

STUDY OF TUNISIAN TRADITIONAL SECTORS

WP3 Design a value-driven traditional sectors cross-border framework

OUTPUT3.1: Framework for development of local and transnational value chains to ignite matchmaking

Prepared by:

Introduction and credits

- Med territories in Tunisia.
- Aims of study.

Traditional sector's structure

- General indicators
- Distribution of size company.
- Evolution of #companies.
- Localization of the companies.
- Distribution of activity company.
- Remuneration/salary.
- Effects of COVID-19

Themes in focus

- Performance of each sector
- Financial indicators
- External trade
- Performance indicators

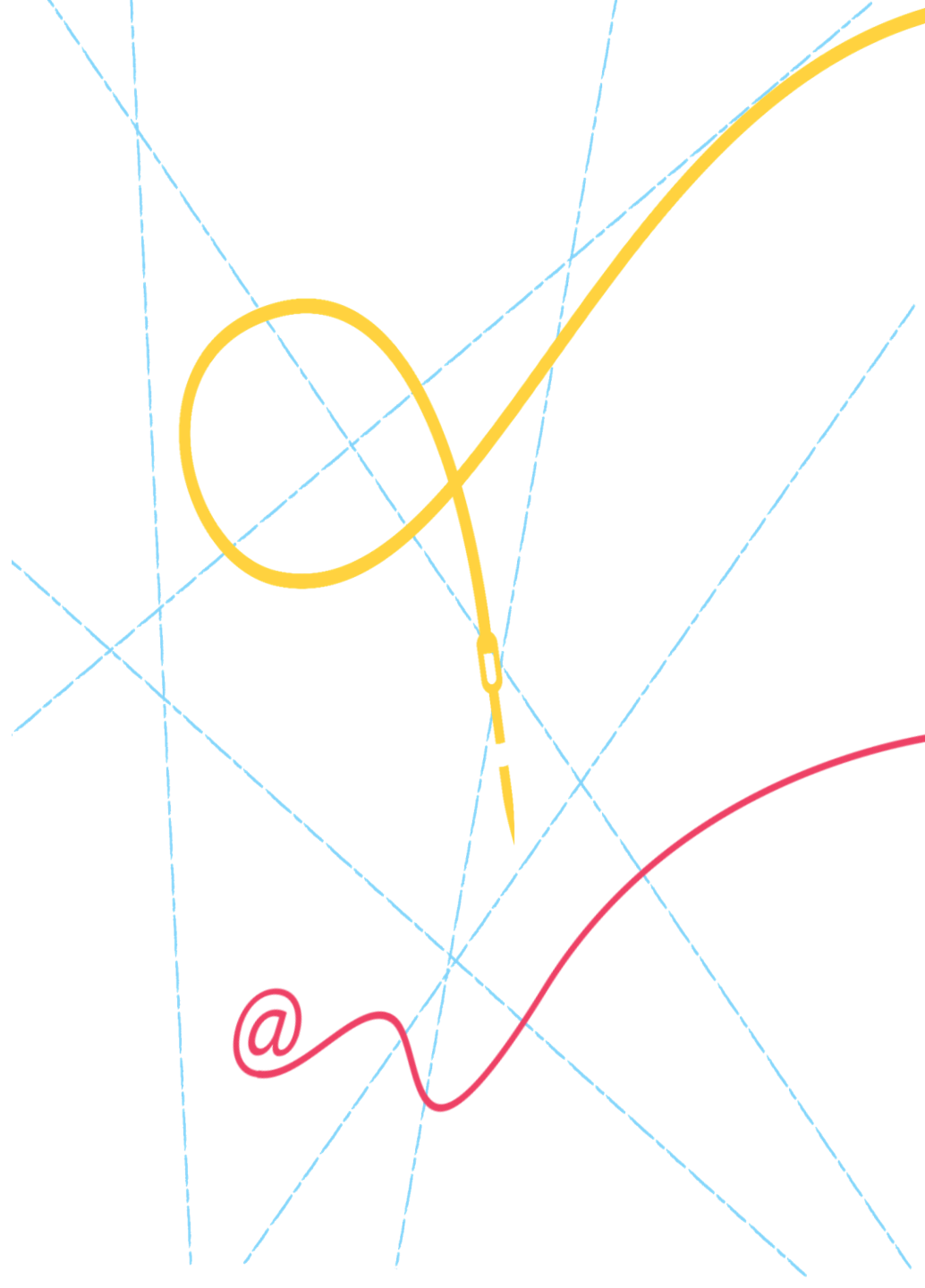


Introduction

Introduction

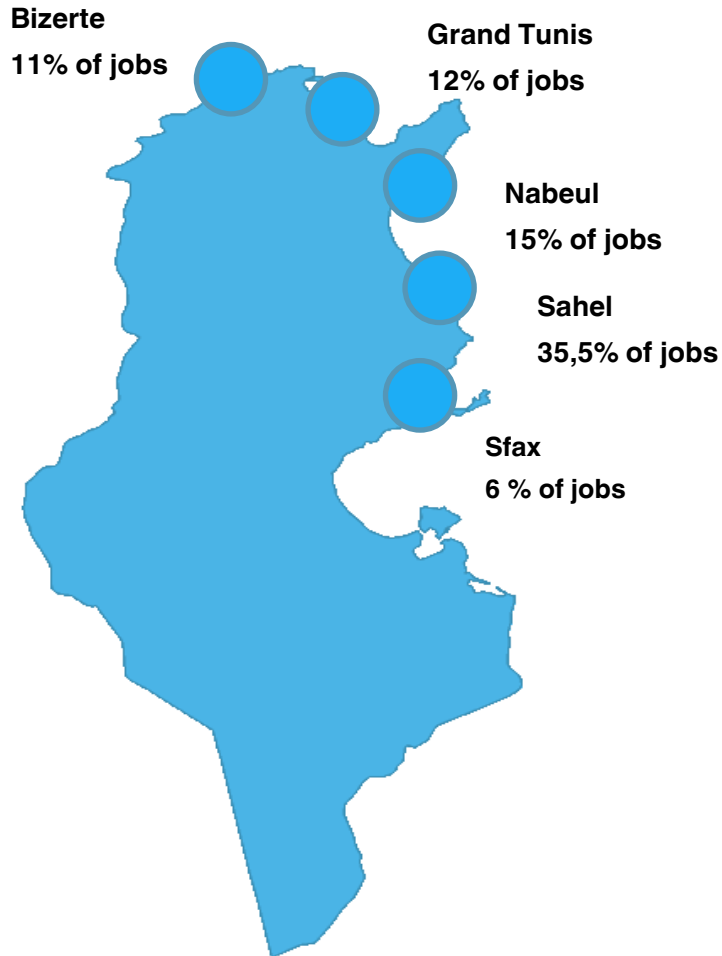
Aims of this study

Analyse of the performance of the textile, clothing, footwear and leather sectors through a series of indicators, by the study of the evolution in time of the principal indicators and conclusions for each sector



Introduction and credits

Med territories



▶ Total number of employees in the T & C sector (Gtex, 2021): 157.742

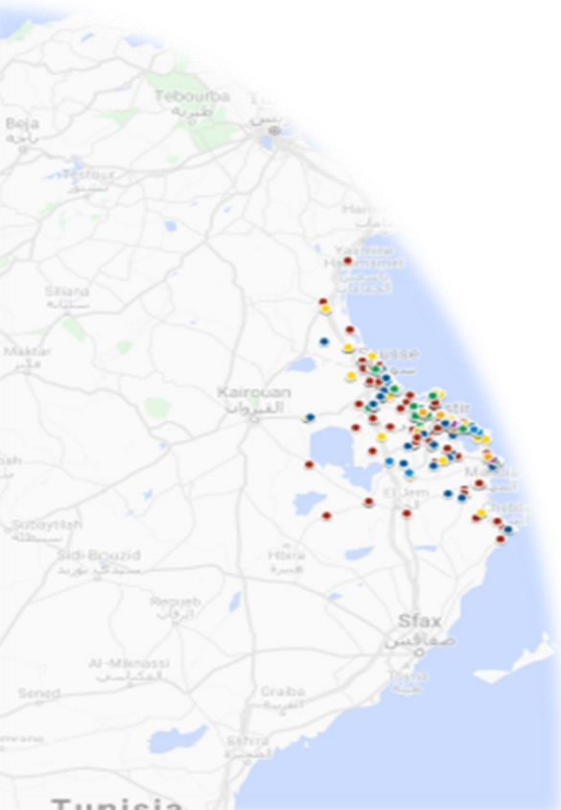
▶ The majority of companies in T & C are located in the coastal regions, in particular the Sahel region with **30%** of total jobs the sector (APII, 2021)



Traditional sectors' structure

Traditional sector's structure

Indicators T&C of the sahel region (APII2018)



47% of T & C
companies

481 Companies in
Clothing

383 of which are
Clothing manufacturers

92% of which are
Totally exporting

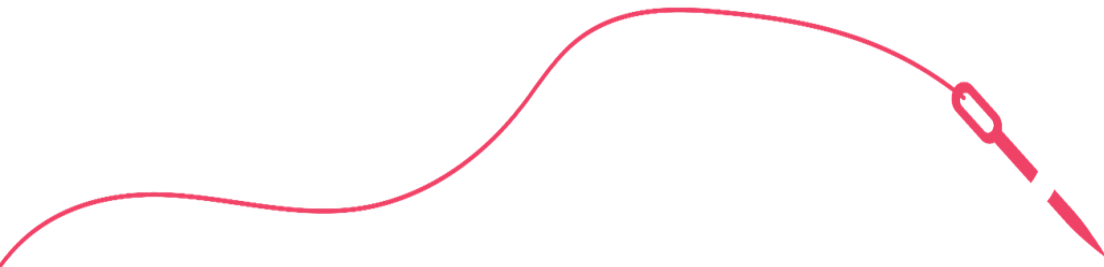
Traditional sector's structure

Indicators T&C of the sahel region (APII2018)

The T & C is the first manufacturing sector in terms of employment rate. It ensures **30%** employability in 2017 (APII, 2021).

