellbeing driven by a health and wellness trend and the rise of social media</li> <li>• However, the impact of COVID-19 has significantly shifted the focus from fashion</li> <li>• Likewise, they search for factors to look young due to the EU’s ageing population and global health and beauty trends</li> </ul>
 Emphasis on sustainability	<ul style="list-style-type: none"> <li>• At the same time, EU fashion buyers are increasingly concerned about ethical consumption, a sustainable environment and the circular economy</li> <li>• As a result, they favour product with ethical labels, including sustainable production processes, ecological certifications, and ethical treatment of workers</li> </ul>
 Cost-conscious purchases	<ul style="list-style-type: none"> <li>• Slim real income growth during the 2010s caused EU fashion consumers to pay greater attention to price (they want to “look good on a budget”)</li> </ul>

 <b>Trends</b>	<b>Details</b>
	<ul style="list-style-type: none"> <li>• As a result, they have become less loyal to fashion brands and switch more easily according to their perception of benefit/price</li> <li>• This has also increased online purchases of clothing (due to generally lower prices online), a factor accelerated by the impact of COVID-19</li> </ul>

### 3.2.6 How EU Buyers Work

 <b>Trends</b>	<b>Details</b>
 <b>Emphasis on “fast fashion”</b>	<ul style="list-style-type: none"> <li>• The “fast fashion” model was developed by EU fashion brands to meet consumer demands in terms of personal style and price</li> <li>• They developed highly responsive and flexible value chains with the ability to put trendy fashion styles in stores on short lead times at affordable prices</li> <li>• Likewise, their value chain setup allows them to quickly reorder and restock best-selling items with necessary modifications to meet consumer demand</li> </ul>
 <b>Ordering patterns</b>	<ul style="list-style-type: none"> <li>• These factors are reflected in EU buyers’ ordering patterns, for which they use a dual system of “First orders” and “Repeat orders” (each one accounting for about 50% of total value bought from suppliers)</li> <li>• “First orders” are those placed ahead of a new season and are generally contracted to Asian suppliers due to their lower manufacturing costs</li> <li>• “Repeat orders” are those placed mid-season for best-selling products, and are usually placed with neighbouring suppliers (e.g. Turkey, Europe, MENA countries) due to lower transport lead times</li> </ul>
 <b>Efforts to differentiate</b>	<ul style="list-style-type: none"> <li>• Amid the extensive choice of fashion products for EU consumers both from physical and online retailers, fashion brands seek to differentiate their products to try to create brand loyalty</li> </ul>

 <b>Trends</b>	<b>Details</b>
	<ul style="list-style-type: none"> <li>• As a result, they focus on aspects like design, marketing and providing a unique shopping experience to try to cater to consumers</li> <li>• Similarly, EU fashion brands are offering sustainable products and ethical labels to try to meet consumer preferences and gain an edge over the competition</li> </ul>

### 3.2.7 What EU Buyers Demand

 <b>Trends</b>	<b>Details</b>
<p>➤ Strict adherence to terms</p>	<ul style="list-style-type: none"> <li>• Terms for quality: production up to standard with technical file and quality controls; product that can seamlessly carry the label of a global fashion brand</li> <li>• Terms for costs: competitive prices according to their budgeted price range, low logistics costs, low or no tariffs on products</li> <li>• Terms for flexibility: short lead times between ordering and delivery, “Just in Time” logistics, product availability on short notice</li> <li>• Terms for sustainability: EU/global certifications for ethical labels (e.g. for raw materials, labour, environment), political stability in sourcing country, low social risks</li> </ul>
<p>➤ “Full package” providers</p>	<ul style="list-style-type: none"> <li>• They seek partnerships with suppliers that can meet their required qualifications, specifications and product characteristics</li> <li>• This system of partnership requires suppliers to adopt the role of “innovators” in areas including purchase of raw materials, product testing, clothing design, initial sketches, product development, manufacturing, and freight</li> <li>• Therefore, EU buyers strongly favour “full package” providers that can save them hassle and cost by undertaking the aforementioned activities without the need for the buyer to coordinate them</li> </ul>

 <b>Trends</b>	<b>Details</b>
 Non-commitment with suppliers	<ul style="list-style-type: none"> <li>• In order to maintain production flexibility and minimise costs, EU buyers usually execute global contracts without committing to set volumes with particular suppliers</li> <li>• However, suppliers have to meet all requirements and be ready to execute new orders when needed</li> <li>• Decisions on supplier selection are made by the fashion companies' evaluation teams (usually giving probationary contracts to test); after a supplier has been qualified, it is typical for EU buyers to still "shop around" amongst qualified suppliers to see who offers the best value at a particular time</li> </ul>

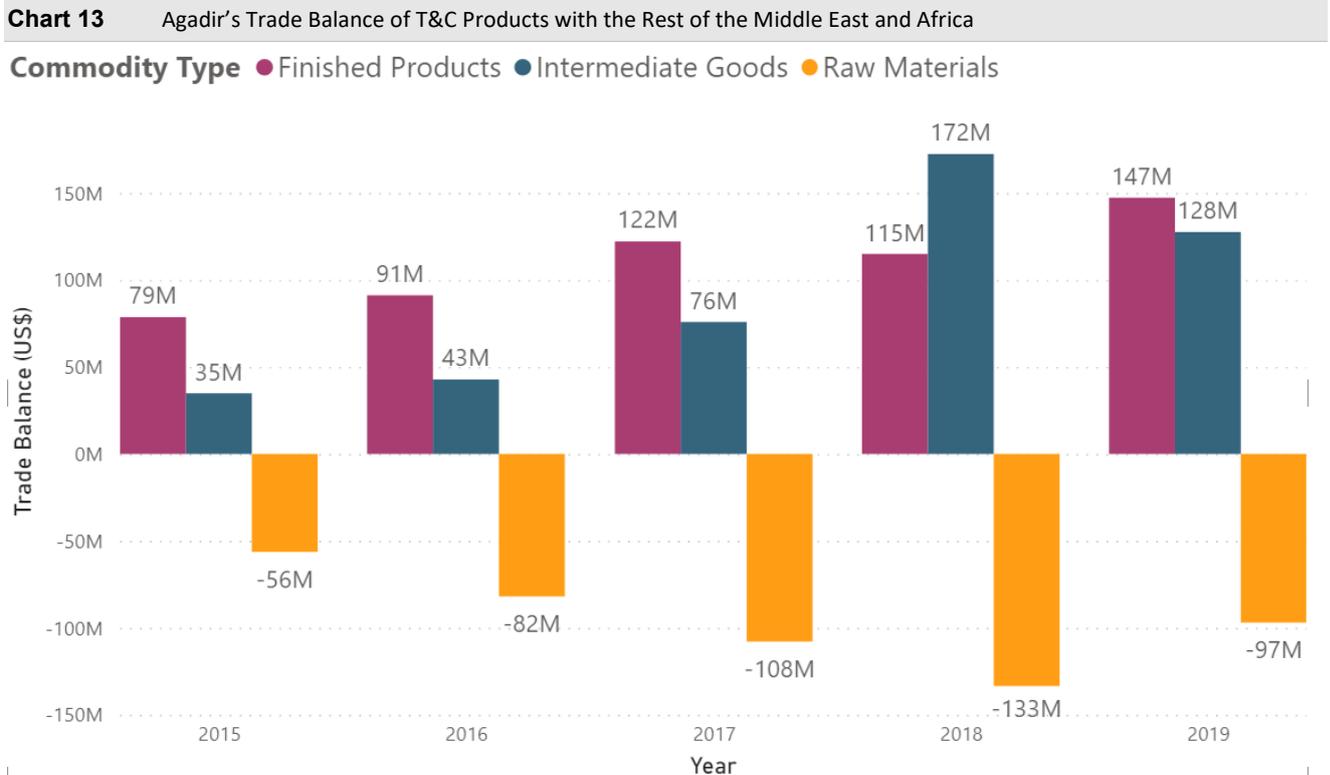
### 3.2.8 How to Meet EU Buyer Needs

 <b>Trends</b>	<b>Details</b>
 Develop "full package" capabilities	<ul style="list-style-type: none"> <li>• View the market from the EU buyers' perspective: they are just one click/phone call away from contacting a "full package provider" so your offer has to at least match that of your competitors in terms of services offered and price</li> <li>• Since it would be extremely difficult to compete with Asian countries for "First orders" due to their highly competitive prices, the focus should be on becoming a "Repeat orders" supplier, taking advantage of the geographical proximity to the EU</li> <li>• To this end, developing "full package" capabilities should be the priority to become a coordinator across value chain activities instead of only a manufacturer</li> </ul>
 Focus on qualification requirements	<ul style="list-style-type: none"> <li>• Companies should emphasise investment in human and technological capital to meet the requirements EU buyers set for their suppliers (building the necessary capabilities if needed)</li> </ul>

 <b>Trends</b>	<b>Details</b>
	<ul style="list-style-type: none"> <li>• It would be advisable to hire former personnel from procurement/evaluation teams from EU fashion brands, or consulting companies that could advise T&amp;C businesses on meeting the requirements and certifications EU buyers demand</li> <li>• It should be noted that, if successful, this would only qualify a business as a supplier for EU brands, and additional capabilities should be developed in order to become a “full package” provider</li> </ul>
 Anticipate needs	<ul style="list-style-type: none"> <li>• Knowing that EU buyer demands are ultimately shaped by EU fashion consumer trends, it is possible to anticipate trends and preferences at a consumer level to be able to offer higher value to EU buyers</li> <li>• For instance, trends that are emerging in the EU consumer market for T&amp;C include higher demand for variety and originality; shorter season collection cycles (e.g. up to 52 “micro-cycles” of one week each in a year), and rising demand for “ultra-fast fashion” products (generally from online retailers producing on demand with extremely short lead times due to their local manufacturing operations)</li> <li>• Closely monitoring these trends could help businesses anticipate the fashion preferences of EU consumers (e.g. follow social media to assess the latest fashion styles and design, and propose products/collections around them)</li> </ul>

### 3.2.9 Agadir T&C Trade and Potential with the Rest Of The Middle East And Africa

The trade balance of Agadir members for T&C goods with other countries in the rest of Middle East and Africa (MEA) is presented in the chart below.



Source: Euromonitor International from the United Nation’s COMTRADE

#### Fibres

The Agadir group recorded a trade deficit of US\$97.0 million in 2019 for raw materials for the T&C sector from other countries in the Middle East and Africa. This mainly reflected the group’s relatively high imports of fibres (totalling US\$104 million in 2019), compared to exports of only US\$6.7 million in the same year, an indication of the lack of availability of domestically produced fibres (except for Egypt) and the underdevelopment of the T&C value chain at the raw materials stage among Agadir members. The main products imported by the Agadir group were raw cotton (sourced from countries like Sudan, Benin and Burkina Faso); natural fibres like coconut, abaca, and jute (from Kenya and Madagascar); and raw wool (mainly from South Africa). In terms of exports of raw materials, these were mainly comprised of artificial & synthetic fibres, cotton, and natural fibres, shipped mostly to countries like Syria, Saudi Arabia and Yemen. Despite the availability of cotton as a raw material within the Agadir group, exports of raw cotton to the rest of the MEA region remain minimal (reaching only US\$926,000 in 2019).

#### Textiles

The Agadir group’s international trade of T&C intermediate goods with the rest of MEA registered a positive balance of US\$128 million in 2019. This was largely driven by the group’s relatively large exports of textiles (amounting to US\$254 million in the same year), principally corresponding to other intermediate products (nonwovens, and carpets and other textile floor coverings) and man-made

filaments (mainly woven fabrics of synthetic filament yarn), exported to countries like Algeria, Saudi Arabia and Nigeria. On the other hand, the Agadir group's imports of intermediate goods from MEA countries were markedly lower, at US\$126 million in 2019, led by other intermediate products (nonwovens, and carpets and other textile floor coverings) and followed by man-made filaments (woven fabrics of synthetic filament yarn) and artificial & synthetic textiles (woven fabrics of synthetic staple fibres), sourced mainly from Saudi Arabia, Israel and the United Arab Emirates.

### Apparel products

Agadir countries recorded a positive balance in the international trade of end clothing products with the rest of MEA, at US\$147 million in 2019. The group's relatively large exports of ready-made clothing products (totalling US\$190 million in 2019) were the main driver behind this surplus, with interior and exterior textiles (mainly sacks and bags and bed linen made of unknitted man-made fibres); men's clothing (mostly garments, overcoats and raincoats made of unknitted fibres); and other garments (principally jerseys, pullovers and cardigans made of knitted man-made filaments) as the main products exported, representing shares of 45%, 22% and 15% of the total, respectively in that year. Saudi Arabia, Algeria, Sudan and Libya were the main destinations of Agadir exports of end clothing products to the rest of MEA in 2019 (accounting for a combined 55% of the total in that year). In terms of imports of T&C end clothing products into Agadir countries from the rest of MEA, these were led by interior and exterior textiles (i.e. worn clothing); women's clothing (trousers, ensembles and dresses made of unknitted synthetic fibres); and clothing accessories (made of unknitted textiles), sourced largely from the United Arab Emirates, Israel and Saudi Arabia.

The T&C goods that show the highest export potential from Agadir members to the rest of MEA countries is presented in the tables below.

**Table 11** End Clothing Products with the Highest Export Potential from the Agadir region to the Rest of Middle East and Africa

Exporter	HS Code	Type	Details	Comparative Advantage
Agadir	621430	Other apparel (e.g. gloves, ties, mittens)	Shawls, scarves, mufflers, mantillas, veils and the like; of synthetic fibres (not knitted or crocheted)	2688.9x
	611212	Tracksuits, ski suits, swimwear	Tracksuits; of synthetic fibres, knitted or crocheted	525.4x
	610822	Women's Clothing	Briefs and panties; women's or girls', of man-made fibres, knitted or crocheted	289.9x
	620441	Women's Clothing	Dresses; women's or girls', of wool or fine animal hair (not knitted or crocheted)	215.0x

Exporter	HS Code	Type	Details	Comparative Advantage
	611430	Other garments (e.g. jerseys, pullovers, cardigans)	Garments; of man-made fibres, knitted or crocheted, n.e.c. in chapter 61	191.7x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the rest of the Middle East & Africa divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the Middle East & Africa for the period 2015-2019.

Other apparel such as shawls, scarves, mufflers, mantillas, veils and the like; of synthetic fibres represent the product type with the highest comparative advantage for export from Agadir countries to the rest of Africa within end clothing products. The competitiveness of products such as interior and exterior textiles (including sacks and bags, bed linen and fabrics for making up into rugs or tapestries) in this category as well as relatively low purchasing power in most African countries, reduces demand for Agadir-made products or relatively higher priced, higher quality women's and men's clothing, as most markets for these product types in the broader African region are dominated by low-cost Asian imports, second-hand clothing or domestic production.

**Table 12** Intermediate Products with the Highest Export Potential from the Agadir region to the Rest of Middle East and Africa

Exporter	HS Code	Type	Details	Comparative Advantage
Agadir	5911	Other intermediate products	Textile products and articles for technical uses; specified in note 7 to this chapter	798.6x
	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	423.3x
	5113	Wool	Woven fabrics of coarse animal hair or of horsehair	399.0x
	5908	Other intermediate products	Textile wicks, woven, plaited or knitted; for lamps, stoves, lighters, candles or the like; incandescent gas mantles and tubular knitted gas mantle fabric therefor, whether or not impregnated	374.5x

Exporter	HS Code	Type	Details	Comparative Advantage
	5907	Other intermediate products	Textile fabrics; otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like	315.5x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the rest of the Middle East & Africa divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the Middle East & Africa for the period 2015-2019.

