

Manufacturing Africa:

Mozambique Economic and
Green Manufacturing
Growth Strategy Report and
UK Private Sector
opportunity assessment

Cotton value chain investment case

March–April 2026

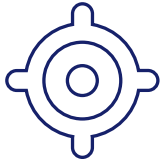


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Vision for the cotton and textiles sector in Mozambique



For the country

Position Mozambique as a **regional hub for short- to medium-staple cotton textiles** by developing integrated spinning, weaving, finishing, and garment manufacturing to **supply PPE, uniforms, and hospitality fabrics**, leveraging domestic cotton production to capture greater value and create skilled manufacturing jobs



For the industry

Kickstart garment and hospitality textile manufacturing to serve a **regional market of ~800K PPE and uniforms and ~540K hospitality textiles** annually by expanding spinning capacity to 5,000t, kickstarting weaving and finishing capacity to 3,500t of cotton fabric, and establishing garment and textile manufacturing capacity of 1,340,000 units, with surplus yarn supplying regional export markets

Vision for cotton can be achieved by deploying individual projects starting with an integrated textile mill serving domestic PPE's

Investment opportunities mapped for cotton industry:



Establish **vertically integrated spinning to garments facilities**, with ~2,000 t/year of spinning capacity and garment capacity of 200,000 units. At scale, this requires **\$10–15M in FDI and can deliver \$10–15M in annual revenues**



\$10–15M

Initial investment required¹



\$10–15M

Annual revenue²



~400

Jobs created³



Downstream entry into weaving and finishing for oil and gas PPE for an established industrial cotton player in Mozambique



~\$4M

Initial investment required¹



\$2–4M

Annual revenue



300–400

Jobs created³

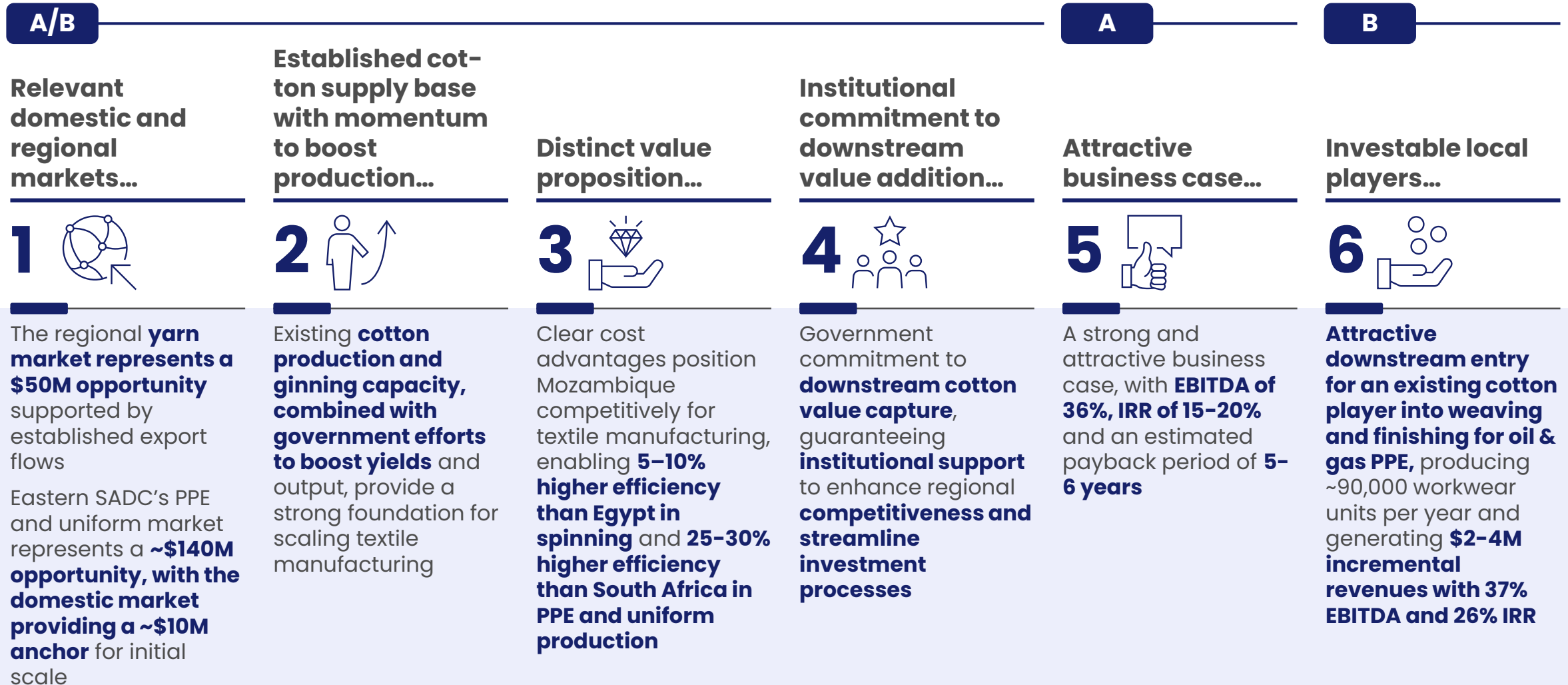
A Spinning-to-garment investment unlocks 75–85% of value, with PPE and uniforms best aligned to Mozambique’s short fibre profile