The T & C participated by **17.47%** of Tunisian Exports in 2020 (GTEX, 2021)

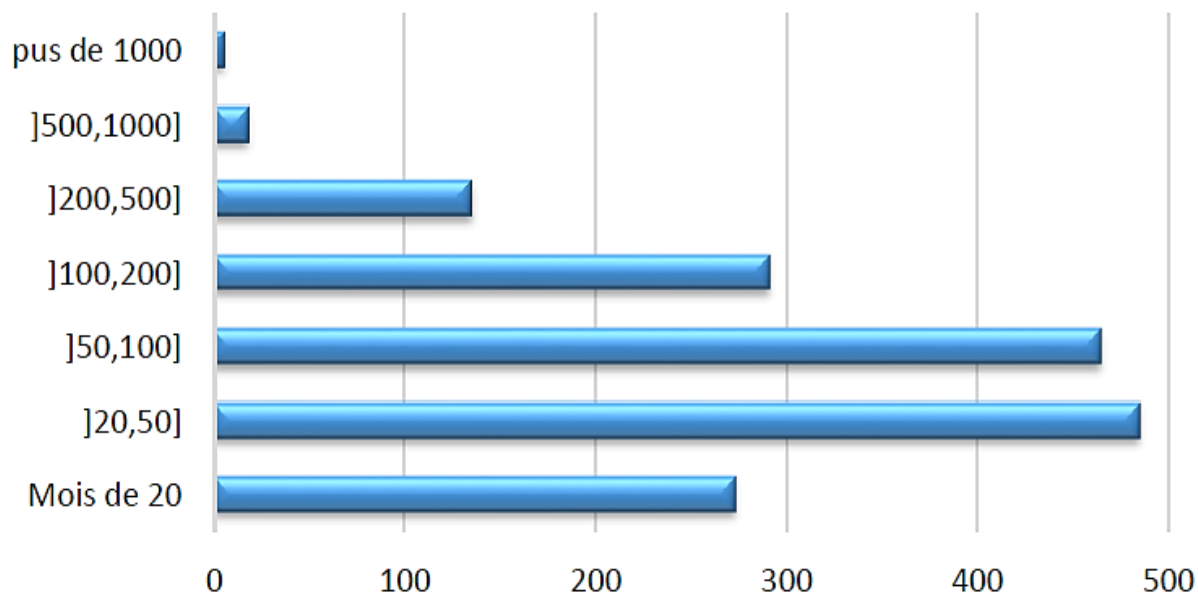
The part of the garment industry in manufacturing exports is **21.41%**



Traditional sector's structure

56.8% of companies operating in the textile and clothing industries sector employ between 21 and 200 people (APII, 2017)

Distribution of size company in the T & C sector in 2017

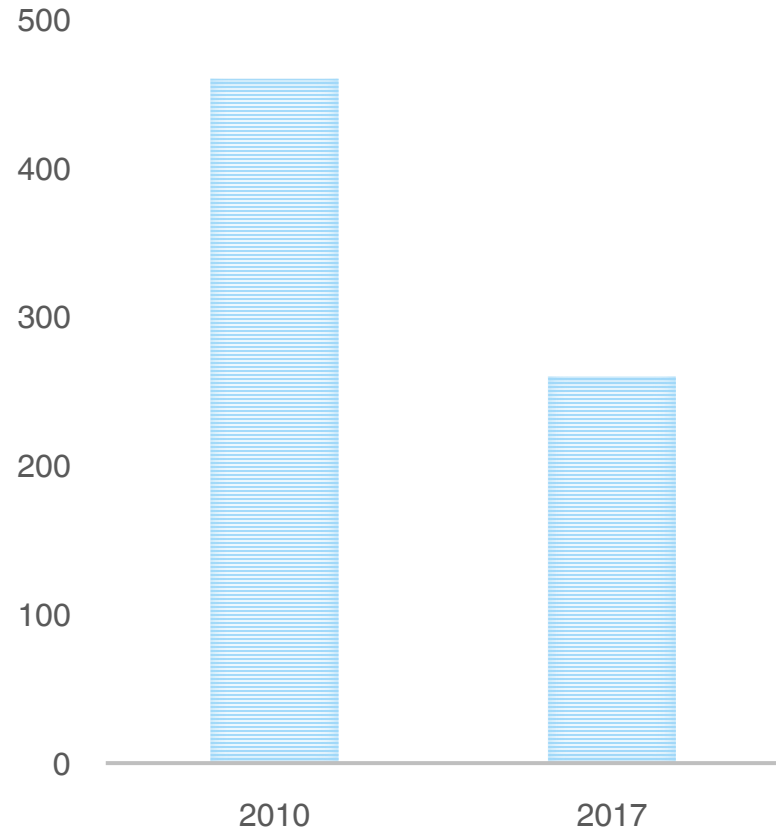


Traditional sector's structure

Evolution of number companies

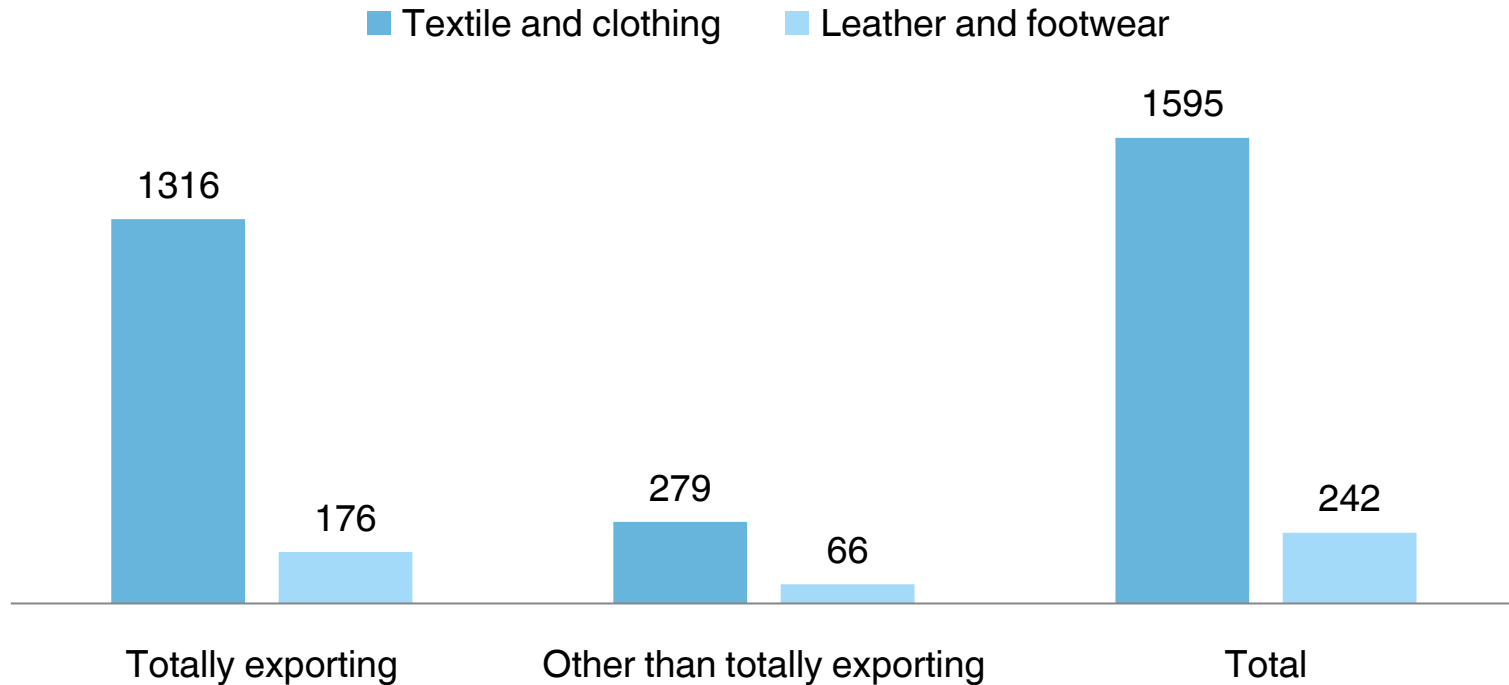
► The sector of leather & footwear has seen a decline in the number of companies between 2010 and 2017 **from 460 to 260** (FNCC, 2017).