Exports of intermediate products with high comparative advantage are driven by their competitiveness and relative geographic proximity compared to other sources of intermediate goods, like South East Asia, presenting attractive opportunities for sales growth within countries in the MEA region.

**Table 13** Raw Materials with Highest the Highest Export Potential from the Agadir region to the Rest of Middle East and Africa

Exporter	HS Code	Type	Details	Comparative Advantage (2)
Agadir	5305	Natural	Coconut, abaca (Manila hemp or <i>Musa textilis</i> Nee), ramie and other vegetable textile fibres n.e.c., raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garneted stock)	13.2x
	5303	Natural	Jute and other textile bast fibres (not flax, true hemp and ramie), raw or processed but not spun; tow and waste of these fibres, including yarn waste and garneted stock	9.7x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	3.9x
	5203	Cotton	Cotton, carded or combed	3.9x
	5501	Artificial & Synthetic	Synthetic filament tow	3.7x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the rest of the Middle East & Africa divided by the relative share of the Agadir region's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the Middle East & Africa for the period 2015-2019.

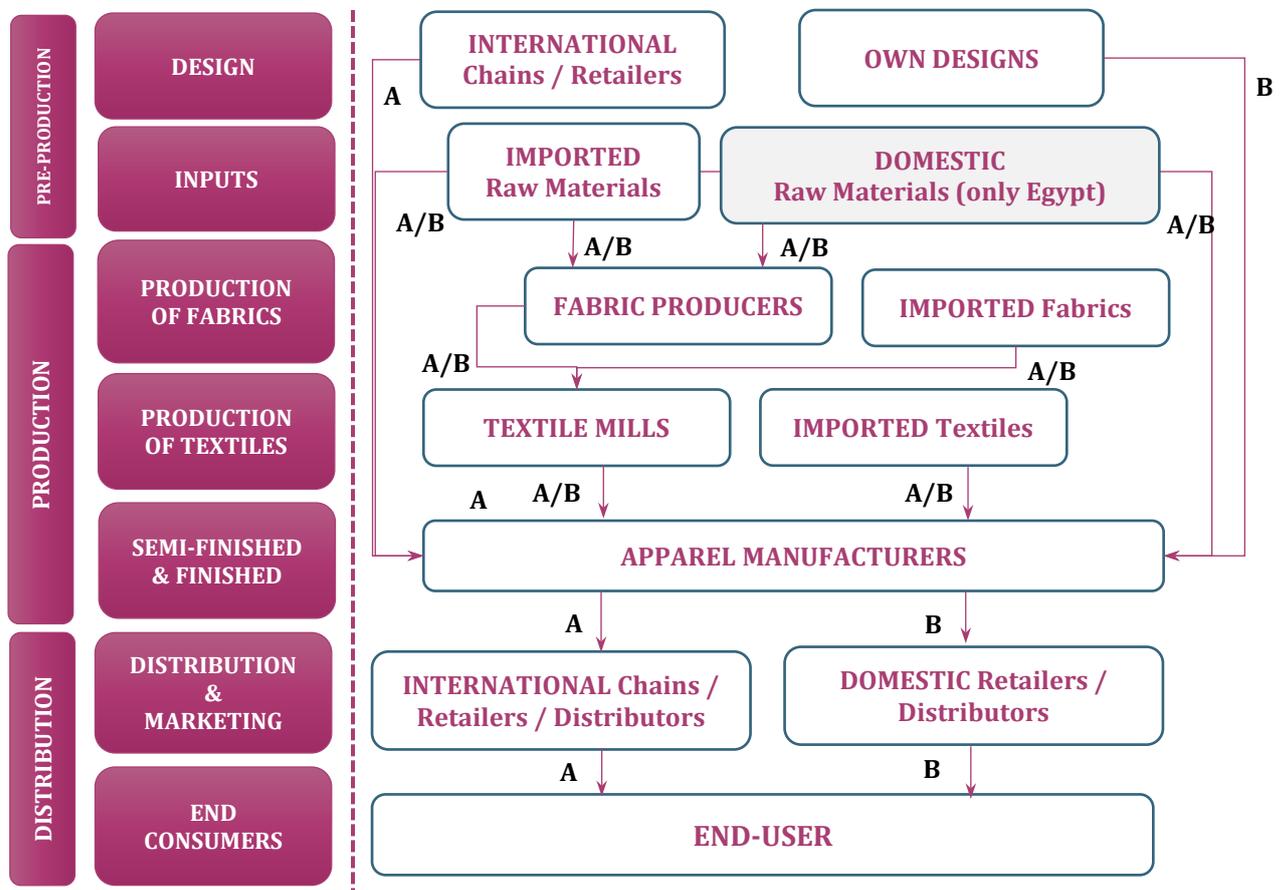
Natural fibres, together with artificial & synthetic fibres, are amongst the raw materials in the T&C sector that show a comparative advantage for Agadir countries to export to the rest of Middle East & Africa. Cotton displays high potential although current export amounts from Agadir to MEA remain relatively low.

The African Continental Free Trade Area (AfCFTA) is expected to reduce non-tariff barriers and allow the trade of goods on preferential terms, hence reducing tariff costs, and simplifying customs clearance procedures. Egypt, Morocco, and Tunisia, being signatories of AfCFTA, are expected to benefit from the import of less expensive inputs such as fibres and textiles, and exports of finished T&C products out to the rest of Africa. Furthermore, these three Agadir markets would be in a price-competitive position to export finished T&C goods to the EU, and the US.

## 4. Value Chain Analysis of Agadir Member Countries

The T&C value chain for countries in the Agadir group is underdeveloped at the Pre-production stage, reflecting the lack of availability of raw materials (except for Egypt's domestic production of cotton), which results in member countries having to rely on imports to satisfy their raw material needs. By contrast, at the Production stage, the value chain for all four members is well developed, benefitting from the export-driven approach of the sector and, in the case of Morocco and Tunisia, by the relatively high degree of integration in T&C global value chains. At the Distribution stage, T&C value chains of Agadir members show a lack of development, which prevents them from capturing a greater portion of value from their value chain activities.

**Chart 14** T&C Value Chain Structure in Agadir Countries



Source: Euromonitor International from trade interviews/secondary research

Note: **Path A** refers to products destined for exports market, while **Path B** indicates products directed to domestic markets.

### 4.1 STRENGTHS AND WEAKNESSES

Analysis of the T&C value chains for Egypt, Jordan, Morocco and Tunisia allowed the identification of strengths and weaknesses across various stages of the value chain, which are summarised in the following table.

**Table 14** Summary of Strengths and Weaknesses of T&C Value Chains in the Agadir Group

					
Value Chain Aspect	Egypt	Jordan	Morocco	Tunisia	AGADIR Group
1 Preferential trade access to the EU	●	●	●	●	● ▲
2 Preferential trade access to the USA	●	●	●	●	● ▲
3 T&C Value Chain development: Raw materials	●	●	●	●	● ▶
4 T&C Value Chain development: Manufacturing	●	●	●	●	● ▲
5 T&C Value Chain development: Marketing/Sales	●	●	●	●	● ▲
6 Proximity to the EU market	●	●	●	●	● ▲
7 Degree of integration in T&C global value chains	●	●	●	●	● ▲
8 Supporting infrastructure for the T&C sector	●	●	●	●	● ▲
9 Diversification of T&C exports markets	●	●	●	●	● ▶
10 Diversification of T&C exports products	●	●	●	●	● ▶
11 Input costs level	●	●	●	●	● ▲
12 Input costs trends	●	●	●	●	● ▲
13 Government support to the T&C sector	●	●	●	●	● ▲
14 Focus on environmental sustainability	●	●	●	●	● ▲
15 Access to financing by T&C SMEs	●	●	●	●	● ▲
16 Access to human capital by T&C SMEs	●	●	●	●	● ▲
17 Access to technological capital by T&C SMEs	●	●	●	●	● ▲
18 Gaps between T&C SMEs and large companies	●	●	●	●	● ▲
19 Focus on value chain upgrading	●	●	●	●	● ▶
20 Availability of funds from international donors	●	●	●	●	● ▲

**Key** ● Strength ● Neutral ● Weakness ● Opportunity to scale up  
**Effort to scale up** ▲ Low ▲ Low to Medium ▲ Medium to high ▲ High

Source: Euromonitor International’s analysis from primary and secondary research

Notes: Ratings constitute only a top-level assessment of the comparative performance of each aspect of the value chain across Agadir countries.

The assessment of aspects of the T&C value chain for members of the Agadir group, both on an individual and aggregated basis, shows that there is potential for improvement in upgrading capabilities as well as increasing efficiency at many stages of the value chain. This potential for enhancement of value chain activities particularly involves the role of SMEs in the T&C sector of each member country, who have, in general, been found to be at a disadvantage in terms of competitive positioning compared to larger businesses operating in the sector. Addressing these challenges, as well as capitalising on existing opportunities (by building on existing advantages like access and proximity to the EU market, government support, and developed manufacturing capabilities), will be the focus of the recommendations provided in this report.

The analysis below highlights that this potential for enhancement of value chain capabilities for individual members of the group can be more effectively achieved by seeking to implement coordinated efforts at a group level, considering each members’ strengths and weaknesses as well as complementarities, rather than by stand-alone individual country measures.

## 4.2 SUMMARY OF COMMON CHALLENGES

Based on trade interviews with T&C industry stakeholders in the Agadir group, and primary and secondary research, a number of challenges affecting activities at micro, meso and macro levels were identified, which are presented in the table below. Beyond the specific points listed, an overarching challenge affecting the implementation of the Agadir Agreement corresponds to the lack of incentives for partners to collaborate in the way initially envisioned by the agreement.

For instance, interviewed representatives from Moroccan and Tunisian T&C stakeholders recognised that many domestic apparel manufacturers prefer not to source raw materials and intermediate products from Egypt. Despite the advantage of Egyptian-sourced inputs in terms of lead times, enterprises mentioned sourcing from nominated fabric mills that are not located in Egypt, due to higher quality and available certifications from other destinations. These sources cited the challenge that Egyptian suppliers might need to improve on quality, price and service to successfully compete with competitors from Asia and Turkey. This exemplifies that economic agents will decide based on the existence of incentives that would allow them to maximise value for their operations rather than on written guidelines that provide little incentive for action.

**Table 15** Challenges affecting T&C Companies in Agadir countries at Micro, Meso and Macro levels

Level	Challenges
Micro (company level)	<ul style="list-style-type: none"> <li>• Lack of incentives to collaborate at all three levels (Micro, Meso and Macro) results in the countries seeing each other as competitors.</li> <li>• Focus on sub-contracting (CMT) activities with limited value-addition provided by the T&amp;C sectors in Agadir countries</li> <li>• Relatively low levels of profitability in Agadir T&amp;C industries</li> <li>• Limited levels of productivity compared to existing production capacities across T&amp;C industry in Agadir countries</li> <li>• Little emphasis on R&amp;D and innovation</li> <li>• Most SMEs operating in the T&amp;C sector do not have any visibility of the T&amp;C sector in other Agadir countries and, thus, do not understand the potential for collaboration and the advantages they can derive from closer regional cooperation</li> <li>• The fibre and yarn and fabric stages of the value chain are underdeveloped in the region, with the partial exception of Egypt</li> <li>• All countries focus their exports on a few target markets only and thus have a need for market diversification</li> <li>• To enter new markets, all countries (enterprises) need to develop their marketing and branding activities</li> <li>• Insufficient knowledge regarding buyer requirements in export markets</li> <li>• Insufficient investment in machinery, software and improvement processes (especially amongst SMEs)</li> <li>• Reduced access to financing (also particularly affecting SMEs)</li> </ul>

	<ul style="list-style-type: none"> <li>• Scarcity of highly qualified workforce despite access to low-cost foreign labour in T&amp;C industries. Low availability of qualified talent in areas such as product development and design, marketing and branding, merchandising and production floor management, etc.</li> <li>• No central platform for the exchange of information between companies in the industry</li> </ul>
Meso (institutions level)	<ul style="list-style-type: none"> <li>• Lack of coordination between initiatives of trade associations, T&amp;C-related academia, research institutions, etc. for the T&amp;C sector in Agadir countries</li> <li>• Little capacity to influence government policy regarding the T&amp;C industry (with the role of industry associations generally limited to lobbying and issuing recommendations, instead of being given an active role in contributing to government policy)</li> <li>• The lack of incentives to collaborate has constrained the number of initiatives that have been proposed to coordinate activity amongst countries, and, when these have been proposed, there has not been adequate follow through</li> <li>• Reduced confidence by industry associations on the potential benefits of the Agadir Agreement in its current form</li> </ul>
Macro (government level)	<ul style="list-style-type: none"> <li>• Weak individual country negotiation capacity against major T&amp;C trade partners like the EU and the USA; a joint effort to negotiate with partners at regional level may yield progressive results in the long term</li> <li>• Trade terms with these target markets could be improved (e.g. those concerning Rules of Origin)</li> <li>• Stakeholders at micro and meso level regard government support to T&amp;C sectors in Agadir countries as insufficient</li> <li>• Likewise, they note governments' inability to tackle non-tariff barriers (e.g. additional fees, delays in customs procedures, regulatory burden) affecting intra-regional trade</li> <li>• Policy responses by governments to issues like increasing costs of inputs (e.g. labour, energy, utility costs) affecting T&amp;C sectors have been inadequate (e.g. the implementation of incentives or subsidies to support manufacturers with these costs)</li> </ul>

### 4.3 SUMMARY OF COMPLEMENTARY AREAS

Stakeholders from the T&C sectors in the Agadir group identified the following areas of complementarity which have potential for the development of joint initiatives to promote trade and investment to the benefit of the group:

#### *Implementation of a unified information exchange system*

A common requirement amongst companies, trade associations and government representatives interviewed by Euromonitor International as part of this study was the possibility to exchange information on supply and demand for T&C products among countries of the Agadir group. This would provide real-time information to T&C stakeholders across member countries on the buyers and sellers of raw materials, intermediate goods and end clothing products in the region, fulfilling immediate opportunities for contact, negotiation and deal making with partners within the region.

The implementation of such a system would also tackle one of the current shortcomings in the regional trade of textile and clothing products, namely the lack of updated market information for the sector, which often results in a lack of awareness of current trade opportunities by T&C companies in Agadir members, leading them to opt for suppliers/clients in third countries (limiting the possibility to increase regional trade). In this area, one of the objectives of the Agadir Technical Unit is the setting-up of a database for various economic sectors, including textile and clothing, which is currently under development and seeks to create information linkages in terms of trade, logistics and the existence of non-tariff barriers for the flow of goods, which would be a positive step towards the implementation of a database capable of maximising commercial opportunities amongst companies in the T&C sectors of Agadir countries.

#### *Negotiations with third parties*

Another aspect that was commonly mentioned in interviews with stakeholders was the need to leverage the group's combined strength and attempt to present a united front in members' negotiations with third parties, including suppliers, buyers, and partners along the textile and clothing value chain. For instance, interviewees emphasised that presenting the group as a united alliance would

- Increase negotiating power with suppliers of T&C raw materials and intermediate goods that are common to all four Agadir members (e.g. Asian countries),
- Improve purchasing terms on their purchases of goods,
- Allow for benefits from discounts for higher volumes,
- increase their importance and visibility as a client as a way to improve their long-term positioning.

An example of this approach was also observed in negotiations regarding terms of trade with the EU (specifically addressing a potential relaxation of Rules of Origin that would support T&C activity in Agadir members), when Morocco and Tunisia decided to join forces to raise their negotiating power and maximise their chances of improving their trade deals with European counterparts. Likewise, a collaborative approach would also provide benefits when negotiating with partners at the marketing stage of the value chain (e.g. distributors, wholesalers, trade event organisers) increasing value for the whole group.