Executive summary

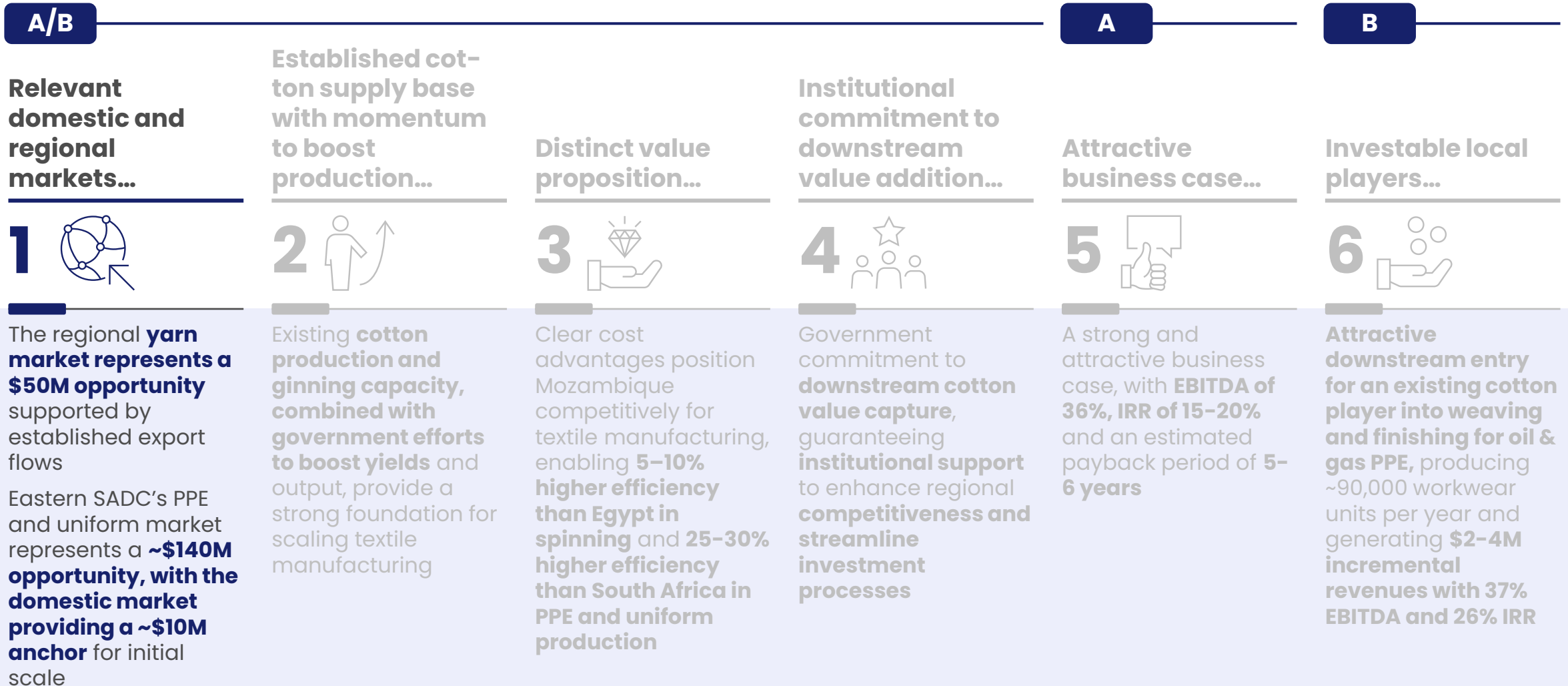
Current commercial scale footprint
 No commercial-scale production
 Most viable investment opportunity
 XX Cumulative share of value captured, %

Stage of the value chain	Current status	Opportunity to be captured	Fabric type suited to short fibres		
			Opportunity	Economic viability	
Cotton production	Widespread smallholder-based production concentrated in the north and central regions	0-5%	✗		
Ginning and pressing	Operational but concentrated in a small number of concessionaires	5-10%	✗		
Spinning mills	Single commercial spinning mill operating in Maputo producing short fibres	15-25%	✓		
Weaving and knitting	Limited commercial capacity operates today ↑ ↓	20-30%	✓		
Dyeing and finishing		40-50%	✓		
Garment manufacturing		100%	✓		
			Spinning remains constrained by the absence of commercial-scale mills in northern production zones, making it uneconomical to anchor a textile hub due to high feedstock and yarn transport costs		
			Twill	PPE and uniforms	Stable domestic demand for uniforms and PPE provides anchor offtake Targeted procurement or local-content incentives may be required to compete with low-cost Asian imports
				Denim	Domestic denim demand remains limited and heavily constrained by the prevalence of second-hand clothing imports Export competitiveness is challenging relative to established regional textile hubs (e.g., Mauritius, Lesotho)
			Plain weave	Hospitality (e.g., bed-sheets and pillowcases)	Hospitality or retail textile markets may not justify large investments due to limited scale domestically and limiting export competitiveness
				Capulanas	Large imports in the North from Tanzania, however irregular purchasing patterns that limit the ability to anchor stable industrial production

The investment into an integrated textile mill for PPE and uniform production is supported by 6 key pillars



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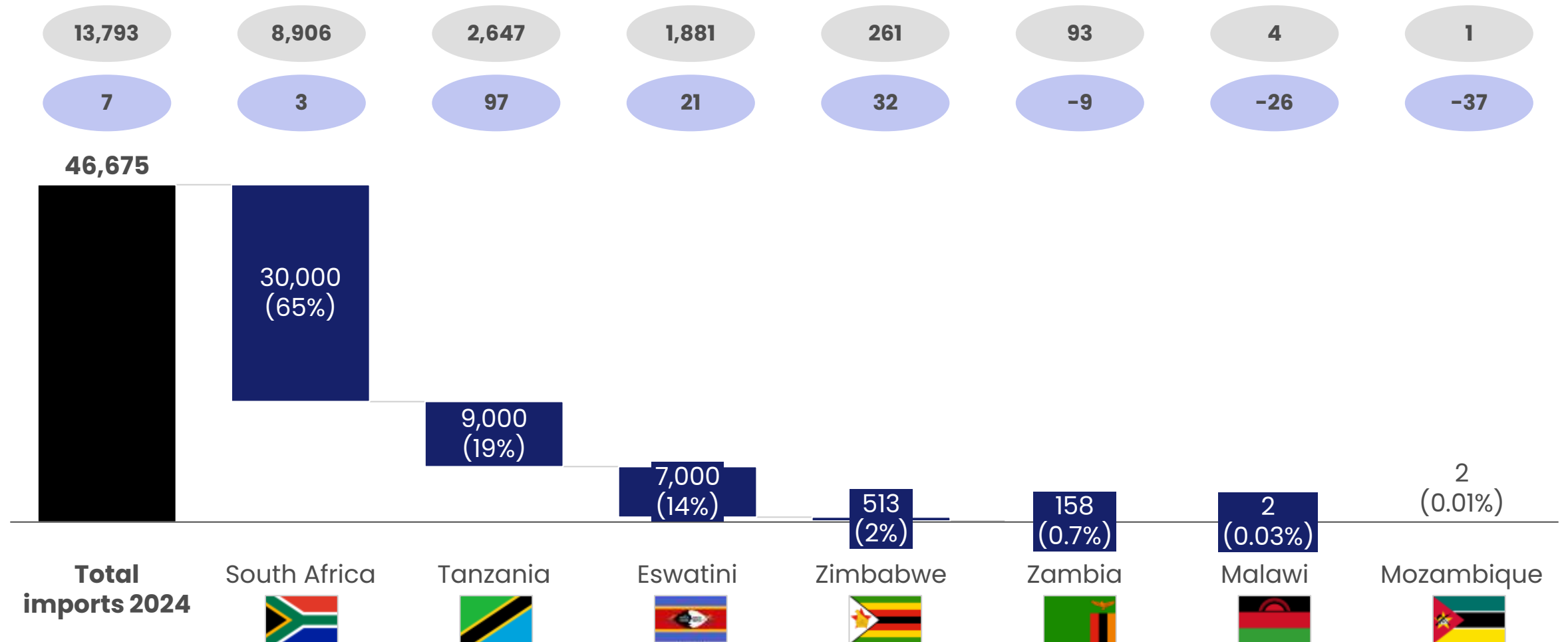