EVOLUTION OF COMPANIES
NUMBER FOR LEATHER &
FOOTWEAR SECTOR



Traditional sector's structure

Number of companies (APII, 2018)



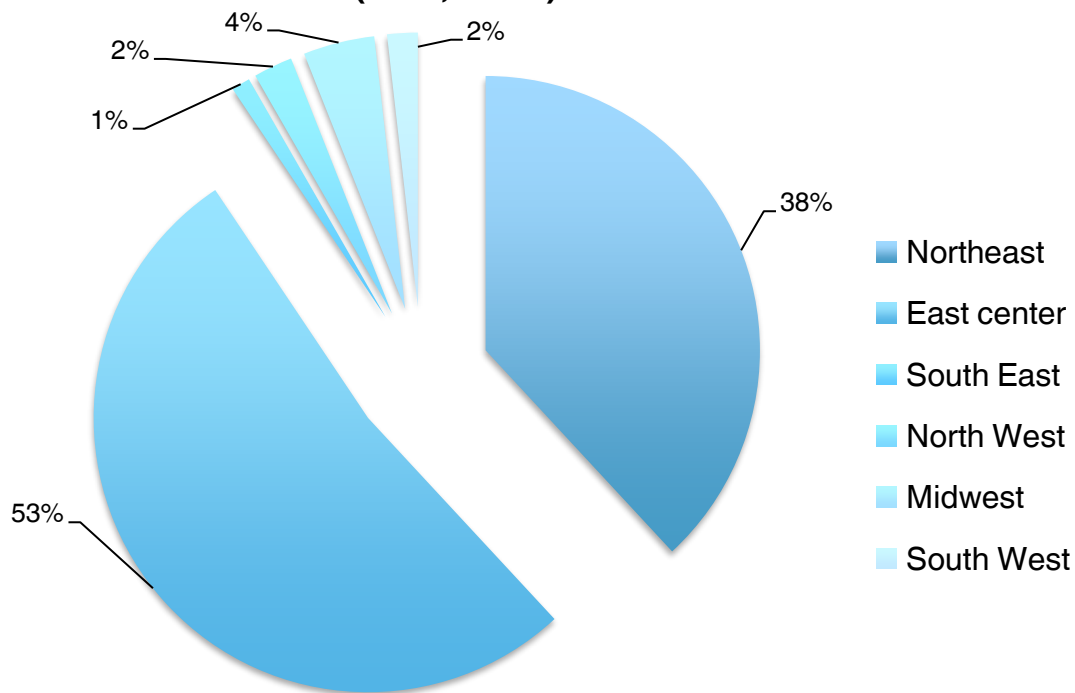
83% of companies in T & C sector are totally exporting

73% of companies in L & Fw sector are totally exporting

Traditional sector's structure

Company localization

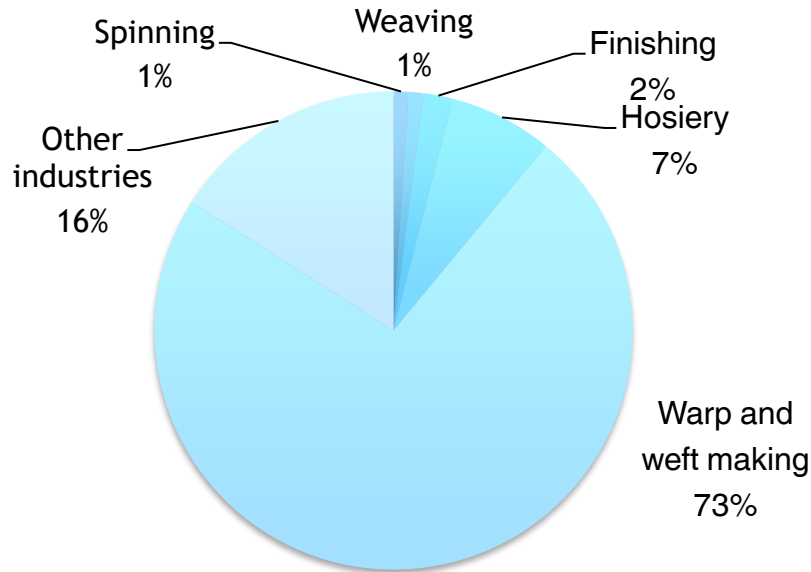
Localization of T & C companies in Tunisia
(APII, 2017)



53% of companies in the T & C sector are concentrated in the central eastern region, the traditional core of this industry

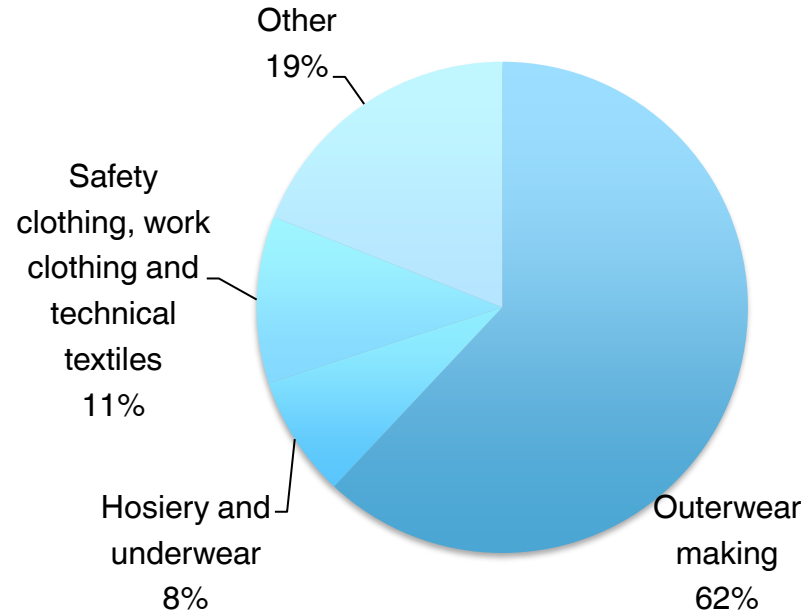
Traditional sector's structure

Distribution of T & C companies per group of activity



73% of companies work in the warp and weft (APII, 2017)

Distribution of T & C companies per activity



The main activity in the T & C industry is the outerwear making: **62%**

The technical textile is an interesting emerging niche (APII, 2017)

Traditional sector's structure

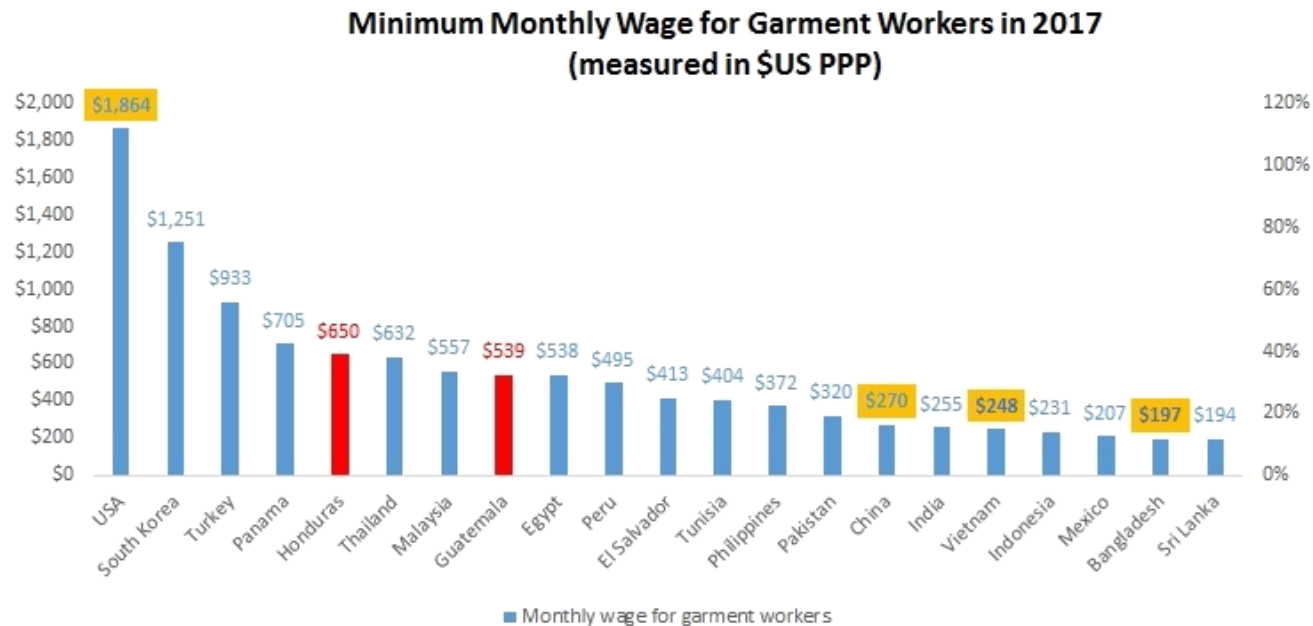
Salaries of T & C SECTOR (FIPA, 2014)

Staff (T & C)	Remuneration
40-hour working regime (SMIG)	0,68 €/h
48-hour working regime (SMIG)	0,66 €/h
Skilled worker	0,88 €/h
Instructor	280 €/month
BTS	400 €/month
Experienced method officer	560 €/month
Sewing machine mechanic	320-480 €/h
Engineer	640 à 1200 €/month

- Number of workers of Textile & Clothing sector: **161,425** (APII, 2017)
- Number of workers of the **Leather and Footwear** sector: **40,000** (FNCC, 2020)
- Number of worked hours per year in T & C sector: **2272** (FIPA, 2014)

Traditional sector's structure

The minimum monthly wage in the T & C sector is almost 404 \$ US, which is 57% less than Turkey (PRI, 2017)



Traditional sectors' structure

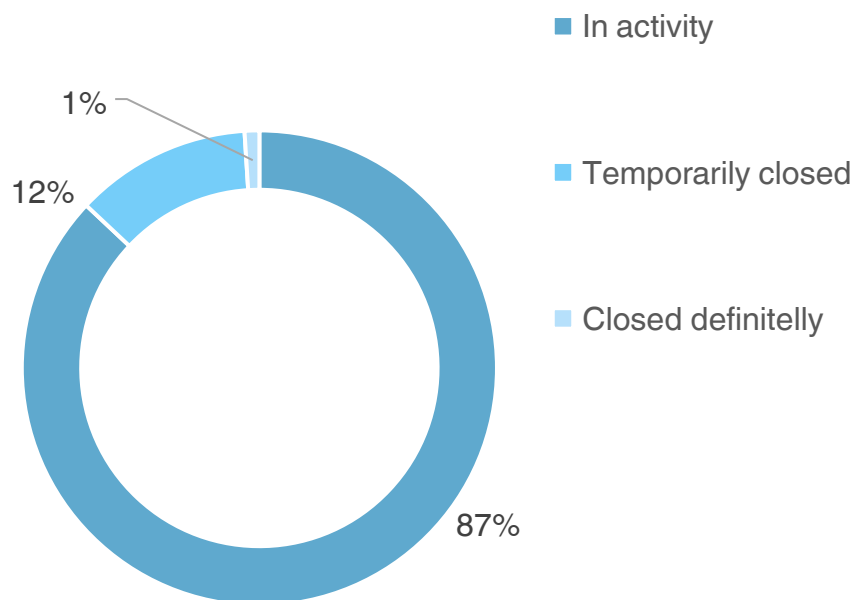
COVID 19 Crisis' Impact on the T & C sector (GTEx 2021)