### ***Exchange of goods, services and capital***

The possibility to enhance trade of goods and services amongst stakeholders in the T&C sectors of Agadir members is one of the main objectives of this study. When inquired about their view on which areas of collaboration could be established for actors in the textile and clothing sectors of Agadir member, stakeholders highlighted that, more than identifying the areas of collaboration, the challenge lies in executing plans to bring these initiatives to life.

For example, interviewed representatives from a T&C manufacturer in Morocco emphasised that it is well known that, based on their particular strengths, a mechanism of exchange could be set up to promote the flow of raw materials and intermediate products from Egypt to Morocco and Tunisia, which in turn could provide know-how and expertise in areas like clothing design, product transformation, and obtention of international certifications for their Egyptian counterparts. However, interviewees indicated that, when attempting to establish a factory in Egypt to export cotton fabrics and textiles to Morocco for further processing, they were discouraged by the cumbersome regulations associated with the investment process, which made them desist in their plans. This substantiates the point that any initiative to encourage trade flows between Agadir members needs to be accompanied by corresponding measures to ease trade and investment flows, a point also covered further in this section when discussing the presence of non-tariff barriers to trade.

### ***Increase competitiveness in complementary markets***

The distribution of T&C exports from Agadir countries (with Egypt and Jordan displaying relative strength in the US market, and Morocco and Tunisia in the EU market) creates opportunities for complementarities by leveraging stakeholders' knowledge of the markets, consumer preferences and trade practices that have proven to be successful in each destination for textile and clothing exports. The provision of this know-how would help members of the Agadir group diversify their T&C exports in terms of both geography (reducing their excessive reliance on the above mentioned destination markets) and product portfolio (due to the different preferences and tastes of consumers in each of these international markets). This is in line with the shortlist of products identified in sections 3.2.2 and 3.2.3 (Agadir T&C trade and potential with the US and the EU) and sections 8.1.2, 8.2.2, 8.3.2 and 8.4.2 (Extra-regional Trade Analysis of each Agadir country), which highlight product lines from each Agadir member with high export potential to the US and EU markets, respectively.

It is important to demonstrate the benefits while highlighting measures that would mitigate or prevent direct competition between T&C companies in Agadir countries as they enter their respective export markets of strength. This will fall within an overall plan to demonstrate benefits reaped from collaboration amongst Agadir members. Another form of collaboration mentioned by interviewed stakeholders corresponded to the setting-up of manufacturing operations in partner countries (e.g. Tunisian companies establishing a factory in Jordan or Egypt to access the US market), for which a system of investment facilitation could be introduced to encourage FDI, either with a controlling stake or through the establishment of joint ventures.

### ***Extend sustainability practices***

Due to their degree of integration within the European fashion brand value chains, Moroccan and Tunisian manufacturers exporting to the EU have been able to develop capabilities that allow them to

meet environmental sustainability standards set by the EU for textile and clothing suppliers. This has allowed these companies to implement the processes necessary to obtain international certifications to qualify as suppliers within global value chains. This knowledge could, for instance, be transferred to Egyptian and Jordanian firms to take advantage of complementarities arising from the competitive positioning of companies in each country, in the form of best practices that could be applied to raise awareness and work towards achieving sustainability standards that are being used by global fashion brands in their value chain processes.

Considering trends in the global fashion market (where consumers are increasingly favouring products positioned as environmentally sustainable, ethically produced and manufactured through responsible practices), this approach would permit businesses in the Agadir region to meet evolving trends in demand while at the same time improving their competitiveness and ability to meet customer requirements. It is important to note here the need to extend these practices to SMEs operating in the T&C sector of the four Agadir members, which usually act as subcontractors to larger export firms in their respective countries. They generally lack the resources and capabilities to implement sustainable production practices, preventing them from benefitting from the advantages that these represent.

## 5. CHALLENGES FOR REGIONAL COLLABORATION AND TRADE

### *Lack of coordination amongst Agadir trade partners*

One of the main challenges pointed out by stakeholders contacted during this study was the lack of coordination between actors at micro, meso and macro levels in the Agadir group, reflecting individual members' stance seeing each other as competitors rather than partners, and preventing the Agadir Agreement from realising its full potential. For instance, representatives from Moroccan T&C manufacturing companies emphasised the high potential benefits of improved coordination on areas including joint negotiation with common trade partners (e.g. the EU); lobbying their respective governments for improvements in the business environment (on areas like infrastructure, logistics and non-tariff barriers), and the setting-up of training programmes for the advancement of know-how at a regional level.

In this regard, members of the Moroccan Association of Textile and Clothing Industries (AMITH) shared their view on the need to create a coordination agency between institutions of countries participating in the Agadir Agreement, which would be in charge of implementing strategies at a regional level. This coordination agency would give relevant stakeholders the right framework, tools and systems to coordinate activities related to the T&C sector both at a national and regional level, to utilise all potential opportunities for growth and collaboration.

### *Constraints posed by Rules of Origin in free trade agreements*

Another challenge highlighted by several T&C stakeholders of Agadir members was one pertaining to Rules of Origin (ROO) in free trade agreements with major trade partners. For instance, Tunisian and Moroccan T&C manufacturers point out that the advantage provided by trade preferences included in their respective free trade agreements with the EU has been gradually eroded due to increasing competition from third countries (e.g. Bangladesh, Vietnam, Cambodia) gaining preferential trade conditions for their products under the EU's different trade schemes like Free Trade Agreements (FTAs), "Generalised Scheme of Preferences" (GSP), "Everything but Arms" (EBA). Likewise, the QIZ scheme between the USA and Egypt poses limitations to the latter in terms of ROO for inputs other than those from within the QIZs, Israel and the West Bank/Gaza. In the case of Jordan, (which has signed FTAs with both the USA and the EU), the more complex ROO applied by the EU has been one of the reasons why the Jordanian T&C industry continues to overwhelmingly lean towards the US market.

In an attempt to simplify and enhance its trade relations with neighbouring economies, the EU is gradually replacing ROO provisions contained in bilateral agreements (such as those held with individual Agadir members) with a single policy on ROO based on the Pan-Euro-Mediterranean (PEM) Convention, established in 2011. The impact of this transition in terms of ROO includes access to the enhanced "full accumulation" rule of value added, which treats inputs from Morocco, Tunisia, Algeria and EFTA countries (as well as those economies that, having signed an FTA with the EU, decide to adopt the terms of the PEM transition) as of national origin, while the "diagonal accumulation" rule will continue to apply for ROO with economies that do not meet the set requirements and/or decide to opt out of the transitional measures. This is relevant for member countries of the Agadir Agreement due to their decision to adopt EU Rules of Origin to govern trade relations both internally within the Agadir group and externally with the EU. The new provisions on "full accumulation" of value added are

expected to support trade in economies benefitting from this rule (due to easier access to EU markets for their products); promote regional integration of value chains; and improve the competitiveness of T&C sectors in these countries.

### ***Strong external competition in global T&C markets***

One common challenge for the textile and clothing sectors of Agadir countries is the rise of highly competitive global players like South East Asian countries and Turkey. This has caused T&C companies in Agadir members to lose market share in their own domestic markets. Competitiveness in export markets has also been eroding due to the gradual increase of market share of textile and clothing products originating in South East Asia, Turkey, and the rising number of countries enjoying trade preferences for market access in the USA and the EU.

The competitiveness of Asian T&C products stems from the fact that they have sophisticated textile and garment industries, low production costs (which have given them a dominant position in the price sensitive segment of the global textile and clothing market) and the capacity to offer "full package" solutions to international brands and retailers. In the case of Turkey, the country benefits from an advantageous geographic location in proximity to the EU (similar to Agadir partners) but it also offers "full package" solutions as opposed to CMT (cut-make-trim) and simple FOB (free on board) solutions offered by members of the Agadir trade agreement and vertical companies. As global trends in demand from fashion brands evolve towards a preference for "full package" suppliers, countries in the Agadir region must find ways to improve their competitiveness to increase their opportunities to boost trade both at a regional and global level.

### ***Infrastructure deficiencies affecting regional trade***

A key barrier for the expansion of regional trade flows in the Agadir region is the lack of transportation infrastructure linking member countries. This results in high logistics costs, longer lead times for shipments and overall lower competitiveness when trading goods at a regional level. The underdevelopment of transportation infrastructure affecting the region can be illustrated by looking at each individual country's rankings on the "Transport infrastructure" metric of the World Economic Forum's Global Competitiveness Index: Egypt (ranked 44<sup>th</sup> out of 141 countries at a global level), Jordan (80<sup>th</sup>), Morocco (41<sup>st</sup>), and Tunisia (101<sup>st</sup>).<sup>3</sup>

In the case of regional transport infrastructure links, Agadir members suffer from deficient intra-regional road and non-existent rail linkages, with the Cairo–Dakar trade corridor (the main land trade route serving the region) interrupted due to infrastructure gaps in Libya and border closures between Morocco and Algeria. In the case of maritime transport, despite the presence of major global ports in Egypt and Morocco, interviewed companies point out that merchandise shipments between these two countries generally transit through European ports (due to the Moroccan Port of Tanger-Med mainly being used as a trans-shipment port, which influences the maritime routes of shipping lines operating in the region). This results in higher freight costs and lead times for shipped merchandise. Due to the

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<sup>3</sup> World Economic Forum, The Global Competitiveness Report 2019, [http://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf)

considerable investment, plans and coordination required to undertake infrastructure projects at a regional scale, close collaboration amongst Agadir governments would be necessary to address the infrastructure gaps that would enable a boost in regional trade levels.

***Presence of non-tariff barriers***

Although the implementation of the Agadir Agreement has eliminated tariffs on industrial goods (including those of the T&C sector), there are still non-tariff barriers that continue to generate friction and red tape in trade relations amongst members. This aspect was also emphasised by interviewed T&C stakeholders, who noted the difficulty in complying with import and export procedures as one of the main obstacles for fostering intra-regional trade.

The most common non-tariff barriers affecting T&C trade amongst Agadir members include the need to comply with technical requirements, Rules of Origin and conformity assessment, as well as perform disbursements to cover fees and charges imposed by agencies in the importing country. In addition to these requirements and payments, companies engaged in foreign trade of textile and clothing products in the region found that inefficient administrative procedures (including delays in paperwork and merchandise handling, the need to stamp/notarise documents, and the often arbitrary behaviour of officials) add another layer of difficulty that results in higher costs in their foreign trade operations. Addressing the incidence and negative impact of these non-tariff barriers will be necessary to facilitate trade procedures on the ground and fulfil the objectives of the Agadir Agreement for the benefit of its members.

## 6. LESSONS LEARNED FROM OTHER REGIONS

This section will present details of case studies on regional co-operations in the T&C sector in Central America and ASEAN regions from which inferences can be drawn to make recommendations for potential regional collaborations in the T&C sector of Agadir member countries.

### 6.1 CENTRAL AMERICA

#### *Key Highlights*

- The CAFTA-DR Free Trade Agreement, signed on August 2004, introduced a free trade area between the USA and the Central American economies of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic.
- The main objective of the agreement was to cement trade relations between the participant economies, improve market access, and reduce both tariff and non-tariff barriers to trade.
- To this end, the CAFTA-DR Free Trade Agreement included provisions for the immediate elimination of tariffs in about 80% of products traded amongst members of the FTA, a share that increased to 99% after a gradual phasing out of tariffs for most remaining products over a period of 15 years.
- For participating Central American economies and the Dominican Republic, the CAFTA-DR Free Trade Agreement builds on regional integration efforts made by the Central American Customs Union (signed by Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, in 1960, and joined by the Dominican Republic in 2001).
- Nevertheless, in the specific case of the T&C sector, the CAFTA-DR did not have a considerable impact on trade relations amongst signatory countries, as textile and clothing was one of two sectors (together with agriculture) where trade conditions stipulated in the free trade agreement remained restrictive. This is because, in practice, the CAFTA-DR only made permanent conditions that already provided preferential trade access to the US market to Central American T&C products, under the terms of the Caribbean Basin Initiative (CBI, signed in 1984), while maintaining relatively restrictive Rules of Origin (ROO), most notably the "yarn forward rule".
- The "yarn forward rule" stipulates that, in order to benefit from preferential tariffs when accessing the US market, the yarn used to form the fabric (which may later be used to manufacture clothing or other article textiles) must originate in one of the CAFTA-DR signatory countries.
- However, due to the underdevelopment of domestic textile sectors in individual Central American countries and the limited regional integration of their value chains, this initial provision effectively meant that, in order to attain duty-free access to the US market, the raw materials used for clothing manufacturing in signatory economies had to be sourced overwhelmingly from the USA (the only country with a developed T&C raw materials sector amongst signatories of the free trade agreement).

#### *Key Learnings*

- The implementation of CAFTA-DR rules allowed the continuation of a regional T&C value chain where US fashion brands provided raw materials, designs and know-how to clothing producers in Central America, which in turn exported finished products back to the US market under tariff-

free conditions. However, due to the lack of intra-country integration in the T&C value chains of Central American economies, this model promoted competition for US orders amongst domestic T&C firms in each Central American country, rather than their collaboration towards supply chain coordination.

- One positive aspect to highlight in the implementation of the CAFTA-DR Free Trade Agreement was the steps taken to try to ease relatively strict ROO applying to T&C products exported from Central America to the USA. This was done through the implementation of a "short supply mechanism", which allows for manufacturing inputs (e.g. fibres, yarns and fabrics) deemed not to be available in commercial quantities in a timely manner to be sourced from outside CAFTA-DR signatory countries, for their use in qualifying T&C products.
- Another favourable outcome of the implementation of CAFTA-DR for Central American economies was the development of T&C value chains at individual country level. This mainly took the form of the vertical integration of several companies operating in the domestic maquila industries (the main producers of textile and clothing products in these countries), which developed capabilities beyond the traditional "cutting, making, and trimming" both upstream (e.g. producing their own inputs, like cotton) and downstream of the value chain (e.g. setting up design departments), which supported the development of T&C sectors at country level.
- Notwithstanding the eminently competitive nature of relations between Central American countries that continued within the CAFTA-DR framework, a number of collaborative initiatives emerged amongst actors in the T&C sectors of these economies. These included collaboration by Central American export companies on logistics and transportation to improve efficiency, reduce lead times and cut costs, cross-national investment by regional enterprises to expand their access to raw materials and product portfolios, and efforts to engage in joint marketing events (e.g. exhibitions and trade fairs).
- Support from international organisations also backed the implementation of regional collaborative schemes in Central America's T&C sector. For instance, under sponsorship of the Inter-American Development Bank (IADB), the "Improvement of Competitiveness in the Textile and Clothing Industry" project has supported SMEs at a regional level by providing exchanges in technical training, and support for businesses to improve regional value chains and meet market demands.
- Likewise, the System for Central American Integration (SICA) has been active in supporting projects that strengthen regional value chains (including that of the T&C sector), with initiatives for cooperation on areas like productivity, communication, and search for complementarities amongst companies in the region. Non-profit organisations like the "Maquila Solidarity Network" have also been engaged in collaboration efforts, sponsoring campaigns, trainings and exchanges to improve labour conditions for workers in "maquila" (production facilities focused on re-exports) in Central America.

### **Key Implications**

- For Agadir members, the main learning point lies in the need to cooperate across all aspects of their T&C value chains as a necessary process to upgrade their capabilities, strengthen their position, and generate value for the group. This would involve considering the introduction of incentives at a regional level to encourage collaboration rather than competition; seeking

common ground to present a united front in negotiations with third parties; and establishing a plan to improve coordination of the T&C value chain at a regional level.