Regional yarn imports (~\$50M) provide the demand required to support excess spinning capacity with demand growing at 7%

2024 Eastern SADC imports of cotton yarn, USD K

x 'import quantity, tpa

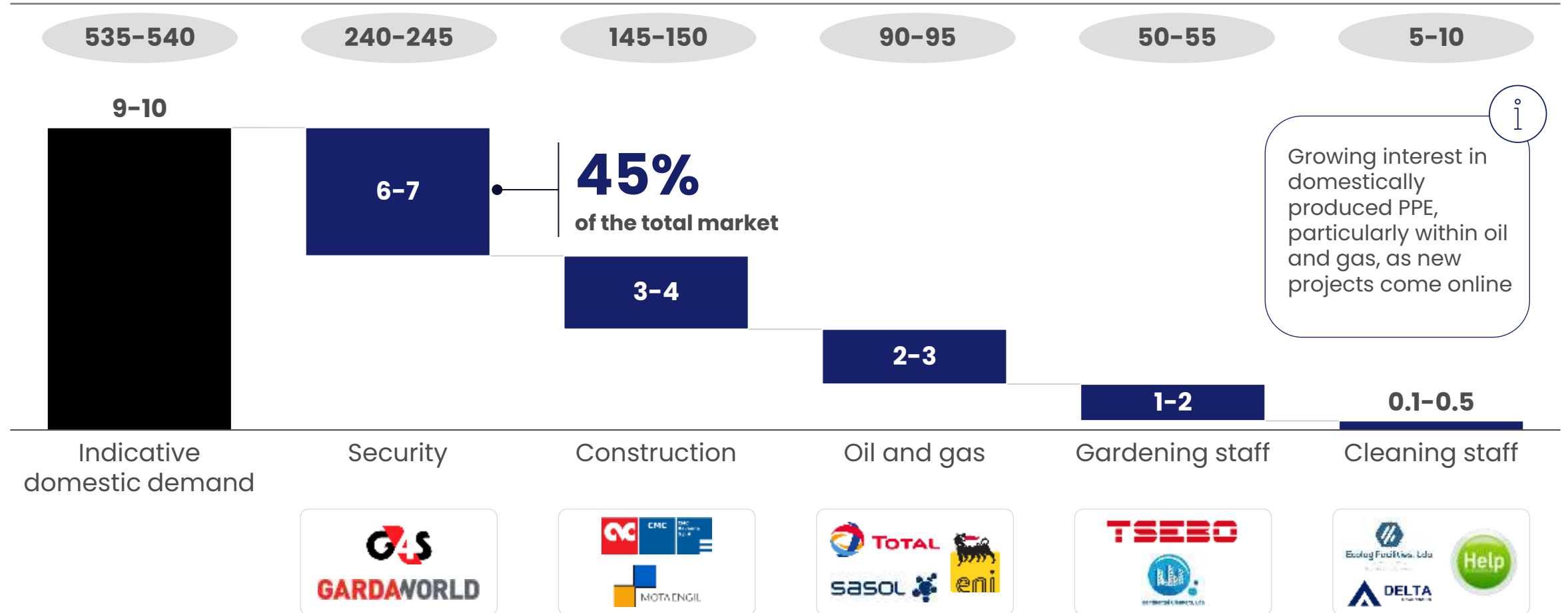
x Import CAGR, 2016-2024, %



Mozambique's PPE and uniform market represents a ~\$10M opportunity, with private security driving the largest share