- ▶ Following the first wave of the COVID 19 crisis, the added value of
- ▶ manufacturing industry during the second quarter of 2020 recorded a **decline of 27%** compared to the same period of the year 2019.
- ▶ This decline can be explained by the decrease of the **added value** of the textile sector and clothing **(-42%)**
- ▶ The decline in the value of exports from Tunisia to the European Union following the Covid 19 pandemic concerns in particular: **knit, warp & weft and jeans** products

Traditional sectors' structure

COVID 19 Crisis' Impact on the T & C sector (GTEX 2021)

Impact of the Covid crisis on the T & C companies activities



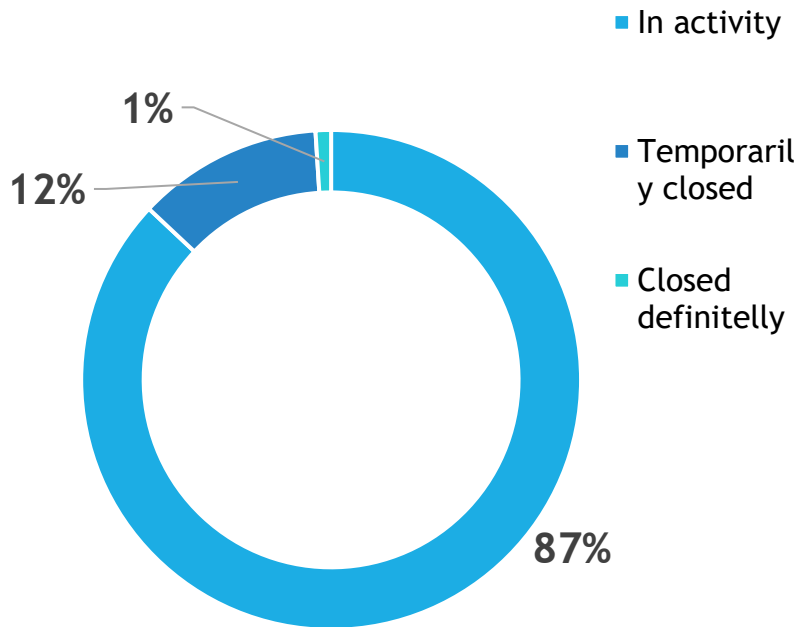
► Despite the extent of the pandemic during the lockdown period (March-June 2020), the T & C sector was resilient: **87 %** of the companies kept their activities (GTEX, 2021).

► Companies have adapted their production devices according to new needs for personal protective equipment and medical devices

Traditional sectors' structure

COVID 19 Crisis' Impact on the T & C sector (GTEX 2021)

Impact of the Covid crisis on the T & C companies activities



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Themes in focus

Themes in focus

Performance of each sector

Production:

- During the first ten months of 2019, the production of textile, clothing and leather industries fell by 2.7%, compared to the same period of 2018 (INS, 2019)

Tunisia's Industrial Production Index (IPI) for Textiles, Clothing and Leather:

- Data is updated monthly, It was reported averaging 103.074 2010=100 from Jan 2000 to Sep 2018, with 225 observations (INS, 2018)

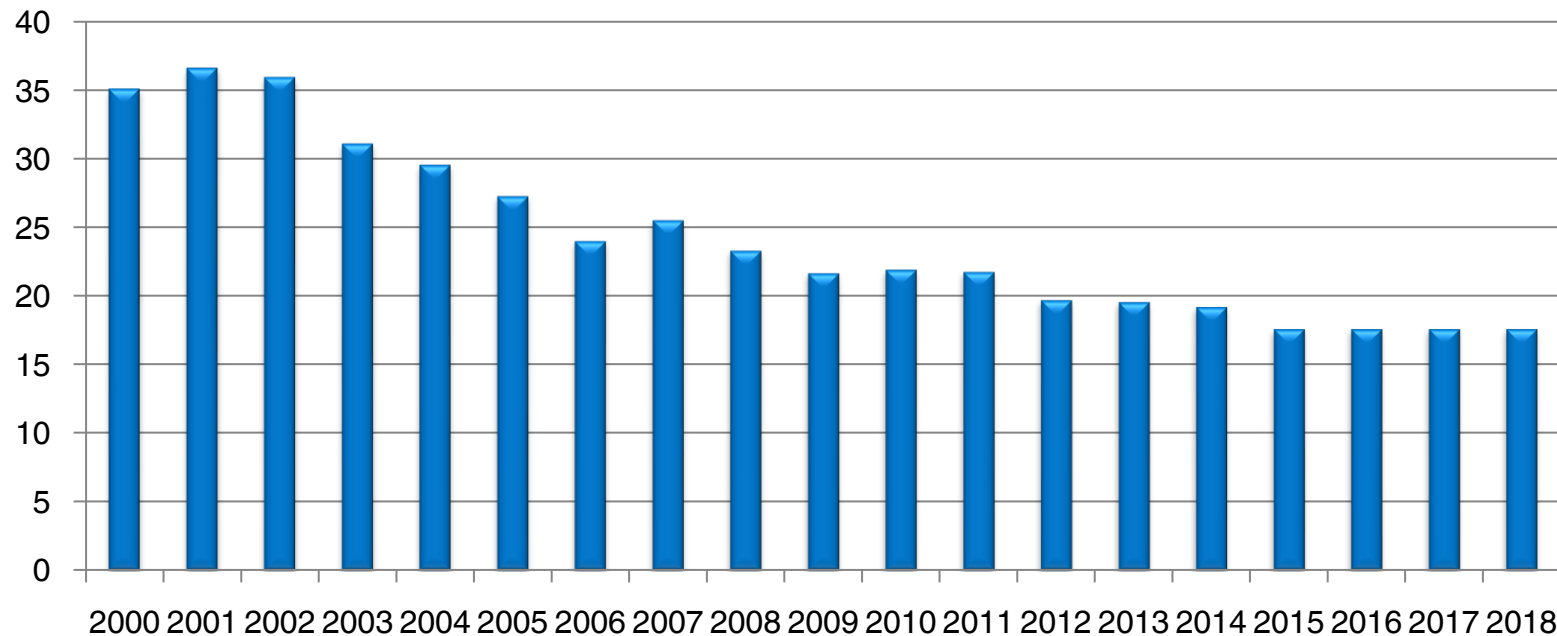
Themes in focus

Financial indicators

EBITDA: Earnings Before Interest, Tax, Depreciation, and Amortization

Operational incomes

T & C (% of added value in manufacturing)



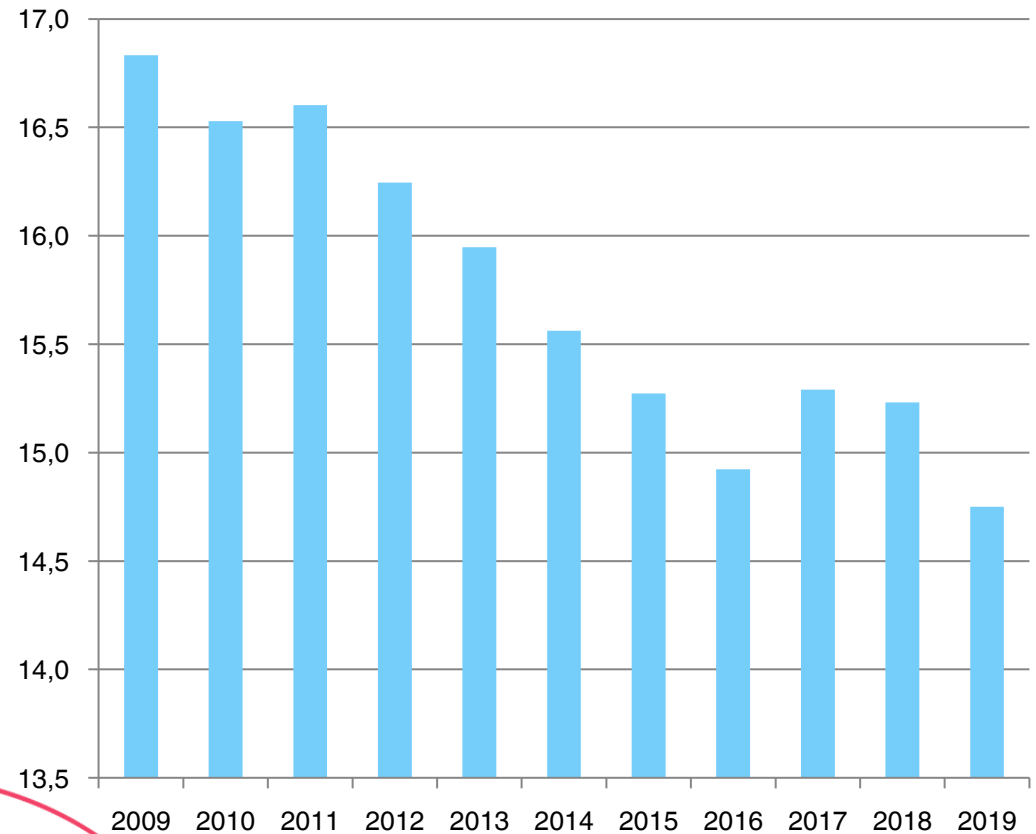
Themes in focus

Financial indicators

► In 2019, the global garment industry is worth less than **15%** of Tunisian's gross domestic product.