- At this stage, efforts could be made amongst Agadir members to shift from the current “spoke-hub” model, where T&C companies, trade associations and governments mainly interact with peers from buying markets (as was the case in CAFTA-DR) to strengthen relations with one another at a regional level, with proposed areas of collaboration including those presented in section 4.3 'Summary of Complementary Areas' and 9 'Recommendations' of this report.
- Another learning point from the experience of Central American countries in the implementation of the CAFTA-DR would be the one related to flexibility of ROO (a main point in negotiations between Agadir countries and the EU). Supported by the presentation of a united front to leverage their negotiating position, proposals could be made to increase the flexibility of current transformation rules affecting Agadir-made T&C goods. Options in this regard could include the use of a "short supply rule" (as in the case of CAFTA-DR); a "Tariff Preference Level" (TPL) mechanism (under which a portion of goods using non-originating raw materials would enjoy trade preferences up to a predetermined threshold in volume terms), expanding the group of eligible countries for accumulation of value added (e.g. as done by the later inclusion of Mexican inputs in accumulation rules of CAFTA-DR) and "single transformation" ROO (e.g. allowing the manufacture of products from non-originating fabric, as opposed to the "double transformation" rule which allows manufacture only from non-originating yarn).

## 6.2 ASEAN

### Key Highlights

- The ASEAN group is a regional organisation seeking economic, political and social cooperation amongst its members (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam), signed in August 1967.
- The objectives of the organisation are the acceleration of economic growth, the social and cultural development of the region, and the promotion of regional peace. In the area of economic cooperation, the body established the “ASEAN Free Trade Area” (AFTA) in 1992, by which tariffs for intra-regional trade amongst ASEAN members have been reduced to a range of 0-5%.
- For the T&C sector, work within ASEAN has focused on addressing issues like the improvement of the sector’s competitiveness; the development of T&C sector capabilities in member countries; and the capacity to measure up to strong regional and global competitors (e.g. China).
- Cooperation within the T&C sector of ASEAN countries has followed an evolutionary pattern. Its initial stages saw the formation of productivity clusters around what has been defined as “Growth Triangles” (sectoral clusters supported by participating country governments, but driven principally by the operations of multinational companies with a presence in the region), which matched complementary resources of individual countries to enhance competitiveness.
- Among the most important "Growth Triangles" adopting this modality were the “Indonesia-Malaysia-Singapore Growth Triangle” (IMS-GT), “Indonesia-Malaysia-Thailand Growth Triangle” (IMT-GT), and “Brunei-Indonesia-Malaysia-Philippines Growth Triangle” (BIMP-GT).
- More recently, collaboration initiatives in the T&C sector at a regional level have sought to create links amongst existing Growth Triangles across ASEAN, supported by coordinated efforts by AFTEX (the ASEAN Federation for Textile Industries).

### Key Learnings

- Cooperation efforts along industrial value chains in ASEAN countries, including the T&C sector, have been actively backed by governments in the region (e.g. through signing Memorandums of Understanding to establish "Growth Triangles"), which have given clear political support to collaboration initiatives.
- The involvement of the private sector has also been key in driving joint initiatives to collaborate on aspects of the value chain across ASEAN economies. For instance, large multinational companies with operations in Asia Pacific were principal actors in setting up "Growth Triangles", adding speed, responsiveness and a business perspective to the collaboration process.
- This continues to be the case today, as exemplified by fashion brands like Uniqlo (based in Japan), which manages its value chain operations in ASEAN through trading companies acting as agents coordinating production and distribution. Input materials (largely textiles) are sourced from countries that have advantages in capital-intensive processes (like Thailand or Indonesia), then shipped to economies like Vietnam to take advantage of relatively lower labour costs.
- Similarly, there are cases of collaboration at intra-regional level in the ASEAN T&C sector in the form of foreign direct investment (FDI) by companies seeking to expand their regional presence or take advantage of critical assets for their business plans. This is the case of Indonesian firm Barong Batik, which invested in The Philippines to generate business opportunities in this market as well as gain access to strategic assets (in this case artisans skilled in batik production).
- Another private sector collaboration initiative is the "Source ASEAN Full Service Alliance" (SAFSA), which seeks to link the value chains of participating T&C companies operating across the region to create a virtual vertical supply chain including buyers, textile mills, and clothing manufacturers. As of 2020, SAFSA had about 45 members, including textile and clothing manufacturers, raw material buyers and international fashion brands like Polo Ralph Lauren, Marks & Spencer and Guess, while SGS was in charge of auditing members to ensure operational standards required by SAFSA are met.

### Key Implications

- This case shows the importance of political will as a key factor in achieving the level of development, competitiveness and efficiency reached by the ASEAN T&C sector. This political support has come from the highest levels of each member country and has generally been provided prior to the start of cooperation initiatives, as a base for delineating relevant policies, and as a force promoting on-the-ground activities to implement cooperation, an example that could be considered by governments of Agadir countries to provide a strong foundation and set the tone for cooperation efforts.
- The role of the private sector (mainly through multinational companies) has been critical in driving collaboration efforts in the ASEAN T&C sector. Agadir members could try to increase private sector participation in the coordination process to achieve efficiency in value chain cooperation efforts, overcome operational constraints arising from the potential complexity of measures undertaken, and provide a business sense to the overall collaboration process.
- At the same time, Agadir members could benefit from the implementation of measures to strengthen collaboration at Meso level, promoting strategic alliances by actors including client associations, professional bodies and trade associations (as in the case of AFTEX).

## 7. RECOMMENDATIONS FOR ENHANCED REGIONAL COLLABORATION AND TRADE

This section details recommendations for the Agadir region's T&C sector to address key areas such as trade enhancement, investment promotion, value chain integration, and regional collaboration. The recommendations have been formulated accounting for important initiatives that need to be taken at enterprise, institutional, and policy levels. Enterprises encompass companies along the T&C value chain. Institutions include entities such as T&C sector associations, Trade Facilitation Organisations, Financial Institutions, Academia, Export Promotion Agencies, and Technical Training Institutes. Policy level entities are mainly the respective Ministries of Industry and Trade or the like of each Agadir country. Furthermore, it is recommended that the Agadir Technical Unit and International Trade Centre work together towards facilitating the industry discussions towards executing the recommendations.

Recommendation No. 1

***Create awareness on comparative advantages of intra-regional trade in each stage of the value chain to benefit from the accumulation of Rules of Origin.***

### ***Enterprise level***

Enterprises need to share information about production capabilities, existing strengths in the value chain, and necessary support towards improving the value chain and enhancing export competitiveness. A repository of knowledge to match the strengths and necessities of SMEs and large enterprises at member country level and at a regional level could be created. Understanding potential areas of collaboration for trade within the region would maximise the accumulation of Rules of Origin and make Agadir members more competitive in terms of pricing and offering for destination markets outside the region.

An example of collaboration with direct participation by companies is the import of yarns and fabrics by Moroccan T&C companies from Egypt for transformation and further export to EU markets. This process allowed them to meet rules of accumulation set by the EU-Morocco Association Agreement in its ROO requirements.

### ***Institutional level***

Textile and clothing associations, such as the Apparel and Textiles and Home Textiles Export Councils of Egypt, JGATE in Jordan, AMITH in Morocco, and FTTH in Tunisia, could potentially collect and manage enterprise-level data garnered from T&C companies in respective member countries. These institutions could also facilitate a survey among buyers who currently source from the region, on the advantages and disadvantages in relation to competitors.

The National Trade Facilitation Committees in each member country and National Coordinating Committee for the Facilitation of Foreign Trade Procedures in Morocco, EgyTrade in Egypt, Jordan Exporters Association could disseminate knowledge about Rules of Origin to relevant institutions. These trade-related entities possess primary information on customs procedures, ports, and tariffs and also oversee the implementation of different trade facilitation initiatives and coordinate measures between

different public authorities. Institutional-level entities in the T&C sector could further demonstrate the savings and competitiveness gained from accumulation of the Rules of Origin to their enterprises.

### ***Policy level***

Ministries of industry and trade in member countries, alongside T&C associations, could facilitate the exchange of garnered data in individual member countries to other associations to create credible knowledge transfer. It is recommended that the Ministry oversees the disseminated knowledge, anticipates any change in ROO, and consistently updates institutions to optimise outputs at national and regional level.

### ***Expected outcome***

Identification of key enterprises in each member country and the Agadir region to exchange goods, technical know-how, and enhance trade within the region. Gaps in knowledge between SMEs and large enterprises on the potential benefits from the accumulation of Rules of Origin could be bridged and more frequent and consistent collaborations towards enhanced trade within and outside the region are anticipated. The outcome is dependent on sharing of supply and demand data in each country.

### ***Recommendation No. 2***

***Develop full package solutions via regional integration to address EU buyer demands and capitalise on repeat orders.***

### ***Enterprise level***

Being suppliers of full package T&C solutions to match buyer requirements is desired to enhance trade with the EU and the US, where full package solution providers are preferred by buyers. This requires enterprises to be more open to vertical integration in the T&C sector in each member country and collaboration with counterparts in other member countries who complement each other to meet EU buyer requirements of short lead times and secure repeat orders, especially with the fast fashion trend moving forward globally. If not feasible nationally, vertical integration could also be achieved regionally. It is important to label this regional integration solution with a distinct brand name or logo for overseas promotion.

### ***Institutional level***

Trade facilitation and export promotion agencies are suggested to create a database of EU buyers and their seasonal requirements in terms of design, composition, quality standards, and sustainability, then disseminate the requirements via technical seminars in each member country who could potentially upscale and match EU requirements.

### ***Policy level***

The Ministry of Industry and Trade in member countries are recommended to facilitate technical seminars at a national and regional level. Facilitation could be achieved by inviting T&C companies and promoting awareness in the media. This could positively influence enterprises to be more forthcoming and actively involved in vertical integration.

### **Recommendation No. 3**

**Facilitate cross national investments to establish production setups or sub-contract to small enterprises within the Agadir region to minimise production costs in the most promising value chains across the whole T&C sector and increase competitiveness of end clothing products in destination markets**

#### **Enterprise level**

As competition from other destinations is intense in destination markets, it is imperative to consider minimising costs along the value chain to export price-competitive end clothing products. For example, when targeting the US market, enterprises in Morocco, Tunisia, could cooperate by sub-contracting production to, or partnering with SMEs in Egypt or Jordan that have preferential market access with liberal Rules of Origin requirements. This is likely to reduce end clothing product prices and improve trade opportunities with the US.

#### **Institutional level**

Institutions such as the Industrial Council for Technology and Innovation, or the Industrial Modernization Centre in Egypt are suggested to cooperate with JGATE, Garment Design & Training Services Centre in Jordan, École Supérieure des Industries du Textile et de l'Habillement (ESITH) in Morocco and Centre Technique du Textile (CETTEX) in Tunisia alongside T&C associations in member countries to exchange technical know-how and experiences, and convey knowledge to enterprises towards meeting technical, quality, and sustainability standards required for the US or EU markets.

#### **Policy level**

The respective country ministries are recommended to convene and consider the benefits of potential collaborations at enterprise and institutional levels for the T&C sector and their economies. It is recommended to support such collaborative measures by examining the expected results and engaging in discussions with key T&C industry representatives. This is expected to further scale up potential collaborations and necessary government support to enhance trade and income for the sector and economy.

### **Recommendation No. 4**

**Create a repository of competitive and quickly accessible raw materials for imports from the rest of Africa and potential exports of intermediate and finished products benefitting from AfCFTA's preferential tariffs**  
**Enterprise level**

To reap the benefits, it is essential for enterprises in Egypt, Morocco, and Tunisia to conduct an in-depth analysis of supply and in demand for yarns, fabrics, and end clothing products from the other African signatories of the AfCFTA. This would help to create a database that reflects the needs of Agadir states and destination markets.

#### **Institutional level**

T&C associations and trade facilitation entities could support enterprises by conducting market studies, create to capture availability and demand for potential raw materials, intermediate products and end clothing products for trade. This would help enterprises to plan their material sourcing requirements, increase production to meet demand, and explore collaboration to meet cost and lead-time requirements of clients.

### **Policy level**

The Ministries of Industry and Trade could support this cause by facilitating discussions between the T&C industries of Agadir markets with key signatories and textile industry hubs such as South Africa, Kenya, and Ethiopia to ease the flow of information exchange in a credible manner.

### **Recommendation No. 5**

**Launch tailored virtual industry trade fairs towards the USA, the EU, and the rest of MEA and represent Agadir member countries in person at international trade fairs, highlighting the members' individual and regional strengths**

### **Enterprise level**

Support marketing and promotional campaigns at virtual expos by sharing digital company profiles showcasing product portfolios and production capabilities with T&C associations, and national trade facilitation bodies. Review and approve the resulting final promotional material and share it with the desired target audience i.e. buyer groups of specific products, before the campaign goes live. Further, actively monitor campaign results, proactively provide feedback to associations and trade bodies to optimise future campaigns, and follow-up on leads generated from the campaigns.

### **Institutional level**

With the impact of COVID-19, there is a dire need to capitalise on and support T&C enterprises with virtual expos in the destination markets, both for the industry in each member country and jointly as a region. Collaboration from all types of institutions such as academia, T&C associations, and trade facilitation bodies would be essential to successfully build a reputation and credibility for each member country's T&C industry, showcasing the capability of the T&C sector in member countries and at a regional level.

### **Policy level**

Relevant ministries to support the approach with positive statements regarding the national T&C sector and the efforts under way to reinforce regional collaboration along the T&C value chain.

### **Recommendation No. 6**

**Organise trade seminars, technical conferences and business meetings between enterprises, institutions, and the ministries of the Agadir countries to facilitate collaboration and identify potential investment areas in each member country that could benefit the region.**

### **Enterprise level**

Organise trade seminars, technical conferences, and business meetings to highlight supply and demand of T&C products in each country. Discussions could also focus on trade opportunities in destination markets, design and quality requirements, know-how and experiences in increasing the skillset and qualifications of the T&C workforce, etc. This could be the launchpad for identifying and substantiating investment opportunities and potential benefits and outcomes for investors and the industry.

### **Institutional level**

Financial institutions, academia, trade facilitation bodies and T&C associations could cooperate with enterprises to help them define the necessary conditions to attract investments

### **Policy level**

It is recommended that the respective governments, collaborate in the discussions between the relevant T&C institutions and financial partners as mentioned above. Governments then could take up the related recommendations resulting from the consultations.

### **Recommendation No. 7**

***Create one common online platform to showcase sector and company specific information for networking among industry stakeholders at all levels; this should include demand and supply of (especially intermediate) products, sharing of best practices, and establishing a database of enterprises and institutions with their strengths and requirements***

### **Enterprise level**

Companies need to show commitment towards enrolling in the online platform, share and update information regularly, and form pilot groups towards collaboration for mutual benefit. Webinars, trainings, and cross-national work opportunities such as internships are recommended to be part of the online portal to further exchange resources and collaborate.

### **Institutional level**

Entities such as T&C associations and export promotion bodies could facilitate the creation of an online portal with support from the Agadir Technical Unit and the International Trade Centre. This would enable and simplify collaboration. Institutions such as academia, vocational training and technical institutes could share experiences and best practices to promote growth in new areas such as technical textiles and Personal Protective Equipment. These institutions could also propose cross-national R&D projects and internships on the portal.

Representatives of ESITH cited collaboration initiatives at domestic level involving technical universities and the National Agency for the Promotion of Small and Medium Enterprises (MarocPME) to train workers in the Morocco's T&C industry. ESITH could export its model and expertise in terms of training, technology knowledge and company support in exchange for similar services provided by institutions abroad. ESITH could render support in establishing testing and control labs, and R&D to improve the behaviour of fibrous and composite materials, by extending existing collaborations with international research laboratories to other member countries, and by implementing consultancy and training activities.