Mozambique PPE and uniform market size¹, USD K

(x) Garment value, pieces p.a., '000

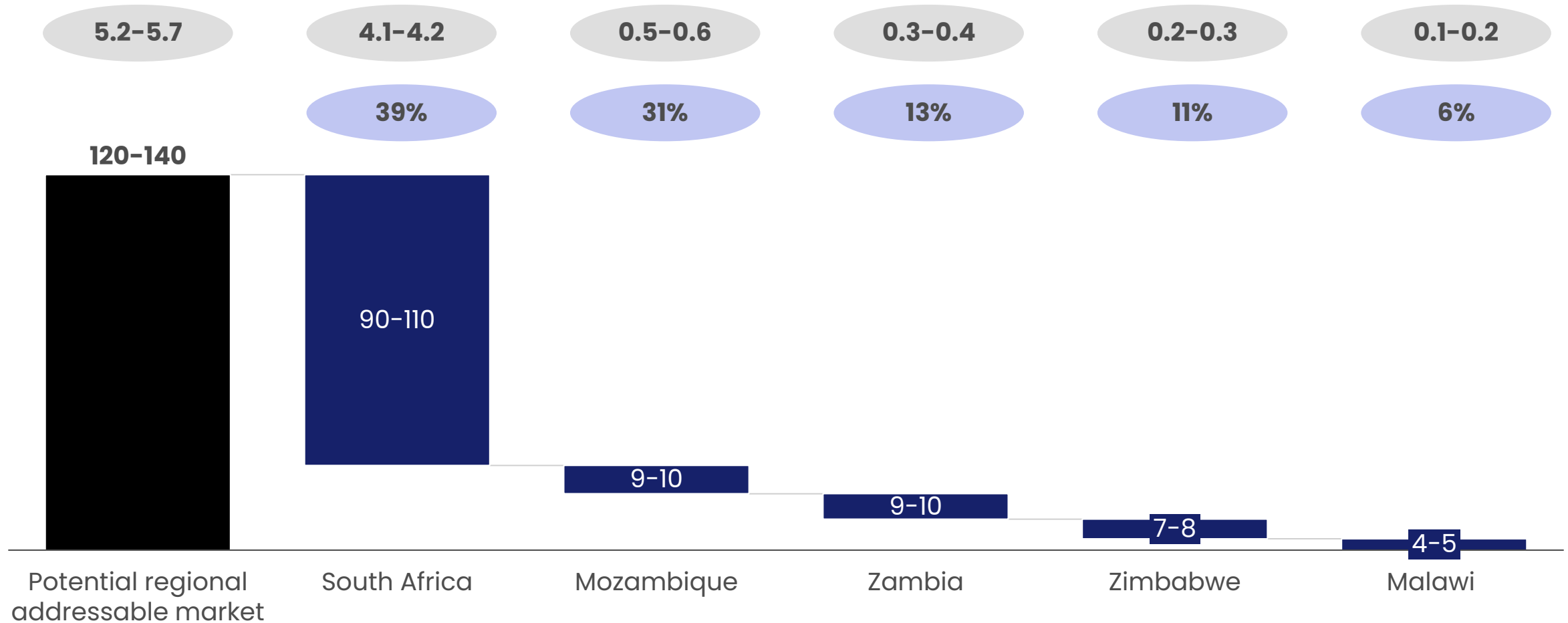


1. Market sizing based on estimated workforce by sector: security uniforms derived from the number of private security personnel in Mozambique; construction uniforms estimated using formal construction workforce data; oil and gas uniforms estimated through stakeholder interviews; cleaning uniforms estimated using employment in the tourism sector as the largest commercial offtaker of cleaning services; and gardening uniforms estimated based on the workforce of local gardening and landscaping companies

Beyond Mozambique, the ~\$140M regional PPE and uniform market presents a scalable opportunity

Eastern SADC PPE and uniform market size¹, USD M

○ X Garment value, pieces p.a., '000
 ● X % of total market value

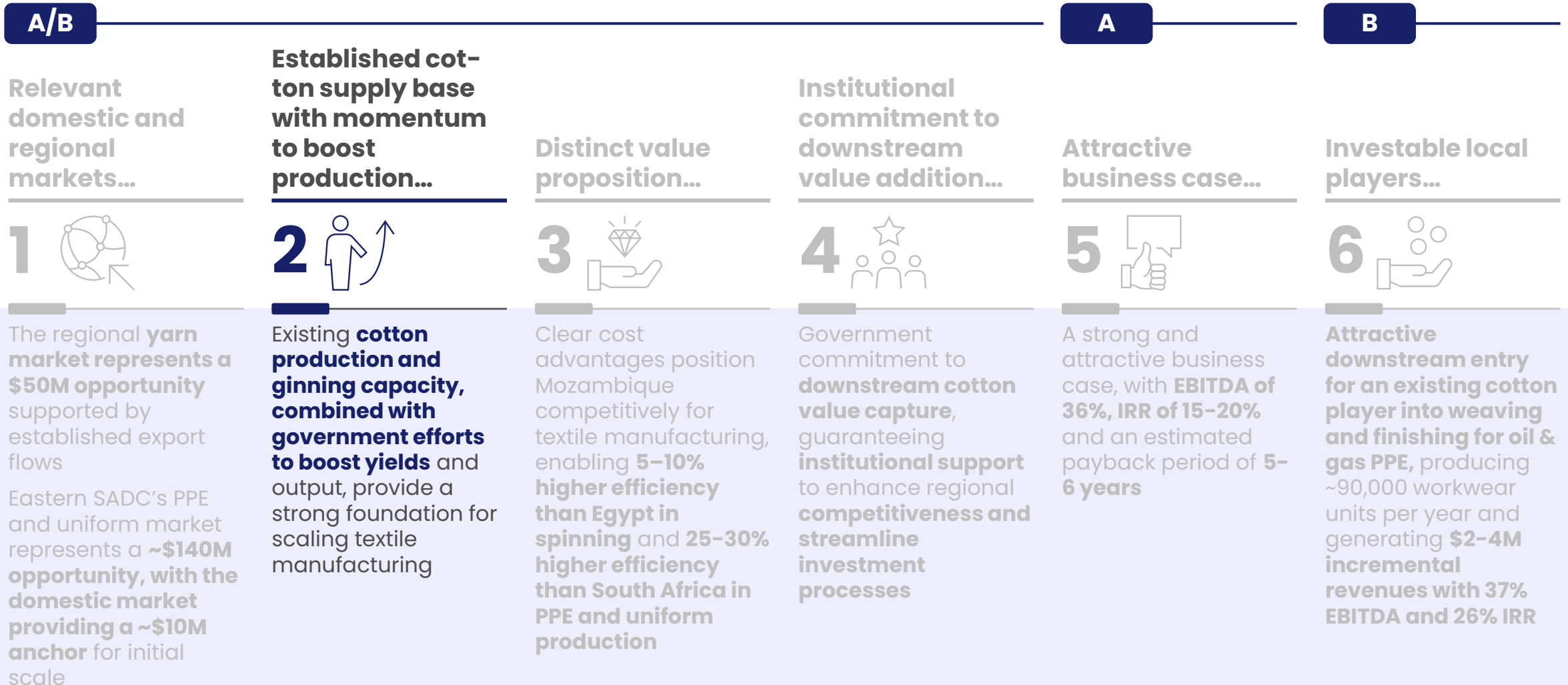


1. Market sizing based on formal employment across key sectors (security, mining, cleaning, gardening, oil & gas, and construction); where official employment data was unavailable, estimates were derived using company counts and average headcount per firm

Source: [Security](#), [ILO](#), company reports



The investment into an integrated textile mill for PPE and uniform production is supported by 6 key pillars




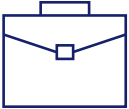

Cotton is a national priority within Mozambique's agricultural sector, with a focus on boosting cotton production and quality

NON-EXHAUSTIVE

Cotton Value Chain Revitalization Plan (CVCRS) 2011–2021	Better Cotton Initiative (BCI) National standard 2014–Present	Strategic Plan for Agricultural Development (PEDSA II) 2020–2030	Programa Integrado de Investimento (PII) 2026–2030
<p>Launched by the cotton institute (IAOM) that set specific targets to transform the low productivity baseline</p> <p>Focus on improved productivity, commercialisation and value addition</p> <p>Example priorities</p> <p>Production target: Achieve 10% annual growth from 80,000 tones to 200,000 tones of seed cotton</p> <p>Yield improvement: Increase from 550 kg/ha to 1,000 kg/ha</p> <p>Quality enhancement: Improve ginning out-turn (GOT) from 38% to 41%</p>	<p>Strategic partnership to adopt the Better Cotton Production Standard as Mozambique's national cotton system</p> <p>Focus on sustainable farming and improved quality</p> <p>Example priorities</p> <p>Transition all cotton production to Better Cotton standards</p> <p>Implement sustainable environmental practices</p> <p>Secure premium markets</p> <p>Ensure Mozambique cotton is recognized as a certified BCI product</p>	<p>10-year roadmap for agricultural sector transformation</p> <p>Focus on productivity increase, market access and competitiveness</p> <p>Example priorities</p> <p>Poverty reduction: Target 40% poverty reduction through enhanced agricultural income</p> <p>Improve cotton productivity from 0.6 t/ha to 1.5 t/ha</p>	<p>Five-year national investment programme of Mozambique's long-term development strategy (ENDE 2025–2044)</p> <p>Downstream value addition, export-oriented textile manufacturing</p> <p>Example priorities</p> <p>USD 40 Mn integrated textile park in central Mozambique</p> <p>Restructure old textile factors focusing on technical and hospitality textiles</p> <p>Mobilise private investment via PPP's</p>