► It was more than 16.5% in 2009 (World Bank, 2021),

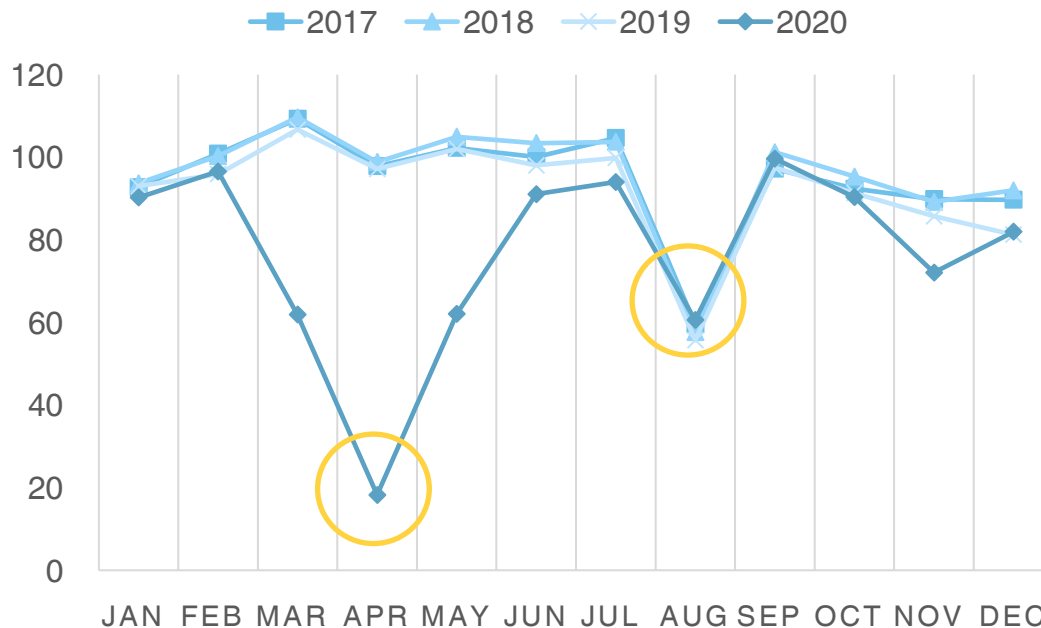
**Added Value of the Manufacturing
(% of GDP)**



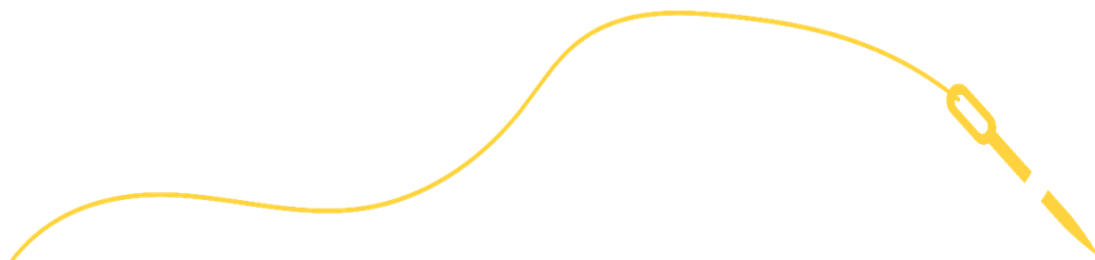
Themes in focus

Financial indicators

Evolution of the IPI in the Textile, Clothing and Leather sector (2010 = 100) (INS, 2021)



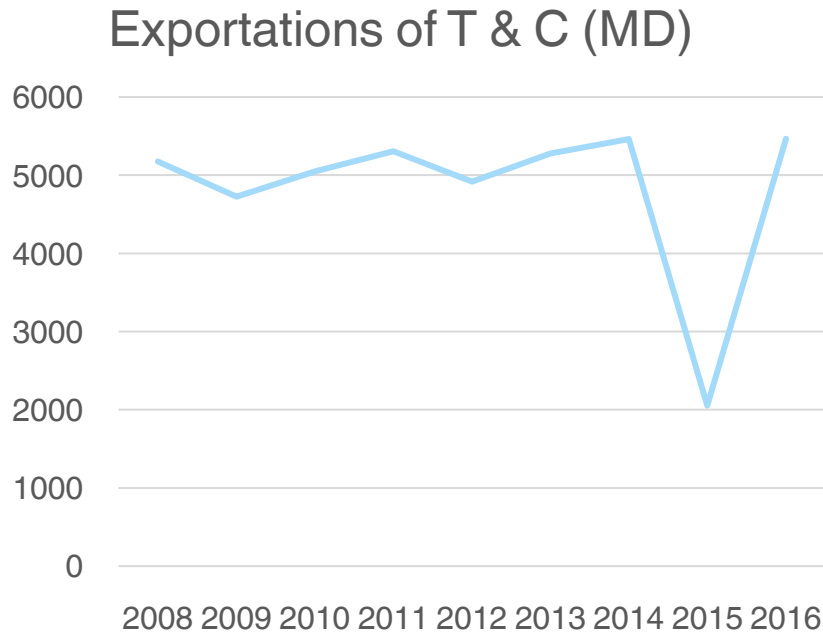
Industrial Production Index (IPI) data has recorded a deep decrease: **18.27** (2010=100) in April 2020 which coincides with the Covid pandemic.



Themes in focus

External trade

Evolution of exportation for T & C sector (INS, 2016)



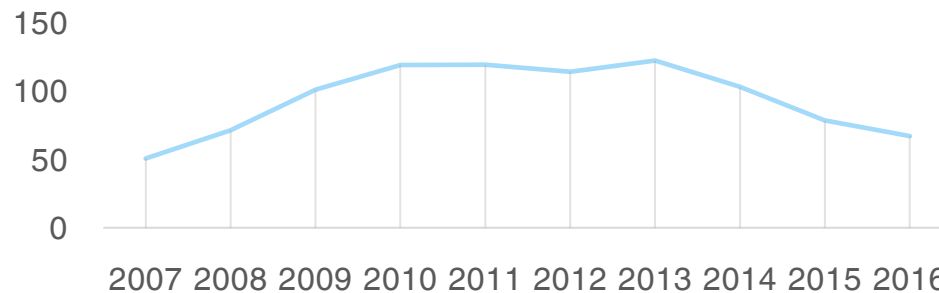
- The clothing industry represents **18 %** percent of Tunisia's total exports (WOC, 2013),
- The T & C sector **exports** in **2018: 7,439.85 MTD** (+ 18.21% compared to 2017) which represents **2,378.52 M€** (+ 2.70% compared to 2017)
- In terms of **weight**: T & C sector exports reached, in 2018, **174,998.27 Tons** (+ 2.51% compared to 2017)

Themes in focus

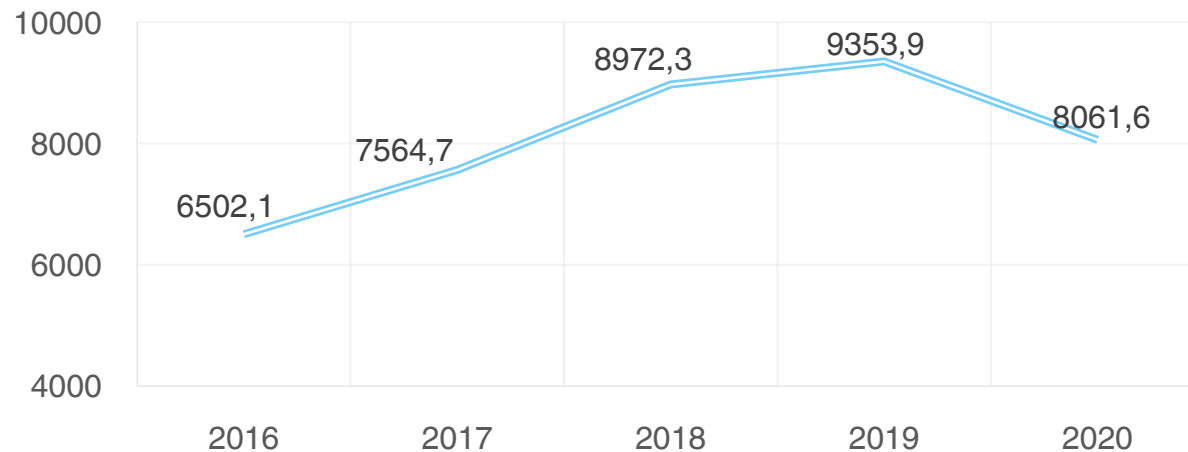
External trade

Exportations of technical textile has reached 122,2 MD in 2013 (INS, 2016).

Exportations of Technical textile
products (MD)



Exportations of Textiles, clothing & leather
(MDT)



Themes in focus

External trade

Principal exported/ imported products for T & C sector (INS, 2016)

Product	Exportation (MD)	Importation (MD)
silk	65,6	59
wool, polishes and horsehair fabrics	9,5	49,8
cotton	90,3	1290,4
other plant fibers	54,9	48,2
synthetic filaments	31,7	355,2
synthetic fibers	37,1	517,1
Wadding, felt and rope art	43	164,2
Special fabrics and embroidery	28,8	155,5
Impregnated, coated, covered fabrics	6,7	170,4
knitted fabrics	12,6	269,2
knitwear	1202,6	227,8
Warp and weft clothing	3393,6	273,2
Coverings, carpets and tapistry	1,5	19,6
Other textile products	428,4	72,5
second-hand store	61,5	225

Themes in focus

External trade

- **88%** of textile product exports are “made-up” clothing Intended for ordering parties (INS, 2016)
- Domination of **Subcontracting activity** which is an activity with **low added value** and strongly linked to prime contractors and to global competition with Asian countries which are very competitive in terms of costs.