Representatives from CETTEX highlighted past collaboration efforts at a regional level where CETTEX experts provided onsite training to T&C company employees in Jordan and Egypt.

### **Policy level**

Ministries of industry and trade could facilitate the work and provide endorsement by allowing the use of respective logos to endorse and add credibility to the information exchanged.

**Recommendation No. 8**

***The Agadir Technical Unit may play a pivotal role in facilitating the execution of recommendations for developing intra-regional trade exchanges in the T&C sector, value chain integration, and investment relations. ITC could support the Agadir Technical Unit's in its role.***

***Recommended actions for Agadir Technical Unit***

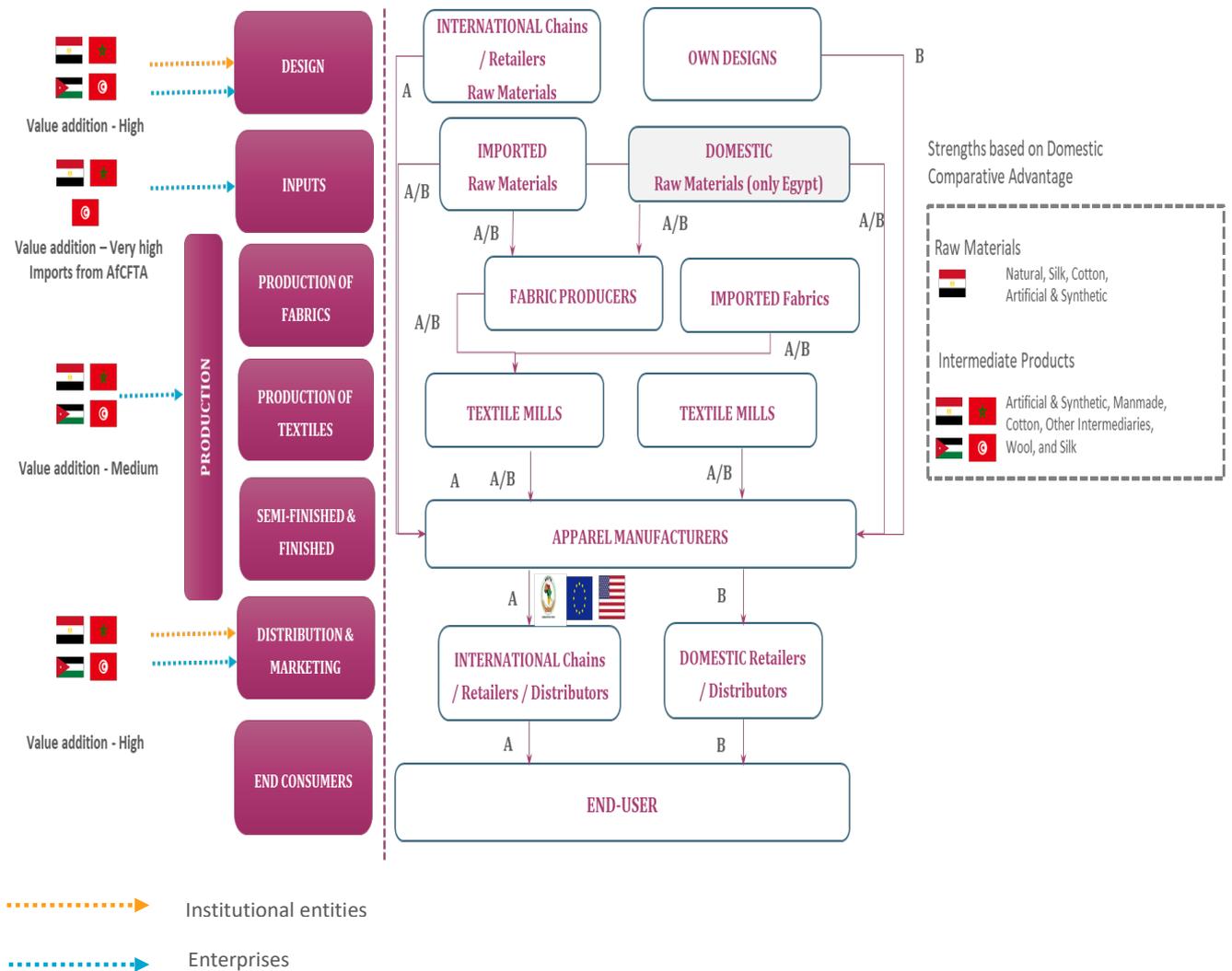
1. Raise awareness and knowledge of the potential advantages of accumulation of Rules of Origin for enterprises and trade organisations in member states.
2. Facilitate the development of institutional relationships across member states and facilitate technical, trade, and promotional meetings.
3. Facilitate collaboration towards collective exports and engage with logistic providers that connect the 4 countries in order to find solutions to suboptimal transportation services serving the region. .
4. Create a dedicated Textile & Clothing Committee in the Agadir Technical Unit's Business Council to facilitate business exchanges among the 4 countries. This could include the formulation of focused policy proposals that could then be brought to the attention of policy makers in the 4 countries.
5. Give enterprises a voice suggest & C-related business improvement that concern the region, including trade policies that could facilitate T&C trade between Agadir Member States.

***Recommended support from the International Trade Centre***

1. The International Trade Centre could potentially work alongside Agadir Technical Unit to support the setting up of a Textile & Clothing Committee in the Unit's Business Council.
2. Initiate and facilitate meetings between representatives from all levels in member states that are a part of the GTEX-MENATEX programme as a starting point for sector convergence among member states.
3. Facilitate interaction to exchange information and knowledge and encourage networking and relationships among various stakeholders at enterprise, institutional and policy level.

The recommended value chain collaboration at each stage of the T&C industry based on national comparative advantages in raw materials and intermediate products is presented in the chart below. Collaboration is expected to lead to value addition at regional level.

**Chart 15** Recommended Value Chain Collaboration for Agadir’s T&C industry



Source: Euromonitor International from trade interviews/secondary research

Note: **Path A** refers to products destined for exports market, while **Path B** indicates products for domestic markets.

The above formulated recommendations and their respective expected outcomes are summarised and tabulated below by order of priority along with the recommended timelines to execute them. The recommendation number in the left column refers to the numbering above in the descriptive text.

No.	Recommendation	Timeline	Expected Outcome
8.	The Agadir Technical Unit may play a pivotal role in facilitating the execution of recommendations to develop intra-regional trade exchanges in the T&C sector, value chain integration, and investment relations, offering technical advice and following up on policy-level decisions. ITC could support the Agadir Technical Unit's measures towards execution of recommendations.	Short term (within 2 years)	Convergence in the core objectives of both the Agadir Technical Unit and ITC to facilitate regional collaboration to enhance trade. This convergence is anticipated to enable quicker and smoother actions towards collaboration, value chain integration, and enhanced trade in the T&C sector.
1.	Create awareness on comparative advantages of intra-regional trade in each stage of the value chain to benefit from the accumulation of Rules of Origin	Short term (within 2 years)	Gap in knowledge between SMEs and large enterprises about the potential benefits from accumulation of Rules of Origin is expected to be bridged and more frequent and consistent collaborations towards enhanced trade within and outside the region is anticipated.

No.	Recommendation	Timeline	Expected Outcome
4.	Create a repository of competitive and quickly accessible raw materials for import from the rest of Africa and potential exports of intermediate and finished clothing products to benefit from AfCFTA's preferential tariffs	Short term (within 2 years)	This is expected to reduce the final cost and delivery time of currently traded end clothing products with the EU and the US and also aid in building a competitive product portfolio for the future to these markets. It would also support the export of intermediate products and end clothing products to other AfCFTA signatories by capitalizing on preferential tariffs.
7.	Create one common online platform to find sector and company specific information for networking among industry stakeholders at all levels to create a community to share best practices and establish a database of enterprises and institutions with their strengths and requirements.	Short term (within 2 years)	Strong ties and trade relationships would be achieved towards a united Agadir front for intra- and extra-regional trade
6.	Organise trade seminars, technical conferences and business meetings between enterprises, institutions, and ministries in Agadir countries to identify potential investment areas.	Short term (within 2 years)	Could be the launchpad for identifying and substantiating investment opportunities and potential benefits and outcomes for investors and the industry. This is expected to attract both domestic and foreign investments.
2.	Develop full package solutions via regional integration to address EU buyer demands and capitalise on repeat orders.	Medium term (3 to 4 years)	Increased competitiveness in pricing and quality by offering holistic solutions, with companies from all AGADIR countries. This would enable meeting the EU buyers' requirements, especially with the fast fashion trends moving forward globally.

No.	Recommendation	Timeline	Expected Outcome
3.	Cross national investments to establish production setups or sub-contracts to small enterprises within the Agadir region to minimise production costs in the most promising product groups .	Medium term (3 to 4 years)	Potentially minimises costs through the value chain to export price-competitive end clothing products to the USA and the EU.
5.	Launch tailored virtual industry trade fairs towards the USA, the EU, and the rest of MEA and represent Agadir member countries in person at international trade fairs, highlighting the members' individual and the regional strengths.	Medium term (3 to 4 years)	A good understanding of current trends and requirements in destination markets and the ability to meet the demand appropriately. Trade fairs also help to create partnerships, generate leads, showcase Agadir members' capabilities in the global T&C sector. This could also attract potential investments and collaborations within the Agadir region.

Source: Euromonitor International's analysis from Trade interviews

## 7.2 ACTIONS ITEMS AT EACH LEVEL

The detailed recommendations presented in section 7.1 are summarised in the table below by the order of priority along with key actions which are needed to be taken at enterprise level and institutional level. The primary responsibility is recommended to lie with T&C-related institutions to be the medium of facilitating collaborations and executing recommendations. The secondary responsibility is recommended to be with enterprises to collaborate with institutions and share information that would ultimately benefit themselves as collaborations along the value chain increases.

No.	Recommendation	Primary Responsibility (Institutions)	Secondary Responsibility (Enterprises)
8.	Execution of recommendations	Facilitating discussions at institutional and policy level <b>With the support of the Agadir Technical Unit</b>	Facilitating discussions at enterprise and institutional level <b>With the support of the International Trade Centre</b>

No.	Recommendation	Primary Responsibility (Institutions)	Secondary Responsibility (Enterprises)
1.	Create awareness on comparative advantages of intra-regional trade in each stage of the value chain to benefit from the accumulation of Rules of Origin	Collect enterprise-level data and disseminate knowledge on Rules of Origin.  <b>Responsible:</b> Textile and clothing associations and Trade Facilitation Entities	Collect and disseminate production capabilities, existing strengths in the value chain and necessary support.
4.	Create a repository of competitive and quickly accessible raw materials for imports from the rest of Africa for the potential export of intermediate and finished products benefitting from AfCFTA's preferential tariffs	Support enterprises by conducting market studies and export guides to capture the availability and demand for potential intermediate products and end clothing products.  <b>Responsible</b> - Textiles and clothing associations and Trade Facilitation Entities	Collaborate and engage in market studies and conduct in-depth analysis of supply and in-demand yarns, fabrics and clothing products from other AfCFTA signatories.
7.	Create a common regional T&C online platform.	Facilitate the creation of an online portal, with support from the Agadir Technical Unit. Share experiences and practices to learn and grow in new areas such as technical textiles or Personal Protective Equipment.  <b>Responsible</b> - Textile and clothing associations, Trade Facilitation Entities, Agadir Technical Unit, Academia, Vocational and Technical Training Institutes	Express interest and commitment towards enrolling in the online platform, share and update information consistently, and form pilot groups towards collaboration for mutual benefit.
6.	Organise trade seminars, technical conferences, and business meetings to identify potential investment areas.	Cooperate with enterprises to help them devise the necessary and compelling investment framework for attracting investments.  <b>Responsible</b> - Financial Institutions, Academia, Trade Facilitation Entities, T&C Associations and Agadir Technical Unit	Active participation in discussions on trade opportunities in destination markets, design and quality requirements, investment opportunities, know-how and experiences in increasing the skillset and qualifications of the T&C workforce.

No.	Recommendation	Primary Responsibility (Institutions)	Secondary Responsibility (Enterprises)
2.	Develop full package solutions via regional integration.	<p>Create a database of EU buyers and their seasonal requirements in terms of design, composition, quality standards, and sustainability requirements. Disseminate the information via technical seminars and organise trade missions.</p> <p><b>Responsible</b> - Trade Facilitation Entities, Export Promotion Agencies, Technical Training Institutes, Academia</p>	<p>Enterprises to be more open to vertical integration of the T&amp;C sector in each member country and then collaborate with counterparts in other member countries who complement each other to meet EU buyer requirements.</p>
3.	Facilitate cross national investments to establish production setups or sub-contract to small enterprises within the Agadir region to minimise production costs in the most promising product groups	<p>Exchange technical know-how and experiences to convey knowledge on how enterprises can meet technical quality and sustainability standards and be competitive in US or EU markets.</p> <p><b>Responsible</b> - Industrial Council for Technology and Innovation or Industrial Modernisation Centre in Egypt could cooperate with JGATE, Garment Design &amp; Training Services Centre in Jordan, École Supérieure des Industries du Textile et de l'Habillement (ESITH) in Morocco and Centre Technique du Textile (CETTEX) in Tunisia</p>	<p>Consider cross-national investments to minimise the cost of production, expand product portfolios, and perform joint marketing activities as well as aggregate shipments for collective export.</p>

No.	Recommendation	Primary Responsibility (Institutions)	Secondary Responsibility (Enterprises)
5.	Launching tailored virtual industry expos	<p>Collaborate by representing MENA countries at virtual and in-person trade shows in the region as well as in social media campaigns.</p> <p><b>Responsible</b> - Academia, T&amp;C association, and Trade Facilitation Entities</p>	<p>Support by sharing companies' digital profiles, showcasing product portfolios and production capabilities with T&amp;C associations, and national trade facilitation bodies.</p> <p>Endorse the resulting promotional approach and share with the desired target audience.</p>

Source: Euromonitor International's analysis from Trade interviews

## 8. ANNEX

### 8.1 EGYPT

#### 8.1.1 INTRA-REGIONAL TRADE ANALYSIS

This section will elaborate on Egyptian products with the highest export potential by destination (Jordan, Morocco, Tunisia), based on the approach of comparative advantage explained in section 3.1 'Potential for increased regional trade'.