Current government and industry initiatives could unlock a ~3x increase in cotton production through yield improvements

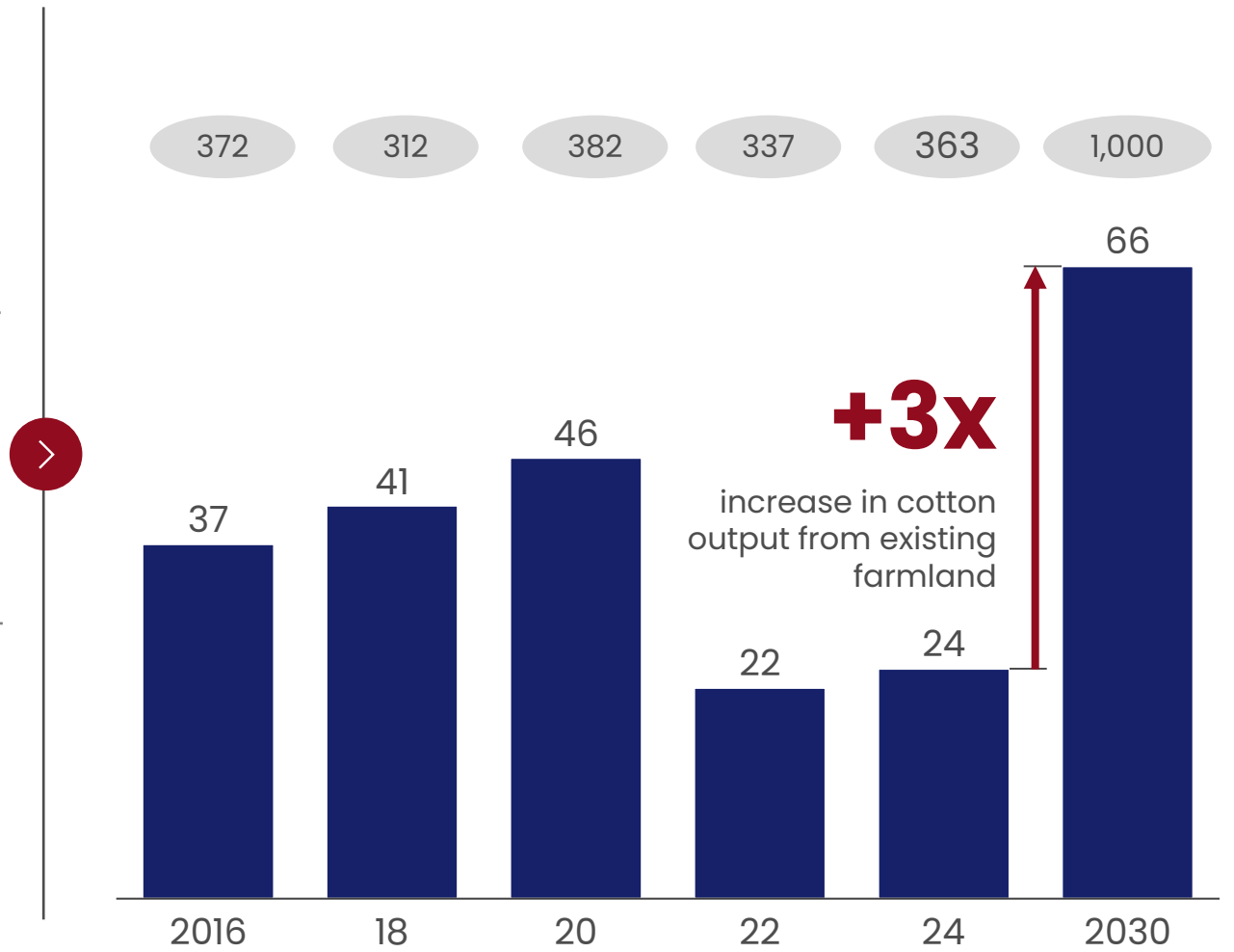
Non-exhaustive

Stakeholder	Initiative	Impact
Government 	0% interest rate subsidies	Input financing for registered farmers can significantly improve productivity; pilot programs show yields of up to ~3 t/ha with basic input packages , compared to current yields reflecting minimal input use
	Price stabilization mechanism (MEP)	Government-approved minimum pricing (~110Mn meticaís) provides revenue certainty for farmers, reducing planting risk and encouraging greater investment in cotton cultivation and productivity improvements
Private and social sector 	Better Cotton initiative 	Industry partnerships are improving agronomic practices and reducing production costs, driving yield gains , currently ~86% of Mozambique's cotton farmers produce Better Cotton, covering ~90% of national cotton area

Cotton production, ktpa

x

Cotton yield, kg/ha



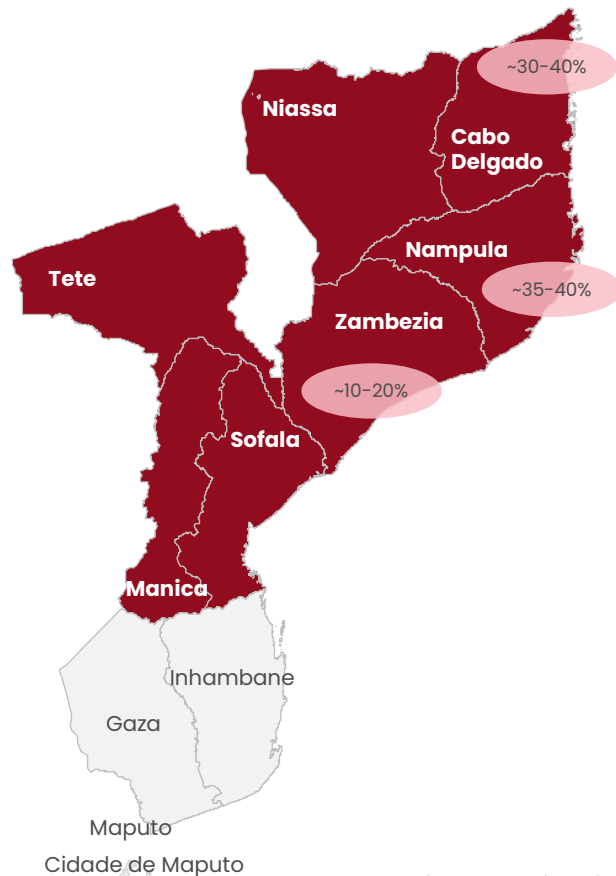
Large areas of arable land provide significant potential to scale cotton production...

