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► Executive Summary

► Study on trade and value chains in employment-rich activities (TRAVERA): the case of the knitwear sector in Morocco

As part of the value chain analysis of the textile and clothing sector, particularly the knitwear sector, the present study was conducted under the “Mainstreaming Employment into Trade and Investment” (METI) programme, funded by the European Union (EU) and implemented by the International Labour Organization (ILO).

The study is based on the TRAVERA approach, which involves an in-depth analysis of the knitwear value chain in Morocco. The objective of the programme is to promote the integration of employment into trade and investment policies, particularly in employment-rich sectors such as knitwear. This sector accounts for a significant share of Moroccan exports and provides jobs for about 200,000 people, primarily women and youth.

The sector under study, while possessing significant potential, faces structural and conjunctural difficulties that limit its competitiveness and capacity to generate sustainable jobs. This report aims to identify these challenges and explore opportunities for improvement, based on a rigorous methodology. The methodology adopted relies on a participatory and tripartite approach, integrating the contributions of various sector stakeholders, including representatives of the Ministries of Employment and Industry, businesses and their professional associations, trade unions, and training institutions. This approach, which combines documentary analysis and field research, was implemented in several phases.

First, a documentary review was conducted to collect official data on the sector, including reports from the Higher Planning Commission, statistics from the Exchange Office, and strategic documents from the Ministry of Industry and Trade. Subsequently, a survey was administered to 82 knitwear businesses, 54 of which provided complete responses, resulting in a response rate of 66%, thereby enabling a satisfactory analysis of the sector.

Consultations also included direct interviews and workshops, where sector stakeholders exchanged their concerns and expectations. A pre-validation workshop held in September 2024 enabled the comparison of preliminary findings with participants' feedback, enriching the final recommendations. This process facilitated a nuanced understanding of challenges, opportunities, and areas for improvement in the knitwear value chain by integrating not only the quantitative data from the survey but also the perspectives and expertise of key sector stakeholders.

Findings of the study revealed that the knitwear sector is highly dependent on imported raw materials, with nearly 85% of inputs sourced from abroad. This dependency renders the sector vulnerable to global price fluctuations and supply chain disruptions. Moreover, the sector faces fierce competition from dominant foreign stakeholders, such as China and Turkey, which benefit from significant competitive advantages, particularly in terms of pricing and production speed. Additionally, the informal sector remains pervasive in the Moroccan knitwear industry, undermining efforts to establish structure and regulation and hindering initiatives aimed at improving working conditions.

These informal structures also prevent full visibility of the sector, thereby hindering efforts to optimize the value chain. The low integration rate also poses a significant challenge to the sector. The analysis conducted within the context of the study, along with interviews with businesses in the sample, revealed that the knitwear value chain is primarily focused on the garment-making process. However, the study identified promising prospects for improvement, particularly opportunities to enhance employment for youth and women.

The geographic proximity to Europe is a strategic advantage for the Moroccan knitwear industry, enabling it to swiftly meet the demands of fast fashion, particularly those of major European clients such as Inditex (Zara, Massimo Dutti, Bershka). The industry possesses operational flexibility and technical expertise that, if further developed, could optimize its ability to respond to the needs of the European market. Nevertheless, the current circumstances demand structural reforms and increased State support.

To address these challenges, the study provides recommendations structured around several strategic areas. First, it emphasizes the need to enhance government support to modernize the equipment of knitwear businesses, facilitate access to funding, and alleviate sector-specific

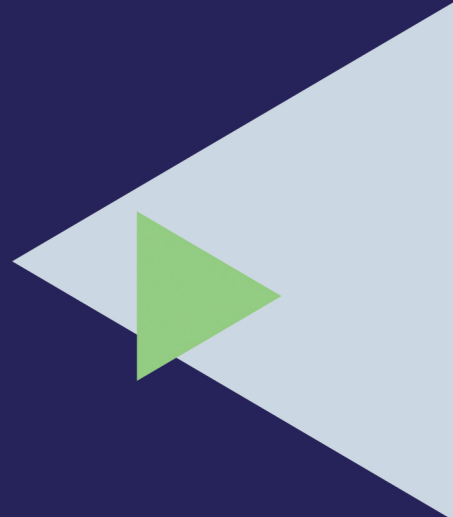
fiscal burdens. It also advocates for the development of the upstream value chain by incentivizing the local production of raw materials to reduce dependency on imported inputs. In terms of governance, the study highlights the importance of fostering greater coordination between public and private stakeholders to harmonize support actions and effectively address the sector's needs.

Sustainable innovation represents another fundamental pillar of the recommendations, focusing on the adoption of eco-friendly practices such as waste management, the use of renewable energy, and water recycling. The integration of these practices would align the Moroccan knitwear industry with the environmental standards required by international markets. Additionally, the creation of a "Made in Morocco" label is proposed to enhance the identity of Moroccan products and differentiate them in international markets, thereby increasing visibility and recognition for knitwear products.

Improving skills and professional training is also highlighted as a strategic priority. Multi-skilled workers are identified as a crucial factor in optimizing production lines and enhancing the sector's overall productivity. By strengthening training programs and collaborating closely with educational and professional training institutions, businesses could attract skilled labour, address skill gaps, and support the sector's growth and sustainability. The study recommends that businesses work in partnership with training institutes, such as the Higher School of Textile and Clothing Industries (ESITH), to develop targeted training programs that meet the current demands of the market.

In conclusion, the value chain analysis of the knitwear sector in Morocco, conducted through a rigorous methodology and participatory approach, provides a detailed roadmap for building a more resilient, sustainable, and competitive sector. By capitalizing on the strategic recommendations and coordinated support outlined, the knitwear sector could not only strengthen its position in international markets but also play a pivotal role in creating decent and sustainable jobs in Morocco. The formulated proposals aim to overcome structural challenges, seize employment and growth opportunities, and position the sector within a dynamic framework of sustainable development that benefits the Moroccan economy.

Contact details	International Labour Organization Route des Morillons 4 CH-1211 Geneva 22 Switzerland	DOI : https://doi.org/10.54394/DQDI6520 E: meti@ilo.org W: www.ilo.org/meti
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ilo.org

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