#### End clothing products

**Table 18** End Clothing Products with the Highest Export Potential from Egypt

Destination	HS Code	Type	Details	Comparative Advantage
Jordan	620211	Women's Clothing	Coats; women's or girls', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of wool or fine animal hair, other than those of heading no. 6204 (not knitted or crocheted)	105.6x
	630612	Interior and exterior textiles	Tarpaulins, awnings and sunblinds; of synthetic fibres	103.6x
	621030	Women's Clothing	Garments; overcoats, raincoats, car-coats, capes, cloaks and similar articles, women's or girls', of the fabrics of heading no. 5602, 5603, 5903, 5906 or 5907 (not knitted or crocheted)	63.2x
	610891	Women's Clothing	Negligees, bathrobes, dressing gowns and similar articles; women's or girls', of cotton, knitted or crocheted	55.3x
	630622	Interior and exterior textiles	Tents; of synthetic fibres	35.1x
Morocco	630190	Interior and exterior textiles	Blankets and travelling rugs; n.e.c. in heading no. 6301	15.1x
	630590	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made filaments (other than jute, cotton or man-made filaments)	14.2x
	610443	Women's Clothing	Dresses; women's or girls', of synthetic fibres, knitted or crocheted	13.3x

Destination	HS Code	Type	Details	Comparative Advantage
	620822	Women's Clothing	Nightdresses and pyjamas; women's or girls', of man-made fibres (not knitted or crocheted)	10.6x
	630140	Interior and exterior textiles	Blankets (other than electric blankets) and travelling rugs; of synthetic fibres	9.1x
Tunisia	621290	Other apparel (e.g. gloves, ties, mittens)	Braces, suspenders, garters and similar articles; whether or not knitted or crocheted, n.e.c. in heading no. 6212	88.5x
	620211	Women's Clothing	Coats; women's or girls', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of wool or fine animal hair, other than those of heading no. 6204 (not knitted or crocheted)	16.58
	630533	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made filaments, of polyethylene or polypropylene strip or the like, not flexible intermediate bulk containers	5.0x
	630140	Interior and exterior textiles	Blankets (other than electric blankets) and travelling rugs; of synthetic fibres	1.9x
	630539	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made filaments, not of polyethylene or polypropylene strip or the like, not flexible intermediate bulk containers	1.6x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Textiles

**Table 19** Intermediate Products with the Highest Export Potential from Egypt

Destination	HS Code	Type	Details	Comparative Advantage
Jordan	5906	Other intermediate products	Textile fabrics, rubberised; other than those of heading no. 5902	93.6x

Destination	HS Code	Type	Details	Comparative Advantage
	5513	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170g/m <sup>2</sup>	46.6x
	5401	Man-made filaments	Sewing thread of man-made filaments, whether or not put up for retail sale	45.5x
	5509	Artificial & Synthetic	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale	22.9x
	5802	Other intermediate products	Fabrics; terry towelling and similar woven terry fabrics other than narrow fabrics of heading no. 5806; tufted textile fabrics, excluding products of heading no. 5703	22.0x
Morocco	5909	Other intermediate products	Textile hose piping and similar textile tubing; with or without lining, armour or accessories of other materials	64.5x
	5606	Other intermediate products	Yarn and strip and the like of heading no. 5404 or 5405, gimped (other than those of heading no. 5606 and gimped horsehair yarn); chenille yarn (including flock chenille yarn); loop wale-yarn	62.5x
	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	58.6x
	5801	Other intermediate products	Fabrics; woven pile and chenille fabrics, other than fabrics of heading no. 5802 or 5806	37.1x
	5210	Cotton	Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing not more than 200g/m <sup>2</sup>	25.1x
Tunisia	5209	Cotton	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/m <sup>2</sup>	16.7x
	5604	Other intermediate products	Rubber thread and cord, textile covered; textile yarn and strip and the like of heading no. 5404, 5405; impregnated, coated, covered or sheathed with rubber or plastics	8.4x

Destination	HS Code	Type	Details	Comparative Advantage
	5808	Other intermediate products	Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompoms and similar articles	7.8x
	5513	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170g/m <sup>2</sup>	3.7x
	5702	Other intermediate products	Carpets and other textile floor coverings; woven, (not tufted or flocked), whether or not made up, including kelem, schumacks, karamanie and similar hand-woven rugs	3.3x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Fibres

**Table 20** Raw Materials with the Highest Export Potential from Egypt

Destination	HS Code	Type	Details	Comparative Advantage
Jordan	5305	Natural	Coconut, abaca (Manila hemp or Musa textilis Nee), ramie and other vegetable textile fibres n.e.c., raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garneted stock)	17.0x
	5003	Silk	Silk waste (including cocoons unsuitable for reeling, yarn waste and garneted stock)	11.1x
	5504	Artificial & Synthetic	Artificial staple fibres, not carded, combed or otherwise processed for spinning	5.2x
	5203	Cotton	Cotton, carded or combed	3.2x
	5202	Cotton	Cotton waste (including yarn waste and garneted stock)	0.5x
Morocco	5501	Artificial & Synthetic	Synthetic filament tow	6.88
	5201	Cotton	Cotton; not carded or combed	0.6x

Destination	HS Code	Type	Details	Comparative Advantage
	5202	Cotton	Cotton waste (including yarn waste and garneted stock)	0.5x
	5301	Natural	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	0.42x
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	0.14x
Tunisia	5003	Silk	Silk waste (including cocoons unsuitable for reeling, yarn waste and garneted stock)	29.1x
	5504	Artificial & Synthetic	Artificial staple fibres, not carded, combed or otherwise processed for spinning	2.3x
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	0.8x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	0.2x
	5301	Natural	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	0.04x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

### 8.1.2 EXTRA-REGIONAL TRADE ANALYSIS

This section will elaborate on Egyptian products with the highest export potential by destination (USA, EU and Rest of Middle East and Africa), based on the approach of comparative advantage explained in section 3.2 'Potential for increased regional trade'

#### End clothing products

**Table 21** End Clothing Products with the Highest Export Potential from Egypt

Destination	HS Code	Type	Details	Comparative Advantage
USA	610120	Men's Clothing	Coats; men's or boys' overcoats, car-coats, capes, anoraks, wind-jackets and similar articles, of cotton, knitted or crocheted (excluding those of heading no. 6103)	3.2x

Destination	HS Code	Type	Details	Comparative Advantage
	610441	Women's Clothing	Dresses; women's or girls', of wool or fine animal hair, knitted or crocheted	3.2x
	621430	Other apparel (e.g. gloves, ties, mittens)	Shawls, scarves, mufflers, mantillas, veils and the like; of synthetic fibres (not knitted or crocheted)	3.2x
	620441	Women's Clothing	Dresses; women's or girls', of wool or fine animal hair (not knitted or crocheted)	3.1x
	610413	Women's Clothing	Suits; women's or girls', of synthetic fibres, knitted or crocheted	3.1x
EU	611790	Other apparel (e.g. gloves, ties, mittens)	Clothing; parts, knitted or crocheted	3.4x
	610452	Women's Clothing	Skirts and divided skirts; women's or girls', of cotton, knitted or crocheted	3.4x
	610453	Women's Clothing	Skirts and divided skirts; women's or girls', of synthetic fibres, knitted or crocheted	3.4x
	610459	Women's Clothing	Skirts and divided skirts; women's or girls', of man-made filaments (other than wool or fine animal hair, cotton or synthetic fibres), knitted or crocheted	3.4x
	620451	Women's Clothing	Skirts and divided skirts; women's or girls', of wool or fine animal hair (not knitted or crocheted)	3.4x
Rest of MEA	610892	Women's Clothing	Negligees, bathrobes, dressing gowns and similar articles; women's or girls', of man-made fibres, knitted or crocheted	9.6x
	611239	Tracksuits, ski suits, swimwear	Swimwear; men's or boys', of man-made filaments (other than synthetic fibres), knitted or crocheted	9.6x
	620293	Women's Clothing	Anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles; women's or girls', of man-made fibres, other than those of heading no. 6204 (not knitted or crocheted)	9.6x
	620191	Men's Clothing	Anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles; men's or boys', of wool or	9.6x

Destination	HS Code	Type	Details	Comparative Advantage
			fine animal hair, other than those of heading no. 6203 (not knitted or crocheted)	
	620292	Women's Clothing	Anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles; women's or girls', of cotton, other than those of heading no. 6204 (not knitted or crocheted)	9.6x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Textiles

**Table 22** Intermediate Products with the Highest Export Potential from Egypt

Destination	HS Code	Type	Details	Comparative Advantage
USA	5705	Other intermediate products	Carpets and other textile floor coverings; n.e.c. in chapter 57, whether or not made up	1.7x
	5803	Other intermediate products	Gauze; other than narrow fabrics of heading no. 5806	1.5x
	5701	Other intermediate products	Carpets and other textile floor coverings; knotted, whether or not made up	1.4x
	5404	Man-made filaments	Synthetic monofilament of 67 decitex or more, of which no cross-sectional dimension exceeds 1mm; strip and the like (e.g. artificial straw) of synthetic man-made filaments of an apparent width not exceeding 5mm	1.3x
	5811	Other intermediate products	Quilted textile products; in the piece, composed of one or more layers of man-made filaments assembled with padding by stitching or otherwise (excluding embroidery of heading no. 5810)	1.3x
EU	5105	Wool	Wool and fine or coarse animal hair; carded or combed (including combed wool in fragments)	3.1x
	5309	Natural	Woven fabrics of flax	2.9x

Destination	HS Code	Type	Details	Comparative Advantage
	5306	Natural	Flax yarn	2.6x
	5911	Other intermediate products	Textile products and articles for technical uses; specified in note 7 to this chapter	2.3x
	5106	Wool	Yarn of carded wool, not put up for retail sale	2.1x
Rest of MEA	5605	Other intermediate products	Yarn; metallised, whether or not gimped, of textile yarn, or strip or the like of heading no. 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal	9.6x
	5907	Other intermediate products	Textile fabrics; otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like	9.6x
	5113	Wool	Woven fabrics of coarse animal hair or of horsehair	9.6x
	5908	Other intermediate products	Textile wicks, woven, plaited or knitted; for lamps, stoves, lighters, candles or the like; incandescent gas mantles and tubular knitted gas mantle fabric therefor, whether or not impregnated	9.6x
	5609	Other intermediate products	Articles of yarn, strip or the like of heading no. 5404 or 5405; twine, cordage, rope or cables n.e.c. or included	9.6x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Fibres

**Table 23** Raw Materials with the Highest Export Potential from Egypt

Destination	HS Code	Type	Details	Comparative Advantage
US	5201	Cotton	Cotton; not carded or combed	0.1x
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	0.1x
	5101	Wool	Wool, not carded or combed	0.1x

Destination	HS Code	Type	Details	Comparative Advantage
	5301	Natural	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	0.1x
	5501	Artificial & Synthetic	Synthetic filament tow	0.1x
EU	5302	Natural	True hemp ( <i>cannabis sativa</i> L.), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garneted stock)	3.4x
	5103	Wool	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garneted stock	3.2x
	5202	Cotton	Cotton waste (including yarn waste and garneted stock)	1.7x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	1.6x
	5101	Wool	Wool, not carded or combed	1.6x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019. (4) According to the analysis performed in section 3.2, no raw materials for the T&C sector from Agadir countries were identified to have a comparative advantage in exports to the USA.

## 8.2 JORDAN

### 8.2.1 INTRA-REGIONAL TRADE ANALYSIS

This section will elaborate on Jordanian products with the highest export potential by destination (Egypt, Morocco and Tunisia), based on the approach of comparative advantage explained in section 3.1 'Potential for increased regional trade'.

#### End clothing products

**Table 24** End Clothing Products with the Highest Export Potential from Jordan

Destination	HS Code	Type	Details	Comparative Advantage
Egypt	620711	Men's Clothing	Underpants and briefs; men's or boys', of cotton (not knitted or crocheted)	90.2x
	620113	Men's Clothing	Coats; men's or boys', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of man-made fibres,	63.5x

Destination	HS Code	Type	Details	Comparative Advantage
			other than those of heading no. 6203 (not knitted or crocheted)	
	630533	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made filaments, of polyethylene or polypropylene strip or the like, not flexible intermediate bulk containers	12.4x
	611780	Other apparel (e.g. gloves, ties, mittens)	Clothing accessories; knitted or crocheted, n.e.c. in heading no. 6117	8.8x
	630590	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made filaments (other than jute, cotton or man-made filaments)	8.4x
Morocco	610230	Women's Clothing	Coats; women's or girls' overcoats, car-coats, capes, anoraks, wind-jackets and similar articles, of man-made fibres, knitted or crocheted (excluding those of heading no. 6104)	13.6x
	621050	Women's Clothing	Garments; women's or girls', n.e.c. in item no. 6210.3, of the fabrics of heading no. 5602, 5603, 5903, 5906 or 5907 (not knitted or crocheted)	0.02x
	611490	Other garments (e.g. jerseys, pullovers, cardigans)	Garments; of man-made filaments (other than cotton or man-made fibres), knitted or crocheted, n.e.c. in chapter 61	0.001x
Tunisia	610449	Women's Clothing	Dresses; women's or girls', of man-made filaments (other than wool or fine animal hair, cotton, synthetic or artificial fibres), knitted or crocheted	3129.3x
	620819	Women's Clothing	Slips and petticoats; women's or girls', of man-made filaments other than man-made fibres (not knitted or crocheted)	391.9x
	621050	Women's Clothing	Garments; women's or girls', n.e.c. in item no. 6210.3, of the fabrics of heading no. 5602, 5603, 5903, 5906 or 5907 (not knitted or crocheted)	34.8x
	611490	Other garments (e.g. jerseys,	Garments; of man-made filaments (other than cotton or man-made fibres), knitted or crocheted, n.e.c. in chapter 61	0.01x

Destination	HS Code	Type	Details	Comparative Advantage
		pullovers, cardigans)		

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Textiles

**Table 25** Intermediate Products with the Highest Export Potential from Jordan

Destination	HS Code	Type	Details	Comparative Advantage
Egypt	5603	Other intermediate products	Nonwovens; whether or not impregnated, coated, covered or laminated	67.9x
	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	53.9x
	5601	Other intermediate products	Wadding of man-made filaments and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill neps	46.08
	5602	Other intermediate products	Felt; whether or not impregnated, coated, covered or laminated	36.0x
	5702	Other intermediate products	Carpets and other textile floor coverings; woven, (not tufted or flocked), whether or not made up, including kelem, schumacks, karamanie and similar hand-woven rugs	25.9x
Morocco	5702	Other intermediate products	Carpets and other textile floor coverings; woven, (not tufted or flocked), whether or not made up, including kelem, schumacks, karamanie and similar hand-woven rugs	267.9x
	5806	Other intermediate products	Fabrics; narrow woven, other than goods of heading no. 5807; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	46.5x
	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	35.3x

Destination	HS Code	Type	Details	Comparative Advantage
	5705	Other intermediate products	Carpets and other textile floor coverings; n.e.c. in chapter 57, whether or not made up	28.7x
	5807	Other intermediate products	Labels, badges and similar articles; of man-made filaments, in the piece, in strips or cut to shape or size, not embroidered	15.2x
Tunisia	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	80.0x
	5701	Other intermediate products	Carpets and other textile floor coverings; knotted, whether or not made up	17.9x
	5705	Other intermediate products	Carpets and other textile floor coverings; n.e.c. in chapter 57, whether or not made up	13.1x
	5703	Other intermediate products	Carpets and other textile floor coverings; tufted, whether or not made up	2.8x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Fibres

**Table 26** Raw Materials with the Highest Export Potential from Jordan

Destination	HS Code	Type	Details	Comparative Advantage
Egypt	5101	Wool	Wool, not carded or combed	37.3x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	1.5x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019 (4) According to the analysis performed in section 3.1, no raw materials for the T&C sector from Jordan were identified to have a comparative advantage in exports to Morocco and Tunisia.

## 8.2.2 EXTRA-REGIONAL TRADE ANALYSIS

This section will present Jordanian products with the highest export potential by destination (USA, EU and Rest of Middle East and Africa), based on the approach of comparative advantage explained in section 3.2 'Potential for increased regional trade'.