Arable land available under long-term DUAT framework¹

Main cultivation provinces for cotton

Production as % of total

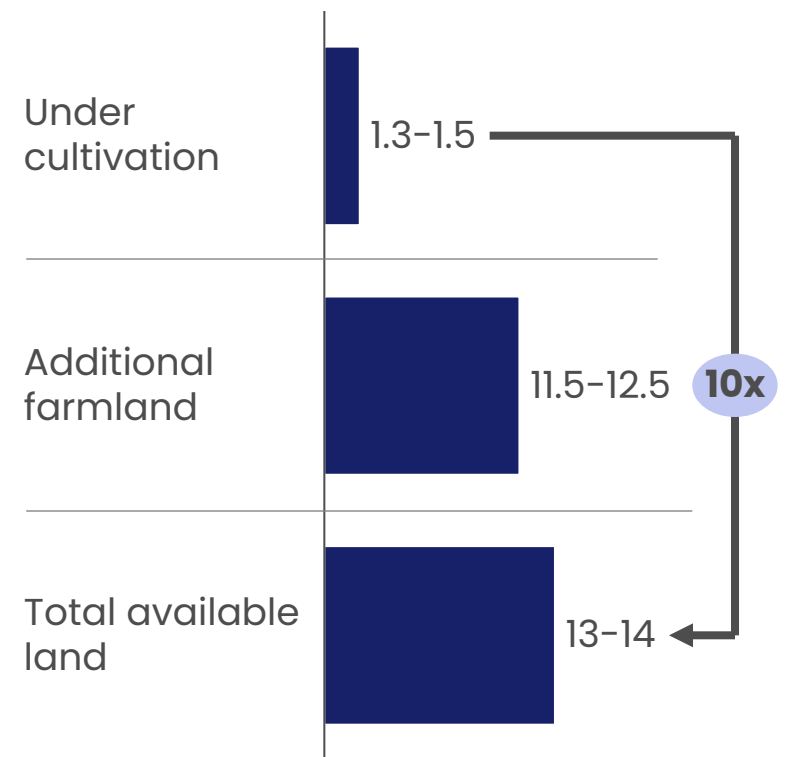
xx



~66,062 ha

Land under cotton cultivation in 2023, with production primarily concentrated in Nampula, Cabo Delgado, and Zambezia

Available arable land in Nacala and Beira corridor, M ha



1. Land in Mozambique is state-owned and accessed through a renewable 50-year DUAT (land-use right); costs are administrative and annual land tax-based
2. Available arable land derived from assessments of agricultural development potential across the Nacala and Beira corridors

...with favourable climatic and soil conditions for its cultivation

Favourable conditions

Mozambique has an established history in cotton production with **24,000 tonnes** in 2024

Mozambique has privileged conditions to produce cotton

800–1,200 mm

Average annual rainfall; optimal cotton production requires ~500–800 mm; Mozambique's rainfall indicates adequate moisture contingent on seasonal distribution

24–28° C

Average annual temperature, within the optimal physiological range for photosynthesis and reproductive development

7–9 H

Daily sunlight exposure, sufficient to sustain continuous photosynthesis and productivity growth

5 –25 m

Groundwater depth, indicating low water table risk and well-drained profiles, critical given cotton's sensitivity to waterlogging

65–80%

Average annual humidity; optimal humidity for cotton production is 40–60% requiring disease management to mitigate fungal pressure

~5–7

Soil pH, moderately acidic relative to optimal ranges (6–8), potentially requiring targeted soil management and nutrient correction



Productivity



Improved seed adoption



Introduction of early-maturing, drought-tolerant varieties with yield potential 3 t/ha

Yield performance



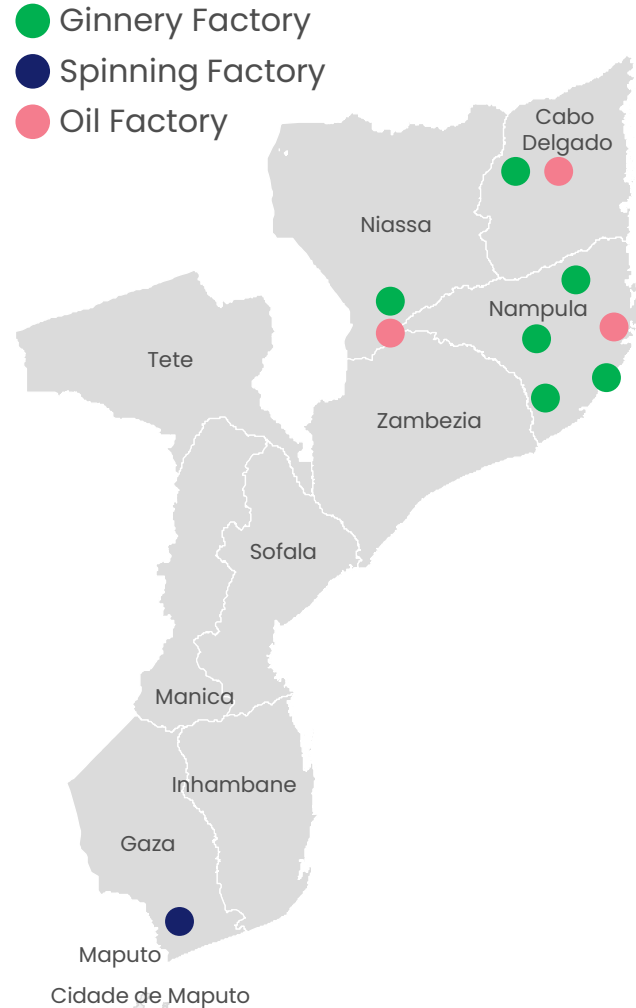
Average yields reach up to ~0.4 t/ha, with upside potential through improved seed, fertilizer optimization, and aggregation models

