

# ▶ Sustainable supply chains to build forward better

Advancing decent work in five global supply chains of key importance to the European Union for a fair, resilient, and sustainable COVID-19 crisis recovery



## TEXTILES MANUFACTURING IN MADAGASCAR FOR THE EUROPEAN MARKET

### About the EC-ILO cooperation

The European Union (EU) Programme for Employment and Social Innovation (EaSI) has partnered with the International Labour Organization (ILO) for a joint intervention that uses global supply chains as an entry point for advancing decent work.

Over two years, the ILO and its Decent Work Teams and Country Offices will support governments, employers' and workers' organizations and other stakeholders in five countries and in further tiers of the supply chains, with new knowledge, tools, guidance, policy advice, technical assistance and training to address decent work challenges and opportunities in five sectors: coffee, electronics, fisheries, rubber gloves and textiles.

The COVID-19 crisis has highlighted the need for resilient and sustainable global supply chains. Decent work – employment creation along with social protection, respect for rights at work, and access to social dialogue – is essential for inclusive growth and eliminating poverty.

This Action will support the EU's commitment to responsible global leadership, to the Sustainable Development Goals, and to promoting international labour standards.

### The industry at a glance

The highly labour-intensive textiles industry is of key importance for the economic and social development of many developing and emerging countries. It is an entry point to global supply chains and export markets, and provides employment for millions of women and men.

Following years of growth, the global fashion industry is estimated to contract by 27-30 per cent in 2020 due to the

COVID-19 crisis. Many clothing manufacturers, in particular in developing countries, are closing down due a collapse in demand. In the future, automation and concerns about the industry's environmental impact are likely to change it even further.



### The EU and Madagascar

Along with five countries in Eastern and Southern Africa, Madagascar concluded an interim Economic Partnership Agreement (EPA) with the EU to facilitate trade and investment relations. It was officially ratified by both parties in 2013 and amended in 2020.

With total consumption of €513 billion, the EU is the world's largest market for textile and clothing products. Madagascar is the second-largest garment exporter in sub-Saharan Africa. The client base of Malagasy export processing zones mostly comprise major European and American brands, including mass distributors. Clothing and hosiery exported from Madagascar go mainly to Germany (33.2 per cent), France (7.5 per cent), Spain (4.7 per cent) and the Netherlands (3.3 per cent), among others.

Primarily export-oriented, the textile and garment industries is essential for the Malagasy economy. Exports have been increasing steadily since 2015 and represented 20 per cent of the country's total exports in 2017. The textiles value chain, from cotton cultivation to garment manufacturing, generates around 260,000 jobs, of which 105,000 are direct, formal jobs. Madagascar exports most of its cotton fiber production. Meanwhile, in 2017, the country imported 56,733 tonnes of fabric, of which 20 per cent was cotton and 80 per cent was synthetic.

## Structure of the supply chain

Cotton farmers are spread across twenty-eight municipalities and the total area under cotton cultivation is some 21,473 hectares. The operators that collect cotton seed from producers then gin it to separate the fibre from the seed. All of the fibre produced by the ginning enterprises is exported, mostly to a single spinning company in Mauritius, which is also the major shareholder in one of the Malagasy ginning companies. Less than one tenth of cotton production goes into the local textile industry.

There are two large groups of actors involved in manufacturing textile products. The first group are legally constituted companies. The second group comprises a multitude of actors and small informal production units which gravitate around the formal enterprises. A new Malagasy textile city project aims to strengthen supply chain linkages between the country and its main trade partners, especially the EU.

## Decent work challenges and opportunities

The industry's working conditions in Madagascar are similar to those of other developing countries. There are reports of occupational safety and health issues, both in primary and secondary sectors, discordant labour relations, wage inequalities, and intersecting grounds of informality, discrimination, violence and harassment, especially against women.

In addition, most textile firms operate under the Free Trade Zones (Free Companies) regime, which derogates from the Labour Code in several aspects, including night work for women and overtime.

Over the past years, Madagascar has been working towards an improved human and labour rights ecosystem by enhancing skills development and social dialogue, raising awareness about violence and harassment and advocating for non-discrimination and fairer wages. As women comprise the majority of the workforce, there is potential for constituents and stakeholders to contribute to gender equality with effects beyond the sector.

## COVID-19 and the textiles industry in Madagascar

The upheaval created by the COVID-19 pandemic has hit the textiles sector particularly hard, forcing end consumers to stay at home and factories to close.

The crisis created a potential loss in profits of more than €52.4 million. 150,000 workers in textiles and clothing manufacturing are at risk of losing their jobs.



Worker in a textiles factory

## Key constituents and stakeholders

The Action will work with different stakeholders in the EU, in Madagascar and along the supply chain. Key Malagasy stakeholders are the: Ministère du Travail, de l'Emploi, de la Fonction Publique et des Lois Sociales, Ministère de l'Industrie et du Développement du secteur privé, Ministère de l'Agriculture, de l'Élevage et de la Pêche; Groupement des Entreprises de Madagascar, and Conférence des Travailleurs de Madagascar.

Using global supply chains as an entry point to advance decent work, the Action will also work with other key stakeholders in the textile industry in Madagascar and across all sectors of its economy and with stakeholders in lower tiers, upstream and downstream, including in the EU.

### Contact details

International Labour Organization  
4, Route des Morillons  
CH-1211 Geneva 22  
Switzerland

Sectoral Policies Department  
E: sector@ilo.org