### End clothing products

**Table 27** End Clothing Products with the Highest Export Potential from Jordan

Destination	HS Code	Type	Details	Comparative Advantage
USA	611219	Tracksuits, ski suits, swimwear	Tracksuits; of man-made filaments (other than cotton or synthetic fibres), knitted or crocheted	1.3x
	630312	Interior and exterior textiles	Curtains (including drapes) and interior blinds; curtain or bed valances, knitted or crocheted, of synthetic fibres	1.3x
	621220	Other apparel (e.g. gloves, ties, mittens)	Girdles and panty-girdles; whether or not knitted or crocheted	1.3x
	620342	Men's Clothing	Trousers, bib and brace overalls, breeches and shorts; men's or boys', of cotton (not knitted or crocheted)	1.3x
	610459	Women's Clothing	Skirts and divided skirts; women's or girls', of man-made filaments (other than wool or fine animal hair, cotton or synthetic fibres), knitted or crocheted	1.3x
EU	610721	Men's Clothing	Nightshirts and pyjamas; men's or boys', of cotton, knitted or crocheted	42.6x
	620990	Babies' Clothing	Garments and clothing accessories; babies', of man-made filaments other than cotton or synthetic fibres (not knitted or crocheted)	42.6x
	630232	Interior and exterior textiles	Bed linen; of man-made fibres (not printed, knitted or crocheted)	42.6x
	610290	Women's Clothing	Coats; women's or girls' overcoats, car-coats, capes, anoraks, wind-jackets and similar articles, of man-made filaments n.e.c. in heading no. 6102, knitted or crocheted (excluding those of heading no. 6104)	33.3x
	620211	Women's Clothing	Coats; women's or girls', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of wool or	18.5x

Destination	HS Code	Type	Details	Comparative Advantage
			fine animal hair, other than those of heading no. 6204 (not knitted or crocheted)	
Rest of MEA	620119	Men's Clothing	Coats; men's or boys', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of man-made filaments (other than wool or fine animal hair, cotton or man-made fibres), other than those of heading no. 6203 (not knitted or crocheted)	12.1x
	621020	Men's Clothing	Garments; overcoats, raincoats, car-coats, capes, cloaks and similar articles, men's or boys', of the fabrics of heading no. 5602, 5603, 5903, 5906 or 5907 (not knitted or crocheted)	12.1x
	621510	Other apparel (e.g. gloves, ties, mittens)	Ties, bow ties and cravats; of silk or silk waste (not knitted or crocheted)	12.1x
	620293	Women's Clothing	Anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles; women's or girls', of man-made fibres, other than those of heading no. 6204 (not knitted or crocheted)	12.1x
	620811	Women's Clothing	Slips and petticoats; women's or girls', of man-made fibres (not knitted or crocheted)	12.1x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Textiles

**Table 28** Intermediate Products with the Highest Export Potential from Jordan

Destination	HS Code	Type	Details	Comparative Advantage
US	5909	Other intermediate products	Textile hose piping and similar textile tubing; with or without lining, armour or accessories of other materials	0.3x
	5810	Other intermediate products	Embroidery; in the piece, in strips or in motifs	0.1x

Destination	HS Code	Type	Details	Comparative Advantage
	5704	Other intermediate products	Carpets and other textile floor coverings; of felt, (not tufted or flocked), whether or not made up	0.1x
	5705	Other intermediate products	Carpets and other textile floor coverings; n.e.c. in chapter 57, whether or not made up	0.1x
	5701	Other intermediate products	Carpets and other textile floor coverings; knotted, whether or not made up	0.1x
EU	5510	Artificial & Synthetic	Yarn (other than sewing thread) of artificial staple fibres, not put up for retail sale	14x
	5806	Other intermediate products	Fabrics; narrow woven, other than goods of heading no. 5807; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	1.8x
	5909	Other intermediate products	Textile hose piping and similar textile tubing; with or without lining, armour or accessories of other materials	1.5x
	5513	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170g/m <sup>2</sup>	1.2x
	5402	Man-made filaments	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex	0.6x
Rest of MEA	5514	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight exceeding 170g/m <sup>2</sup>	12.1x
	5110	Wool	Yarn of coarse animal hair or of horsehair (including gimped horsehair yarn), whether or not put up for retail sale	12.1x
	5113	Wool	Woven fabrics of coarse animal hair or of horsehair	12.1x
	5901	Other intermediate products	Textile fabrics, gum or amylaceous substance coated, used for outer book covers and like; tracing cloth, prepared painting canvas; buckram and similar stiffened textile fabrics used for hat foundation	12.1x

Destination	HS Code	Type	Details	Comparative Advantage
	5910	Other intermediate products	Textiles; transmission or conveyor belts or belting, of textile material, whether or not impregnated, coated, covered or laminated with plastics, or reinforced with metal or other material	12.1x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Fibres

**Table 29** Raw Materials with the Highest Export Potential from Jordan

Destination	HS Code	Type	Details	Comparative Advantage (2)
EU	5101	Wool	Wool, not carded or combed	1.8x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	0.8x
Rest of MEA	5203	Cotton	Cotton, carded or combed	12.1x
	5501	Artificial & Synthetic	Synthetic filament tow	12.1x
	5202	Cotton	Cotton waste (including yarn waste and garneted stock)	12.1x
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	12.1x
	5502	Artificial & Synthetic	Artificial filament tow	12.1x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019. (4) According to the analysis performed in section 3.2, no raw materials for the T&C sector from Agadir countries were identified to have a comparative advantage in exports to the USA.

## 8.3 MOROCCO

### 8.3.1 INTRA-REGIONAL TRADE ANALYSIS

This section will elaborate on Moroccan products with highest export potential by destination (Egypt, Jordan, and Tunisia), based on the approach of comparative advantage explained in section 3.1 'Potential for increased regional trade'.

#### End clothing products

**Table 30** End Clothing Products with the Highest Export Potential from Morocco

Destination	HS Code	Type	Details	Comparative Advantage
Egypt	630299	Interior and exterior textiles	Toilet and kitchen linen; of man-made filaments (other than cotton or man-made fibres)	127.6x
	610322	Men's Clothing	Ensembles; men's or boys', of cotton, knitted or crocheted	56.9x
	631010	Interior and exterior textiles	Rags; used or new, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of man-made filaments; sorted	55.6x
	621490	Other apparel (e.g. gloves, ties, mittens)	Shawls, scarves, mufflers, mantillas, veils and the like; of man-made filaments n.e.c. in heading no. 6214 (not knitted or crocheted)	10.4x
	610711	Men's Clothing	Underpants and briefs; men's or boys', of cotton, knitted or crocheted	9.1x
Jordan	610190	Men's Clothing	Coats; men's or boys' overcoats, car-coats, capes, anoraks, wind-jackets and similar articles, of man-made filaments n.e.c. in heading no. 6101, knitted or crocheted (excluding those of heading no. 6103)	822.9x
	611212	Tracksuits, ski suits, swimwear	Tracksuits; of synthetic fibres, knitted or crocheted	218.2x
	630299	Interior and exterior textiles	Toilet and kitchen linen; of man-made filaments (other than cotton or man-made fibres)	165.5x
	610520	Men's Clothing	Shirts; men's or boys', of man-made fibres, knitted or crocheted	52.6x
	621600	Other apparel (e.g.	Gloves, mittens and mitts (not knitted or crocheted)	50.3x

Destination	HS Code	Type	Details	Comparative Advantage
		gloves, ties, mittens)		
Tunisia	630533	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made filaments, of polyethylene or polypropylene strip or the like, not flexible intermediate bulk containers	9.2x
	630710	Interior and exterior textiles	Cloths; floor cloths, dish-cloths, dusters and similar cleaning cloths	5.7x
	610190	Men's Clothing	Coats; men's or boys' overcoats, car-coats, capes, anoraks, wind-jackets and similar articles, of man-made filaments n.e.c. in heading no. 6101, knitted or crocheted (excluding those of heading no. 6103)	5.2x
	611019	Other garments (e.g. jerseys, pullovers, cardigans)	Jerseys, pullovers, cardigans, waistcoats and similar articles; knitted or crocheted, of fine animal hair other than that of kashmir (cashmere) goats	2.6x
	620219	Women's Clothing	Coats; women's or girls', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of man-made filaments (other than wool or fine animal hair, cotton or man-made fibres), other than those of heading no. 6204 (not knitted or crocheted)	2.1x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Textiles

**Table 31** Intermediate Products with the Highest Export Potential from Morocco

Destination	HS Code	Type	Details	Comparative Advantage
Egypt	5703	Other intermediate products	Carpets and other textile floor coverings; tufted, whether or not made up	422.0x
	5513	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly	86.8x

Destination	HS Code	Type	Details	Comparative Advantage
			or solely with cotton, of a weight not exceeding 170g/m2	
	5209	Cotton	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/m2	58.4x
	5515	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, n.e.c. in chapter 55	39.9x
	5112	Wool	Woven fabrics of combed wool or of combed fine animal hair	36.0x
Jordan	5801	Other intermediate products	Fabrics; woven pile and chenille fabrics, other than fabrics of heading no. 5802 or 5806	126.4x
	5705	Other intermediate products	Carpets and other textile floor coverings; n.e.c. in chapter 57, whether or not made up	8.0x
	5512	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres	6.9x
	5701	Other intermediate products	Carpets and other textile floor coverings; knotted, whether or not made up	3.9x
	5804	Other intermediate products	Tulles and other net fabrics; not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, (other than fabrics of headings 60.02 to 60.06)	3.8x
Tunisia	5204	Cotton	Cotton sewing thread, whether or not put up for retail sale	159.7x
	5907	Other intermediate products	Textile fabrics; otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like	119.6x
	5909	Other intermediate products	Textile hose piping and similar textile tubing; with or without lining, armour or accessories of other materials	108.9x
	5209	Cotton	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/m2	62.4x

Destination	HS Code	Type	Details	Comparative Advantage
	5402	Man-made filaments	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex	50.0x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

### Fibres

**Table 32** Raw Materials with the Highest Export Potential from Morocco

Destination	HS Code	Type	Details	Comparative Advantage
Tunisia	5202	Cotton	Cotton waste (including yarn waste and garneted stock)	78.2x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019. (4) According to the analysis performed in section 3.1, no raw materials for the T&C sector from Morocco were identified to have a comparative advantage in exports to Egypt and Jordan.

### 8.3.2 EXTRA-REGIONAL TRADE ANALYSIS

This section will present Moroccan products with the highest export potential by destination (USA, EU and Rest of Middle East and Africa), based on the approach of comparative advantage explained in section 3.2 'Potential for increased regional trade'.

#### End clothing products

**Table 33** End Clothing Products with the Highest Export Potential from Morocco

Destination	HS Code	Type	Details	Comparative Advantage
USA	630120	Interior and exterior textiles	Blankets (other than electric blankets) and travelling rugs; of wool or fine animal hair	42.3x
	630491	Interior and exterior textiles	Furnishing articles; excluding those of heading no. 9404, n.e.c. in heading 6304, knitted or crocheted	40.4x

Destination	HS Code	Type	Details	Comparative Advantage
	611241	Tracksuits, ski suits, swimwear	Swimwear; women's or girls', of synthetic fibres, knitted or crocheted	32x
	630259	Interior and exterior textiles	Table linen; of man-made filaments (other than cotton or man-made fibres), not knitted or crocheted	21.1x
	610343	Men's Clothing	Trousers, bib and brace overalls, breeches and shorts; men's or boys', of synthetic fibres, knitted or crocheted	16.8x
EU	630110	Interior and exterior textiles	Blankets; electric	1.1x
	621220	Other apparel (e.g. gloves, ties, mittens)	Girdles and panty-girdles; whether or not knitted or crocheted	1.1x
	611790	Other apparel (e.g. gloves, ties, mittens)	Clothing; parts, knitted or crocheted	1.1x
	620422	Women's Clothing	Ensembles; women's or girls', of cotton (not knitted or crocheted)	1.1x
	620411	Women's Clothing	Suits; women's or girls', of wool or fine animal hair (not knitted or crocheted)	1.1x
	630420	Interior and exterior textiles	Furnishing articles; excluding those of heading no. 9404, bed nets, specified in Subheading Note 1 to this Chapter	60.7x
Rest of MEA	630619	Interior and exterior textiles	Tarpaulins, awnings and sunblinds; of man-made filaments other than synthetic fibres	58.3x
	621230	Other apparel (e.g. gloves, ties, mittens)	Corselettes; whether or not knitted or crocheted	53.8x

Destination	HS Code	Type	Details	Comparative Advantage
	630312	Interior and exterior textiles	Curtains (including drapes) and interior blinds; curtain or bed valances, knitted or crocheted, of synthetic fibres	52.2x
	621010	Other garments (e.g. jerseys, pullovers, cardigans)	Garments; of felt or non-wovens (not knitted or crocheted)	52.1x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Textiles

**Table 34** Intermediate Products with the Highest Export Potential from Morocco

Destination	HS Code	Type	Details	Comparative Advantage
USA	5905	Other intermediate products	Textile wall coverings	42.9x
	5702	Other intermediate products	Carpets and other textile floor coverings; woven, (not tufted or flopped), whether or not made up, including kelem, schumacks, karamanie and similar hand-woven rugs	40.4x
	5809	Other intermediate products	Fabrics, woven; of metal thread and metallised yarn of heading no. 5605, of a kind used in apparel, as furnishing fabrics or similar purposes; n.e.c. or included	25.2x
	5701	Other intermediate products	Carpets and other textile floor coverings; knotted, whether or not made up	24.6x
	5510	Artificial & Synthetic	Yarn (other than sewing thread) of artificial staple fibres, not put up for retail sale	21.4x
EU	5005	Silk	Yarn spun from silk waste, not put up for retail sale	1.1x

Destination	HS Code	Type	Details	Comparative Advantage
	5206	Cotton	Cotton yarn (other than sewing thread), containing less than 85% by weight of cotton, not put up for retail sale	1.1x
	5306	Natural	Flax yarn	1.1x
	5105	Wool	Wool and fine or coarse animal hair; carded or combed (including combed wool in fragments)	1.1x
	5309	Natural	Woven fabrics of flax	1.1x
Rest of MEA	5113	Wool	Woven fabrics of coarse animal hair or of horsehair	61.0x
	5307	Natural	Yarn of jute or of other textile bast fibres of heading no. 5305	61.0x
	5004	Silk	Silk; yarn (other than yarn spun from silk waste), not put up for retail sale	61.0x
	5308	Natural	Yarn of other vegetable textile fibres; paper yarn	61.0x
	5310	Natural	Woven fabrics of jute, other textile bast fibres of heading no. 5303	60.7x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Fibres

**Table 35** Raw Materials with the Highest Export Potential from Morocco

Destination	HS Code	Type	Details	Comparative Advantage
USA	5201	Cotton	Cotton; not carded or combed	8.5x
	5101	Wool	Wool, not carded or combed	0.1x
EU	5504	Artificial & Synthetic	Artificial staple fibres, not carded, combed or otherwise processed for spinning	1.1x
	5502	Artificial & Synthetic	Artificial filament tow	1.1x

Destination	HS Code	Type	Details	Comparative Advantage
	5301	Natural	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	1.1x
	5103	Wool	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garneted stock	1.1x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	1x
Rest of MEA	5302	Natural	True hemp ( <i>cannabis sativa</i> L.), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garneted stock)	61x
	5305	Natural	Coconut, abaca (Manila hemp or <i>Musa textilis</i> Nee), ramie and other vegetable textile fibres n.e.c., raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garneted stock)	60.1x
	5303	Natural	Jute and other textile bast fibres (not flax, true hemp and ramie), raw or processed but not spun; tow and waste of these fibres, including yarn waste and garneted stock	58.2x
	5201	Cotton	Cotton; not carded or combed	38x
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	14.4x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019. (4) According to the analysis performed in section 3.2, no raw materials for the T&C sector from Agadir countries were identified to have a comparative advantage in exports to the USA.

## 8.4 TUNISIA

### 8.4.1 INTRA-REGIONAL TRADE ANALYSIS

This section will elaborate on Tunisian products with the highest export potential by destination (Egypt, Jordan and Morocco), based on the approach of comparative advantage explained in section 3.1 'Potential for increased regional trade'.