Production cycle



150–180 days maturation period, consistent with global best-practice production systems

An established cotton ecosystem provides the supply base required to support textile manufacturing



Existing cotton industry

Cotton industry	Company	2023 production ktpa
6 cotton gins	jfs san	5.0
	Olam	0.3
	Sanam	4.0
	FESAP	0.1
	COTTON AFRICA	N/A
	SAM	1.0
1 spinning mill	MCM MFI MALANGI COTTON MILLS	1.1
	3 cotton oil factories	jfs san
Olam		N/A



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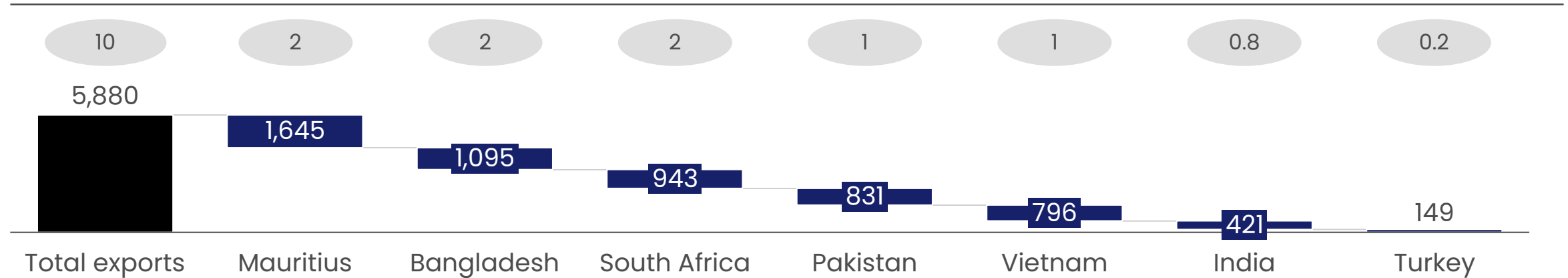
142,000
Smallholder farmers

30,000
Jobs (direct and indirect)

Mozambique's cotton exports demonstrate established markets that textile manufacturing can build upon