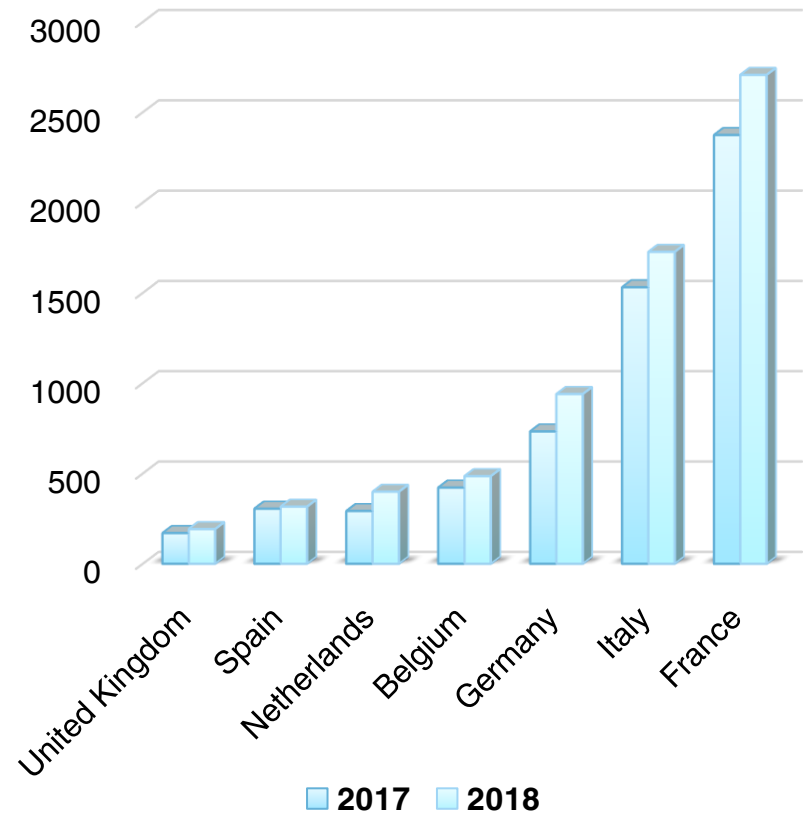
Themes in focus

External trade

Export destination for T & C sector

► France is the first export destination with a total of 2707 MDT in 2018 (Cettex, 2019).

Export Destination of T & C
(MDT)

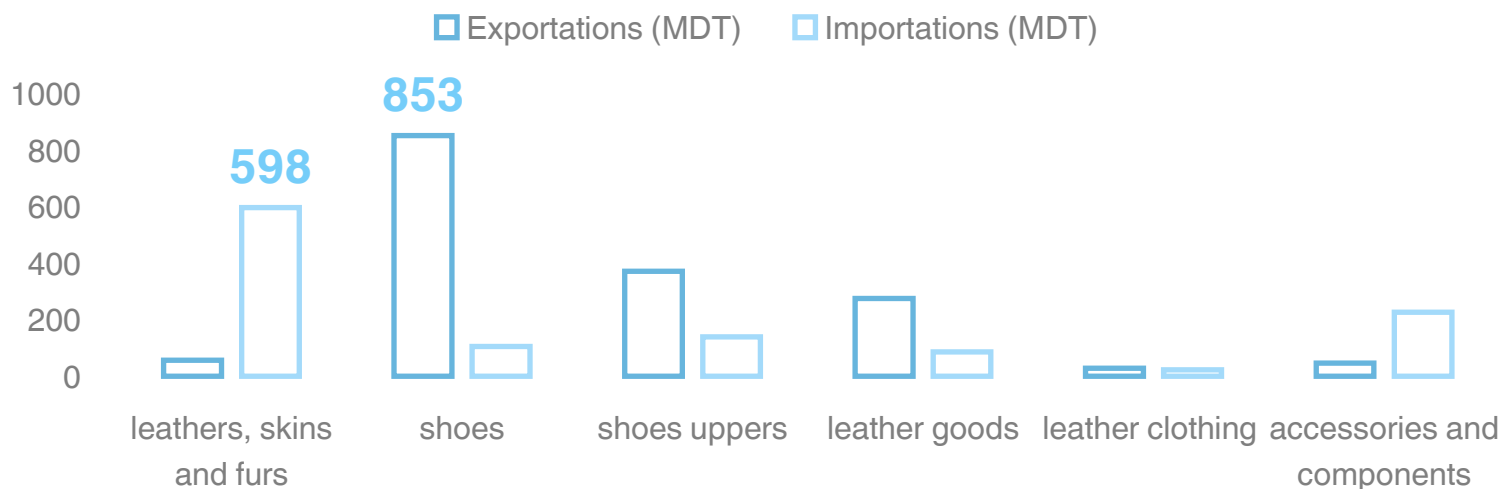


Themes in focus

External trade

In the Leather & footwear sector (2019), Tunisia has exported 853 MDT Shoes and has imported 598 MDT raw materials (leathers, skins and furs).

Export/ Import in Leather and footwear sector in 2019 (CNCC, 2019)