#### End clothing products

**Table 36** End Clothing Products with the Highest Export Potential from Tunisia

Destination	HS Code	Type	Details	Comparative Advantage
Egypt	631090	Interior and exterior textiles	Rags; used or new, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of man-made filaments; other than sorted	47.13
	631010	Interior and exterior textiles	Rags; used or new, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of man-made filaments; sorted	35.80
	630900	Interior and exterior textiles	Clothing; worn, and other worn articles	30.30
	621790	Clothing accessories	Clothing; parts of garments or of clothing accessories, other than those of heading no. 6212 (not knitted or crocheted)	12.72
	630690	Interior and exterior textiles	Camping goods; (of man-made filaments), n.e.c in heading no. 6306	7.4x
Jordan	630900	Interior and exterior textiles	Clothing; worn, and other worn articles	55.4x
	620219	Women's Clothing	Coats; women's or girls', overcoats, raincoats, car-coats, capes, cloaks and similar articles, of man-made filaments (other than wool or fine animal hair, cotton or man-made fibres), other than those of heading no. 6204 (not knitted or crocheted)	3.9x
	620520	Men's Clothing	Shirts; men's or boys', of cotton (not knitted or crocheted)	2.1x
	630790	Interior and exterior textiles	Textiles; made up articles (including dress patterns), n.e.c. in chapter 63, n.e.c. in heading no. 6307	1.2x

Destination	HS Code	Type	Details	Comparative Advantage
	620630	Women's Clothing	Blouses, shirts and shirt-blouses; women's or girls', of cotton (not knitted or crocheted)	1.2x
Morocco	621520	Other apparel (e.g. gloves, ties, mittens)	Ties, bow ties and cravats; of man-made fibres (not knitted or crocheted)	453.7x
	630140	Interior and exterior textiles	Blankets (other than electric blankets) and travelling rugs; of synthetic fibres	121.7x
	630293	Interior and exterior textiles	Toilet and kitchen linen; of man-made fibres	88.6x
	610891	Women's Clothing	N negligees, bathrobes, dressing gowns and similar articles; women's or girls', of cotton, knitted or crocheted	65.0x
	611596	Socks-Hosiery	Hosiery and footwear; without applied soles, of synthetic fibres, knitted or crocheted (excluding graduated compression hosiery, panty hose, tights, full or knee-length hosiery measuring per single yarn less than 67 decitex)	56.2x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

### Textiles

**Table 37** Intermediate Products with the Highest Export Potential from Tunisia

Destination	HS Code	Type	Details	Comparative Advantage
Egypt	5811	Other intermediate products	Quilted textile products; in the piece, composed of one or more layers of man-made filaments assembled with padding by stitching or otherwise (excluding embroidery of heading no. 5810)	89.6x
	5906	Other intermediate products	Textile fabrics, rubberised; other than those of heading no. 5902	75.1x

Destination	HS Code	Type	Details	Comparative Advantage
	5807	Other intermediate products	Labels, badges and similar articles; of man-made filaments, in the piece, in strips or cut to shape or size, not embroidered	24.8x
	5209	Cotton	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/m <sup>2</sup>	19.0x
	5806	Other intermediate products	Fabrics; narrow woven, other than goods of heading no. 5807; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	2.7x
Jordan	5911	Other intermediate products	Textile products and articles for technical uses; specified in note 7 to this chapter	34.5x
	5903	Other intermediate products	Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading no. 5902	2.7x
	5407	Man-made filaments	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading no. 5404	0.3x
Morocco	5007	Silk	Woven fabrics of silk or of silk waste	104.0x
	5515	Artificial & Synthetic	Woven fabrics of synthetic staple fibres, n.e.c. in chapter 55	88.8x
	5403	Man-made filaments	Artificial filament yarn (other than sewing thread), not put up for retail sale, including artificial monofilament of less than 67 decitex	51.6x
	5407	Man-made filaments	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading no. 5404	35.4x
	5404	Man-made filaments	Synthetic monofilament of 67 decitex or more, of which no cross-sectional dimension exceeds 1mm; strip and the like (e.g. artificial straw) of synthetic man-made filaments of an apparent width not exceeding 5mm	27.9x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Fibres

**Table 38** Raw Materials with the Highest Export Potential from Tunisia

Destination	HS Code	Type	Details	Comparative Advantage
Egypt	5101	Wool	Wool, not carded or combed	1.3x
Jordan	5203	Cotton	Cotton, carded or combed	327.0x
Morocco	5203	Cotton	Cotton, carded or combed	182.1x
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	20.0x
	5505	Artificial & Synthetic	Waste (including noils, yarn waste and garneted stock), of man-made fibres	6.5x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

### 8.4.2 EXTRA-REGIONAL TRADE ANALYSIS

This section will present Tunisian products with the highest export potential by destination (USA, EU and Rest of Middle East and Africa), based on the approach of comparative advantage explained in section 3.2 'Potential for increased regional trade'.

#### End clothing products

**Table 39** End Clothing Products with the Highest Export Potential from Tunisia

Destination	HS Code	Type	Details	Comparative Advantage
USA	630419	Interior and exterior textiles	Bedspreads; not knitted or crocheted	50.4x
	611529	Socks-Hosiery	Hosiery; panty hose and tights (other than graduated compression hosiery), of man-made filaments (other than synthetic fibres), knitted or crocheted	40.2x
	630120	Interior and exterior textiles	Blankets (other than electric blankets) and travelling rugs; of wool or fine animal hair	16.5x

Destination	HS Code	Type	Details	Comparative Advantage
	610791	Men's Clothing	Bathrobes, dressing gowns and similar articles; men's or boys', of cotton, knitted or crocheted	11.5x
	610891	Women's Clothing	Negligees, bathrobes, dressing gowns and similar articles; women's or girls', of cotton, knitted or crocheted	11.0x
EU	630222	Interior and exterior textiles	Bed linen; of man-made fibres, printed, not knitted or crocheted	1.1x
	610729	Men's Clothing	Nightshirts and pyjamas; men's or boys', of man-made filaments (other than cotton or man-made fibres), knitted or crocheted	1.1x
	610322	Men's Clothing	Ensembles; men's or boys', of cotton, knitted or crocheted	1.1x
	610323	Men's Clothing	Ensembles; men's or boys', of synthetic fibres, knitted or crocheted	1.1x
	610329	Men's Clothing	Ensembles; men's or boys', of man-made filaments (other than cotton or synthetic fibres), knitted or crocheted	1.1x
Rest of MEA	630612	Interior and exterior textiles	Tarpaulins, awnings and sunblinds; of synthetic fibres	68.8x
	630533	Interior and exterior textiles	Sacks and bags; of a kind used for the packing of goods, of man-made man-made filaments, of polyethylene or polypropylene strip or the like, not flexible intermediate bulk containers	54.3x
	611510	Socks-Hosiery	Graduated compression hosiery (for example, stockings for varicose veins), knitted or crocheted	52.4x
	630110	Interior and exterior textiles	Blankets; electric	51.2x
	611219	Tracksuits, ski suits, swimwear	Tracksuits; of man-made filaments (other than cotton or synthetic fibres), knitted or crocheted	48.7x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to indicated destination divided by the relative share of the country's total

exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

### Textiles

**Table 40** Intermediate Products with the Highest Export Potential from Tunisia

Destination	HS Code	Type	Details	Comparative Advantage
USA	5702	Other intermediate products	Carpets and other textile floor coverings; woven, (not tufted or flopped), whether or not made up, including kelem, schumacks, karamanie and similar hand-woven rugs	15.1x
	5907	Other intermediate products	Textile fabrics; otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like	13.3x
	5804	Other intermediate products	Tulles and other net fabrics; not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, (other than fabrics of headings 60.02 to 60.06)	7.3x
	5703	Other intermediate products	Carpets and other textile floor coverings; tufted, whether or not made up	6.8x
	5906	Other intermediate products	Textile fabrics, rubberised; other than those of heading no. 5902	6.4x
EU	5606	Other intermediate products	Yarn and strip and the like of heading no. 5404 or 5405, gimped (other than those of heading no. 5606 and gimped horsehair yarn); chenille yarn (including flock chenille yarn); loop wale-yarn	1.1x
	5006	Silk	Silk yarn and yarn spun from silk waste, put up for retail sale; silk-worm gut	1.1x
	5113	Wool	Woven fabrics of coarse animal hair or of horsehair	1.1x
	5507	Artificial & Synthetic	Artificial staple fibres, carded, combed or otherwise processed for spinning	1.1x
	5311	Natural	Woven fabrics of other vegetable textile fibres; woven fabrics of paper yarn	1.1x
Rest of MEA	5905	Other intermediate products	Textile wall coverings	74.3x

Destination	HS Code	Type	Details	Comparative Advantage
	5307	Natural	Yarn of jute or of other textile bast fibres of heading no. 5305	74.3x
	5803	Other intermediate products	Gauze; other than narrow fabrics of heading no. 5806	71.1x
	5909	Other intermediate products	Textile hose piping and similar textile tubing; with or without lining, armour or accessories of other materials	67.1x
	5703	Other intermediate products	Carpets and other textile floor coverings; tufted, whether or not made up	64.5x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019.

## Fibres

**Table 41** Raw Materials with the Highest Export Potential from Tunisia

Destination	HS Code	Type	Details	Comparative Advantage
USA	5101	Wool	Wool, not carded or combed	0.2x
EU	5102	Wool	Fine or coarse animal hair, not carded or combed	1.1x
	5003	Silk	Silk waste (including cocoons unsuitable for reeling, yarn waste and garneted stock)	1.1x
	5504	Artificial & Synthetic	Artificial staple fibres, not carded, combed or otherwise processed for spinning	1.1x
	5301	Natural	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	1.1x
	5502	Artificial & Synthetic	Artificial filament tow	1.1x
Rest of MEA	5201	Cotton	Cotton; not carded or combed	74.3x
	5305	Natural	Coconut, abaca (Manila hemp or Musa textilis Nee), ramie and other vegetable textile fibres n.e.c., raw or	62.7x

Destination	HS Code	Type	Details	Comparative Advantage
			processed but not spun; tow, noils and waste of these fibres (including yarn waste and garneted stock)	
	5203	Cotton	Cotton, carded or combed	40.2x
	5303	Natural	Jute and other textile bast fibres (not flax, true hemp and ramie), raw or processed but not spun; tow and waste of these fibres, including yarn waste and garneted stock	19.4x
	5503	Artificial & Synthetic	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	4.9x

Source: Euromonitor International's analysis based on COMTRADE data

Notes: (1) Data corresponds to the aggregate for 2015-2019 (2) Comparative advantage in exports defined as the relative share of the product's exports to the indicated destination divided by the relative share of the country's total exports of T&C goods to the world, expressed as a multiple of the latter. (3) Products are ranked in terms of their comparative advantage in exports to the indicated destination for the period 2015-2019. (4) According to the analysis performed in section 3.2, no raw materials for the T&C sector from Agadir countries were identified to have a comparative advantage in exports to the USA.

## 8.5 THE AGADIR AGREEMENT, ITS RELEVANCE FOR THE T&C SECTOR

Signed in Morocco in February 2004 (following its inception through the Agadir Declaration in May 2001), the Agadir Agreement establishes a free trade zone between the participating countries of Egypt, Jordan, Morocco and Tunisia. The objectives of the Agadir Agreement include increasing trade exchanges between member countries as well as with the European Union (EU); promoting economic integration between members of the agreement (through the implementation of Pan Euro-Med Rules of Origin (ROO)); and attracting European and global FDI through the offer of a common market for global investors.

The Agadir Agreement envisages trade liberalisation in areas including industrial goods, agricultural products, and services. In terms of trade promotion for industrial goods, the Agadir Agreement set out full exemption from customs duties, fees and other taxes of equivalent effect for industrial products exchanged between member states. These measures were implemented in March 2007 through the notification to the customs bodies of the four member countries, at which point the Agadir Agreement effectively came into force.

In the case of the textile and clothing sector, the present study (as well as previous studies conducted by the Agadir Technical Unit) found that the implementation of the Agadir Agreement has not had the desired impact in terms of encouraging trade exchanges between members of the trade bloc. This is reflected in the minimal share of intra-regional trade in T&C goods recorded amongst countries of the Agadir Group, which represented only 1.4% of combined total foreign trade for textiles and clothing (in value terms) for Egypt, Jordan, Morocco and Tunisia in 2019.

This has been the result of factors including lack of incentives for intra-regional trade; limited coordination amongst the T&C value chains of Agadir trade partners; lower competitiveness of Agadir-made textiles and clothing compared to products from South East Asia and Turkey; shortcomings in the regional transport infrastructure network; the existence of non-tariff barriers to trade; and the specific trade policies of members of the Agadir Group (which have focused on bolstering trade with major exports markets like the EU and USA). These factors have limited the impact of the Agadir Agreement on the expansion of intra-regional T&C trade amongst member countries, despite the elimination of tariff barriers to the trade of goods set out in the agreement.

These findings are also in line with the opinions expressed by textile and clothing sector stakeholders in Egypt, Jordan, Morocco and Tunisia interviewed by Euromonitor International during the preparation of this report. As highlighted previously, it is the general view of stakeholders across member countries that the Agadir Agreement in its current form is insufficient to promote intra-regional exchanges of T&C goods.

## **8.6 ROLE OF THE AGADIR TECHNICAL UNIT AND PAST ACTIVITIES IN THE T&C SECTOR**

Established in 2007, the Agadir Technical Unit performs the function of Technical Secretariat for the implementation of the Agadir Agreement, carrying out activities to achieve the goals of the free trade agreement in terms of developing trade exchanges, achieving regional and economic integration, and encouraging exports and investment relations between Agadir members and foreign partners (principally the EU).

Within this framework, the objectives of the Agadir Technical Unit include taking actions to ensure the implementation of the articles of the Agreement; offering technical advice on areas concerning the Agadir Agreement and the modalities of its implementation; providing recommendations to member countries and interested parties on trade issues covered by the Agreement; and following up on decisions made by the Committee of Ministers of Foreign Affairs and Trade. To this end, the Agadir Technical Unit leverages the capabilities of highly skilled personnel, including technical staff from the four member countries of the Agadir Group, in order to provide advice based on a consensual and concerted approach.

In relation to the textile and clothing sector in member countries, the Agadir Technical Unit has engaged in initiatives including the publication of the following studies:

- a) "Origin accumulation and complementarities' opportunities in the textile-apparel sector in the member countries of the Arab-Mediterranean Free Trade Agreement (Egypt, Jordan, Morocco, Tunisia)"
- b) "Regional study on reducing transportation costs for the companies applying accumulation of origin among the Agadir Agreement counties", whose outcome and proposals are applicable to the regional T&C sector
- c) "Regional study on establishing a system to support SMEs that apply accumulation of origin among Agadir member countries in order to develop their export abilities among each other and

the European Union", whose findings also apply to the situation of the textile and clothing sector in the region

In addition to undertaking technical studies for sector development, the Agadir Technical Unit is engaged in a number of initiatives including the implementation of a system for customs connectivity and electronic information exchange between customs authorities of member countries; work towards a procedure for mutual recognition of economic operators at a regional level; harmonisation in the recognition of conformity certificates; and measures to strengthen governance of the unit in order to enhance transparency and accountability.

One of the most important achievements of the Agadir Technical Unit was the provision of support for the establishment of the Agadir Business Council, which aims to improve the role of the private sector and the business community to increase the level of economic and trade relations amongst member states. The council includes in its membership: The General Confederation of Moroccan Enterprises, the Federation of Egyptian Industries, the Tunisian Confederation of Industry, Trade and Handicrafts, the Jordan Chamber of Industry, and Jordan Chamber of Commerce as founding members. In this respect, the Agadir Technical Unit is expected to continue collaborating with the Agadir Business Council during the implementation of the newly launched "Business Strategy 2021-2023" (announced in March 2021), which seeks to strengthen the Agadir Business Council's participation in policy preparation, advice and proposals to governments of member states; develop both intra-regional trade and trade with the EU; and drive partnerships, shared investments and industrial cooperation, which is also expected to have a positive effect on activities for the Agadir Group's textile and clothing sector.