ITC's work along the Fibres, Textiles and Clothing Value Chain
The Fibre - Textiles and Clothing Value Chain
Where we work

Global T&C trade in 2018 stood at 777 billion US$ (Clothing at 464 billion & textiles at 313 billion)

Fibres (Cotton, Cashmere):
- Farmer & resilience
- Important for LDCs

Artisanal Value Addition
- Community resilience
- Important for LDCs

Textiles:
- Capital-intensive
- Hardly found in LDCs

Clothing:
- Labour-intensive
- Important for LDCs
## Enhanced competitiveness of the FTC sector in beneficiary countries

**Outcome**

**Impact**

### Theory of Change

<table>
<thead>
<tr>
<th>Action</th>
<th>Consensus</th>
<th>Knowledge</th>
<th>Awareness</th>
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</thead>
<tbody>
<tr>
<td>SMEs at each stage of the value chain implement actions that improve their competitiveness and grow</td>
<td>SMEs at each stage of the value chain commit to actions to improve their competitiveness</td>
<td>SMEs at each stage of the value chain have the capacity to address market requirements, incl. sustainability aspects and improve their competitiveness and grow</td>
<td>SMEs at each stage of the value chain are aware of changing market requirements, incl. inclusiveness and sustainability, value addition possibilities &amp; need to improve their competitiveness</td>
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<td>TISIs have the capacity to provide support to SMEs at each stage of the value chain to respond to market requirements and grow</td>
<td>TISIs aware of the need to/benefit of providing comprehensive support to SMEs at each stage of the Value chain</td>
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<tr>
<td>Policy makers implement policy options &amp; regulations to support FTC developments at national and regional level</td>
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<tr>
<td>Value chain partners provide transparent supply chain information &amp; implement measures that lead to long-term partnership to the benefit of all value chain partners</td>
<td>Value chain partners commit to supply chain transparency and partnership approach for a “fair” distribution of value along the value chain</td>
<td>Value chain partners understand the benefits of supply chain transparency &amp; working with developing country suppliers in a partnership</td>
<td>Value chain partners aware of the value addition opportunities in working with developing country suppliers and their eco-systems</td>
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### Value chain partners provide a transparent supply chain information and implement measures that lead to long-term partnerships.

### Policy makers understand the various trade policies for FTC development and the need for a holistic approach to develop a national/regional FTC value chain.

### SMEs (farmers, informal/formal enterprises) & Textiles & Clothing

### TISIs & Policy Makers

### Lead firms & other partners
Working with enterprises
1) Farmers, communities and the informal sector

Cotton
• Adding value by improving quality, reducing contamination and achieving "preferred" cotton certification
• Ethical Fashion Initiative: Groups of artisans coordinated, trained and supported through a social enterprise along the entire value chain from cotton picking - ginning-spinning and hand-weaving towards linking the products to national and international designers (Burkina Faso and Mali)
• Adding value to cotton by-products: Joint WTO/UNCTAD/ITC initiative on cotton by-products
• Linking ginners directly to spinning mills (26 US$ million of direct sales)

Cashmere
• Nepal: fibre value addition at farm level, securing a national supply chain

SheTrades
• Increasing focus on women-entrepreneurs at all levels
Working with enterprise

2) The formal sector: capturing more value

Added Economic Value

- Research & Development
- Design
- Product Development
- Material Sourcing
- Production & Compliance

Production incl. social & environmental sustainability

Services

- Post sales & Retail
- Marketing & Branding
- Logistics & Distribution
- Scope for expanding in national and regional markets

Services

- Own sales channels
- Own collection
- Free on board
- Cut, Make & Trim

Level of maturity & integration

- Immediate scope for value addition
- Scope for expanding in national and regional markets
Sustainability: Working on environmental improvements
Resource efficiency and circular production

- Improving SME competitiveness through increasing resource efficient and circular production (RECP) practices

- Focus areas: reducing, reusing and recycling of energy (thermal energy and electricity), water (water treatment, sludge) and waste (solid and liquid)

- Knowledge creation and direct coaching of enterprises on building and implement resource efficient and circular production strategies

- Done in collaboration with international buyers to ensure that market requirements are addressed
Inclusiveness and sustainability: Working on labour due diligence
ITC collaboration with the Social and Labor Convergence Program

• Pre-competitive consortium of 208 signatories, including manufacturers associations and many of the largest fashion brands

• Reduce number of audits, save money and invest in improvement programmes with enterprises.

• ITC developed standard questionnaire for collecting enterprise social/labour data to reduce duplicative audits & improving working conditions.

• ITC developed the “Gateway”, a neutral host of facility social/labour data.