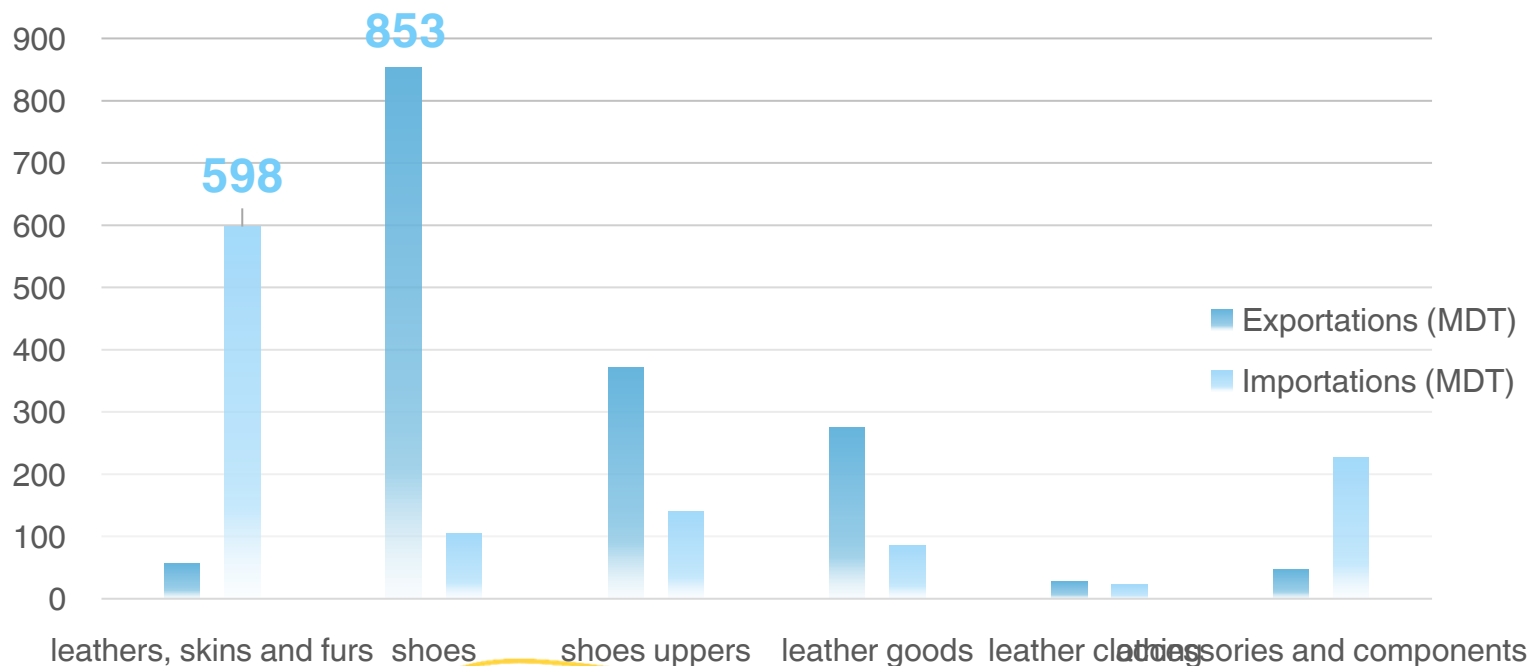


Themes in focus

External trade

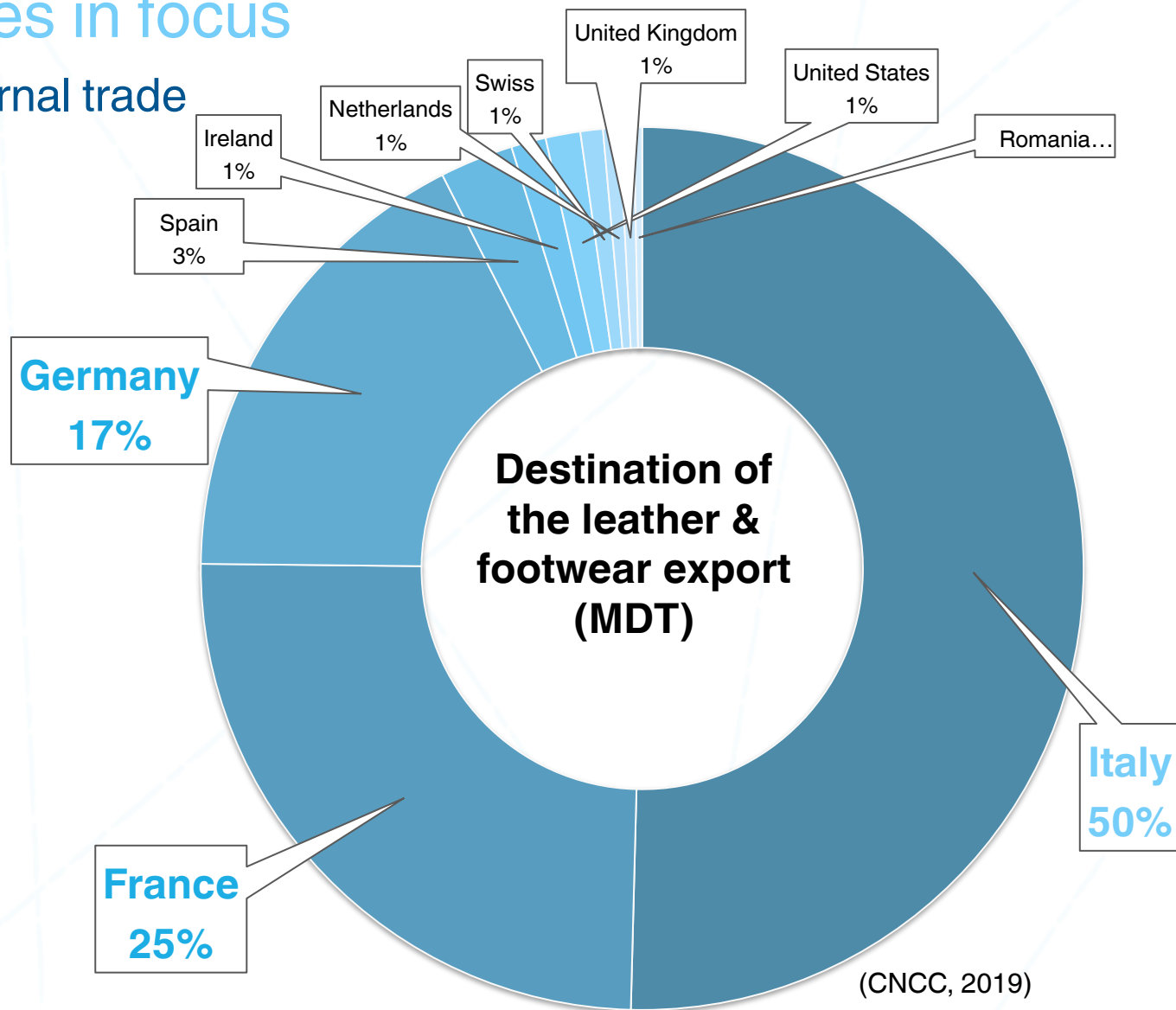
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EXPORT/ IMPORT IN LEATHER AND FOOTWEAR SECTOR IN 2019 (CNCC, 2019)



Themes in focus

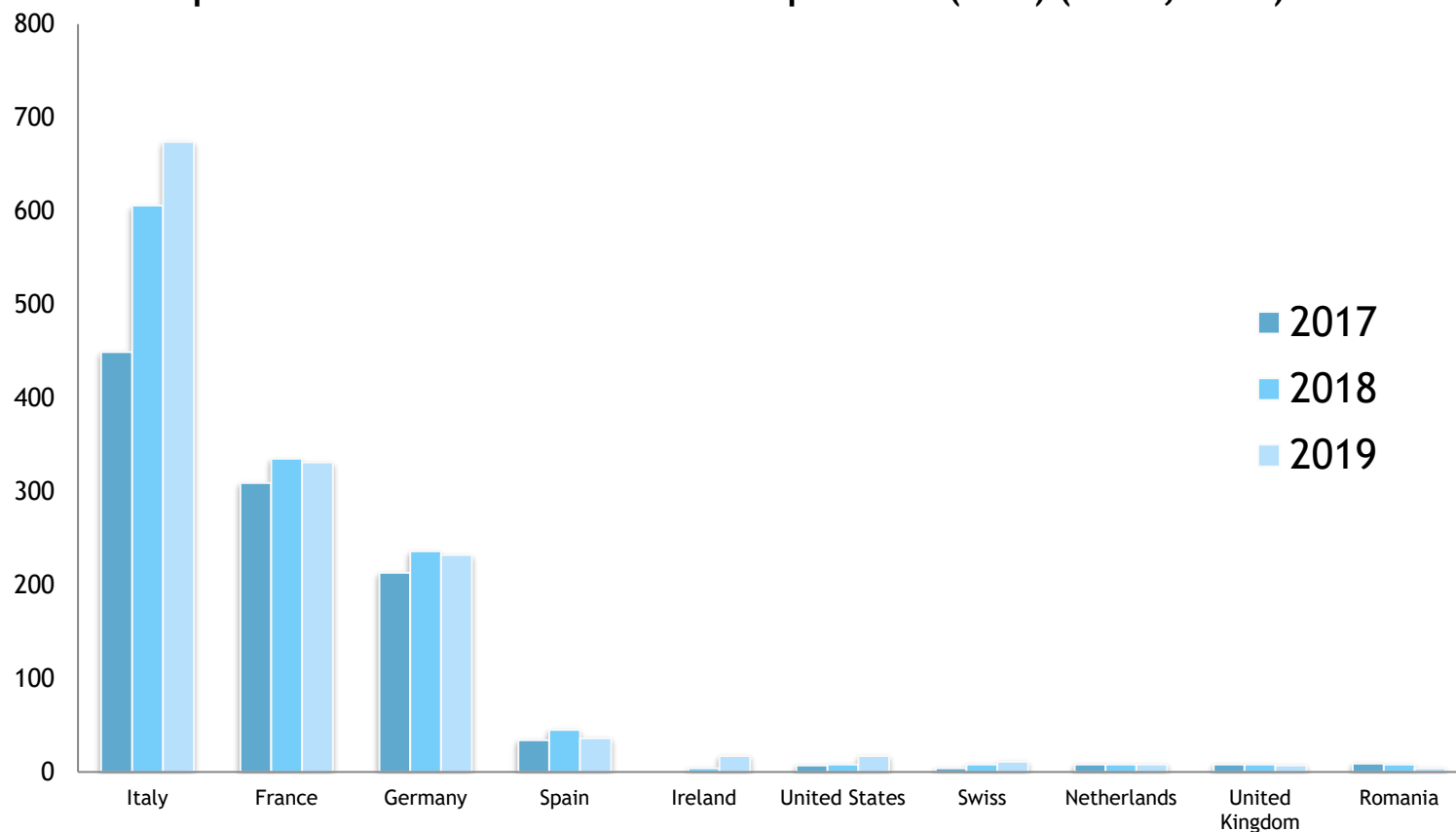
External trade



Themes in focus

External trade

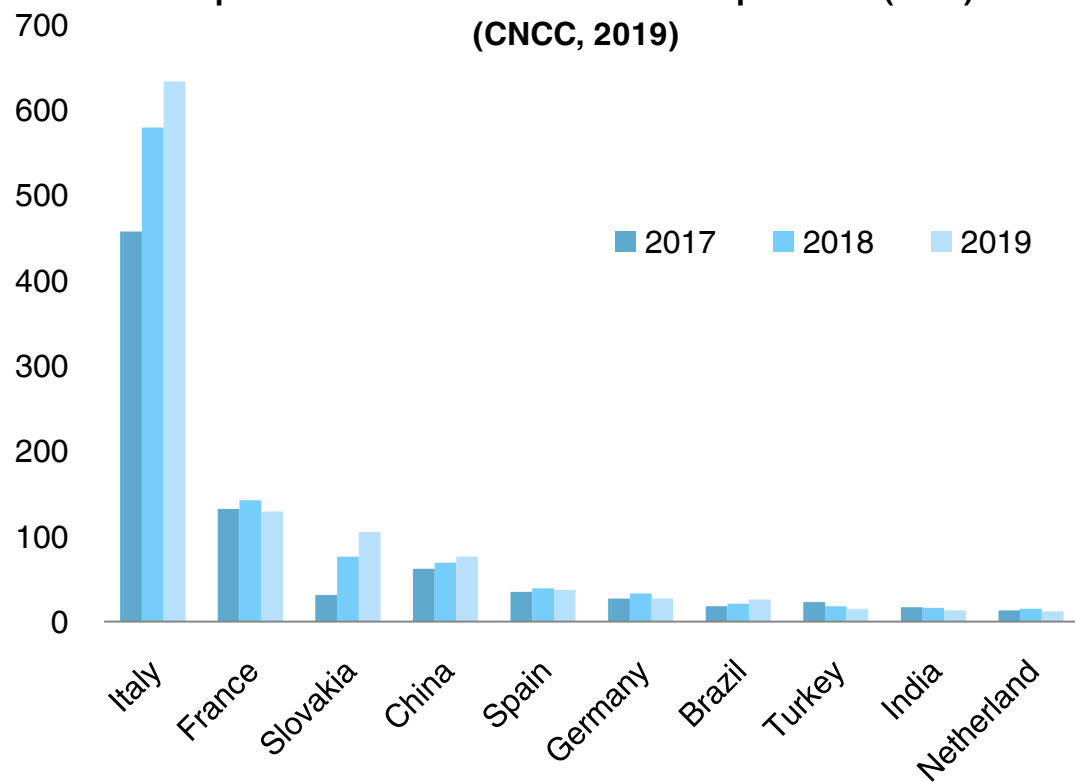
Exportation of Leather and footwear products (MDT) (CNCC, 2019)