• Training enterprises on using the assessment tools and how to apply it.
Linking enterprises to the market

- Preparation of marketing and branding strategies
- Including e-marketing and e-commerce opportunities
- Identifying the right sales channels
- Traditional trade fair participations and B2B meetings
- Virtual trade fair participations
- Fashion shows
Working with institutions
Building institutional capacity & service offering for the T&C sector

• Institutional CUBED assessments (of sector & related institutions) to confirm rules & responsibilities, key partners, strength & weaknesses

• Developing institutional performance readiness roadmaps for key areas of improvements

• Coaching to improve on change management, strategy formulation, KPIs and results management

• Service portfolio development with northern and southern partners

• Linking academia and vocational training institutions to the industry through closer partnerships.
Working with policy makers
From factory gate to the border: simplifying all T&C export formalities

- Mapping export formalities and Step-by-step description of all trade requirements
- Identification of bottlenecks and simplification procedures, including through benchmarking with other countries
- Advocating for simplification of procedures by demonstrating the complexity of cross-border requirements
- Result: Reduced transaction costs for businesses: enhanced transparency and predictability of cross border operations
- Sector strategy development from fibre to clothing at national/ regional level
Global goods: Increasing transparency along the value chain

Trade Intelligence offering serving all stakeholders and used in needs assessment and market opportunity identification, e.g. for African Continental Free Trade Agreement

- Identify regional suppliers of polypropylene nonwoven fabrics (HS 560311)
- Consult tariffs
- Find information on market access conditions
- Identify promising regional markets for masks (HS 902000)

Egypt faces tariffs in Africa that range from 0 to 31.5%

42% of companies in the yarn, fabrics and textiles sector are affected by Non-Tariff Measures. Compliance with rules of origin is found as most problematic.

Egypt faces tariffs in Africa that range from 0 to 31.5%

7.9% 91.7% 0.4%

Egypt South Africa Other African exporters

NTMsurvey.intracen.org Findrulesoforigin.org MAcMap.org/COVID19

MAcMap.org ExportPotentialMap.intracen.org

TradeMap.org

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ExportPotentialMap.intracen.org

TradeMap.org
Global public goods: Increasing transparency: Sustainability Map

Standards Module
• Data from 75 Standards specifically related to T&C

Network Module
• 4,761 public business profiles in the T&C value chain
• Supply chain transparency data direct uploads from Textile Exchange and GOTS standards.
• Collaboration with ICS member-brands to make supplier data transparent. 130 Lacoste suppliers uploaded in 2020.
• Direct voluntary sustainability profile information upload from garment facility Gateway (SLCP) profiles.
• Since 2007 ITC has been facilitating south-south cooperation in cotton & trade between Africa and cotton producing and consuming countries

• Provision of technical T&C expertise from handloom development, to waste water management systems of domestic textile mills to university curricula development

• Foreign direct investment facilitation: 6 T&C investment deals worth +USD 52 million and targeting creation of +10,000 jobs facilitated in Ethiopia and Kenya

• 2 potential textile investments in Ethiopia and Uganda under negotiation: PPE in Kenya and a plant of surgical and N95 face masks in Ethiopia.

• Linking East African manufactures with technology providers: +400 B2B and B2G meetings facilitated with possible business worth 4.57 Million US$
Impact of COVID 19 on the T&C sector

- The shutdown has disproportionately affected the T&C sector
- Consumer-spending is down and on-line sales cannot compensate
- Revenues for the global fashion industry is expected to contract by 27% to 30% in 2020 (McKinsey).
- Consequently, imports of T&C into major markets tumble
- Demand shock: Brands and retailers are passing this demand shock on to their suppliers (responsibly or non-responsibly)
- Companies are also experiencing a supply shock and are subject to confinement
- As a consequence, many companies closed temporarily
- Also member-based organisations face difficulties as enterprises cannot pay fees anymore
COVID 19 Response

Enterprises

• Projects supported companies to switch to mask and PPE production
• Accelerated/expanded support to access to finance for enterprises
• Support to switching to e-commerce opportunities
• Coaching companies to reduce costs:
  • Improving cash flow management
  • Introducing/adapting lean manufacturing to address social distancing
  • Reduction of audit costs: SLCP reduced audit cost by 500k

Institutions

• Budget support to sector association to keep them alive
• Testing facilities for masks and PPE

Government/policy

• COVID 19 impact studies and sector recovery plans under development
In Summary: What we do & How we work along the FTC Value Chain

Policy makers implement policies & regulations that increase the FC sector competitiveness.

TISIS and policy makers provide comprehensive support in an aligned national support ecosystem for the sector.

Target market requirements

Lead firms, buyer associations, voluntary standards, etc. shape market access requirements.

Value Chain Partners provide transparent information about their requirements, supply chains & implement measures to ensure due diligence, incl. on income distribution along the VC.

SMEs improve their competitiveness and move up the value chain.

National TISIs complement each other to provide SMEs with comprehensive support they need to increase their international competitiveness and move up the value chain.

MULTILATERAL, REGIONAL, BILATERAL AND UNILATERAL TRADE AGREEMENTS

Production & Compliance

Material Sourcing

Design – Product Development

Research & Development

Marketing & Branding

Post sales & Retail Services

Logistics & Distribution

Value Chain Partners provide transparent information about their requirements, supply chains & implement measures to ensure due diligence, incl. on income distribution along the VC.
Thank you

Presentation made in collaboration with colleagues from

Ethical Fashion Initiative (EFI)
Trade for Sustainable Development (T4SD)
SheTrades
Office for Africa
South-South Trade and Investment Programme (SITA, PIGA)
Trade and Market Intelligence (TMI)
Trade and Investment Support Institutions (TISI)
Trade Facilitation and Policy for Business (TFPB)