Themes in focus

External trade

**Importation of Leather and footwear products (MDT)
(CNCC, 2019)**

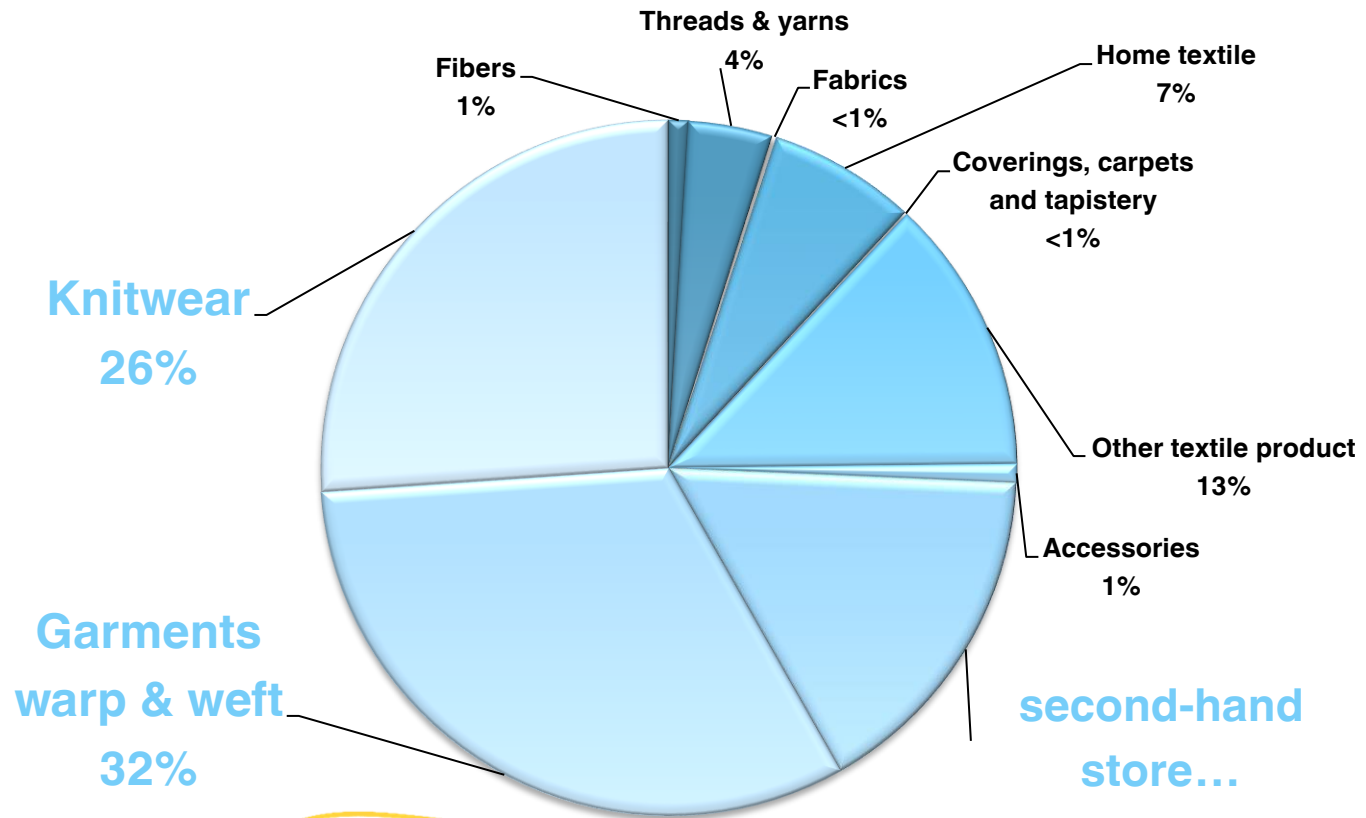


► Tunisia imported Leather and footwear products mostly from Italy: 633 MDT in 2019

Themes in focus

External trade

Principal exported products in terms of values (MTD) (Cettex, 2018)



Themes in focus

External trade

Trade balance

The trade balance of T & C sector recorded an improvement of **3.7 points** for the whole of 2018 compared to the previous year (**130.1% against 126.4%**) (cettex, 2018)

The trade balance of leather and footwear sector recorded, in 2019, a surplus of **454.7 MTD**, mainly coming from the footwear branches (+747.9 MTD) and shoe uppers (+232.5 MTD) (CNCC, 2019).

Evolution of exportation/ Importation for Leather and Footwear sector

Leather & footwear has a coverage ratio of imports by exports of 132% (CEPEX, 2017).

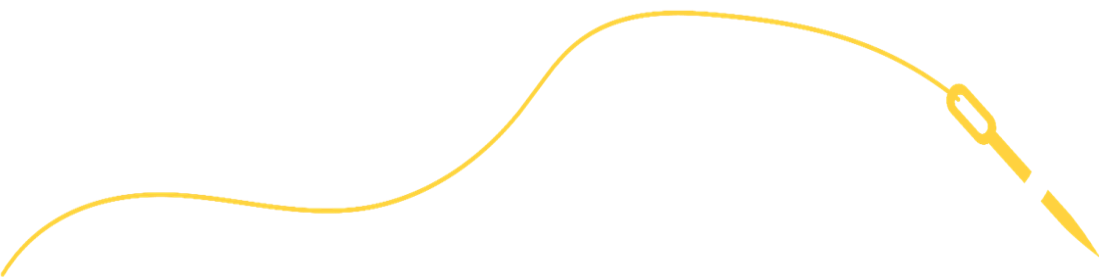
At the end of 2018, Tunisian imports of leather industries were from **Italy** with **165.3 million euros**, France 40.5 and Germany 9.5 million euros (CEPEX, 2018)

Themes in focus

Performance indicators

Female/ Young participation rate in paid staff (T &C sector):

Women represent **80%** of the labour force in the T & C sector. The rate of graduated ones does not exceed **9%** of total employment (APII, 2017).

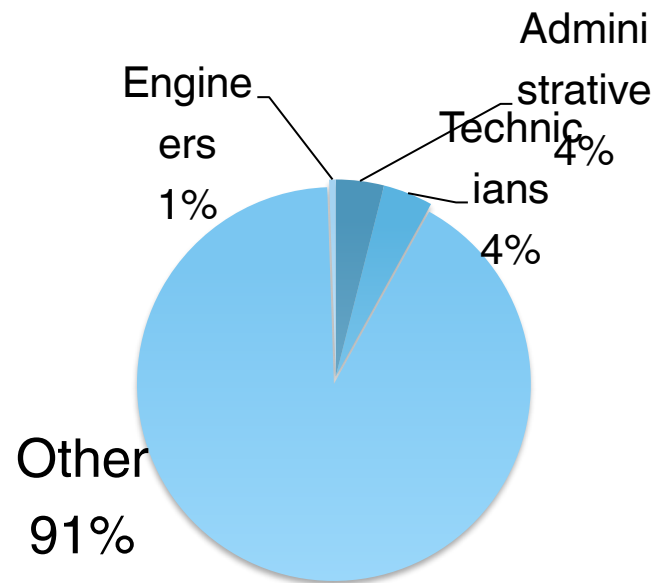


Themes in focus

Performance indicators

- ▶ The labor force of T & C sector are mostly unskilled: 91%
- ▶ Engineers represent only 1% of the total labor force (APII, 2017)

Rate of Engineers in the state's labor force of T & C sector

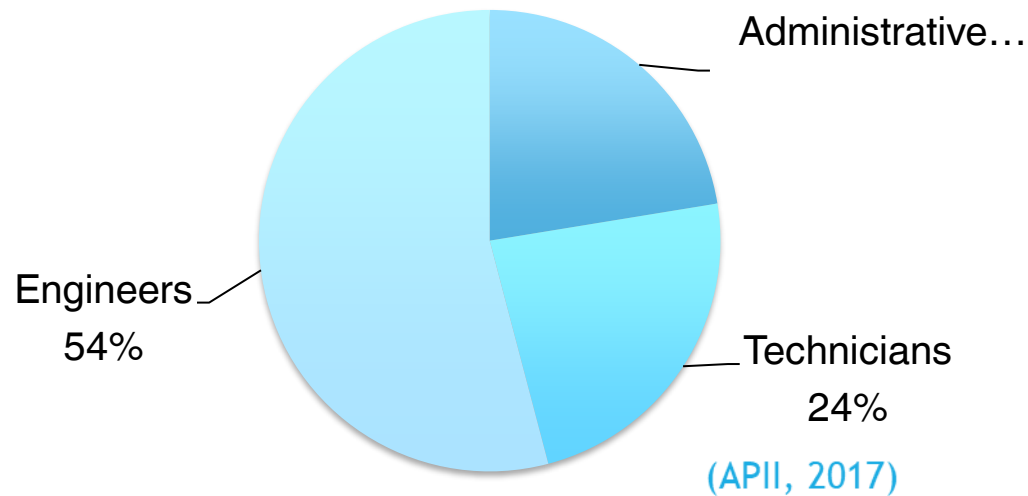


Themes in focus

Performance indicators

In the technical textile companies, high qualified labor force is involved: **54% Engineers**

Rate of Engineers in the state's labor force of technical textile



Introduction and credits

Employed information sources

Acronym	Name
INS	National Institute of Statistics
APII	Agence de promotion de l'industrie et des investissements
GTEX	Global Textiles and clothing Program
FIPA	Foreing investment Promotion Agency
	International labor office
FNCC	National Fédération of Leather and footwear
CCI	The chamber of commerce and industry
PRI	Public Radio Intertional (PRI, 2017) https://shenglufashion.com/2018/03/04/wage-level-for-garment-workers-in-the-world-updated-in-2017/
CNCC	National center for Leather and footwear
CETTEX	Textile Technical center
CEPEX	Tunisia export promotion center