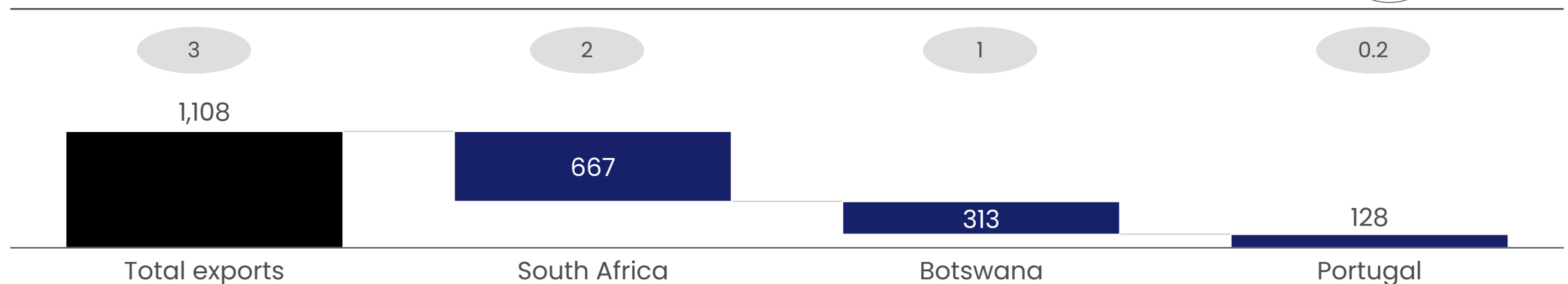
Mozambique lint exports, 2024, tpa

(X) Lint value, \$Mn



Mozambique yarn exports, 2024, tpa

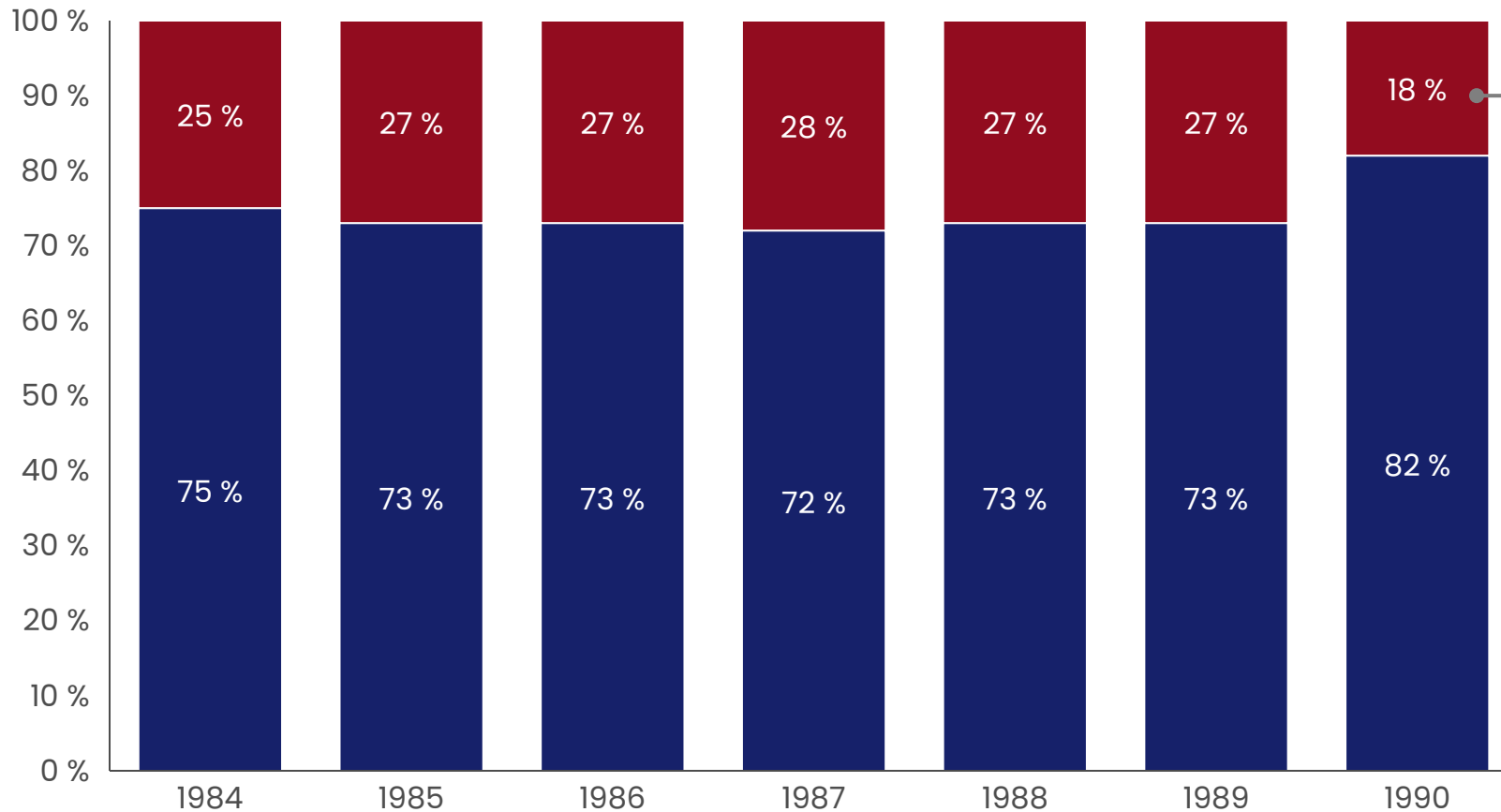
(X) Yarn value, \$Mn



Historical textile industry scale highlights Mozambique's potential, with government commitment to revive production

■ Textiles, Clothing and Leather ■ Other

Industrial production by sector ,1984-1990, %



\$70Mn

Value of Mozambique's output of clothing and textiles in 1990

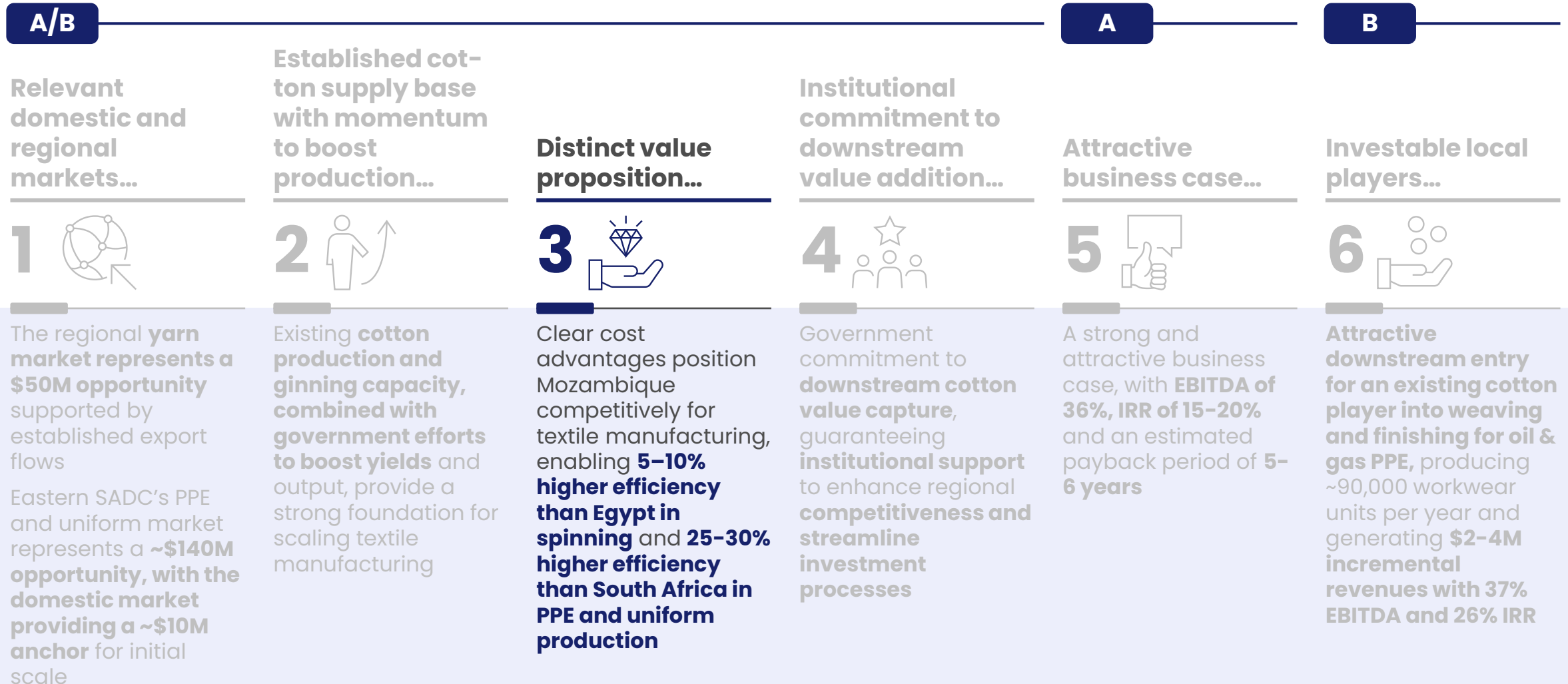
#19

Textile factories in operation

#26

Clothing factories in operation






The investment into an integrated textile mill for PPE and uniform production is supported by 6 key pillars



Mozambique's low cotton feedstock costs provide a key competitive advantage relative to African textile hubs

Comparative advantage analysis against textile players in Africa¹

● High competitiveness ● Low competitiveness ■ Key competitive factor

Group	Productive factor	 Mozambique	 Ethiopia	 Kenya	 Egypt	 South Africa	Key insights
Raw materials	Farm gate price of cotton	●	●	■	●	■	Mozambique and Ethiopia are among the lowest-cost seed cotton producers, with farm-gate prices around US\$0.4/kg , supporting competitiveness in cotton-linked downstream activities
	Cotton lint price	●	●	■	●	■	Mozambique's electricity tariffs (~US\$0.08/kWh) are nearly 3x higher than Ethiopia's , while water tariffs are the highest among comparable countries
Structural factors	Utilities ²	■	●	●	●	■	Mozambique's electricity tariffs (~US\$0.08/kWh) are nearly 3x higher than Ethiopia's , while water tariffs are the highest among comparable countries
	Labour ³	■	●	■	●	●	Mozambique's minimum wage (US\$104/month) is approximately 2x higher than Ethiopia
Other factors	Maintenance ⁴	●	●	■	■	■	Mozambique's and Ethiopia's import duties on textile manufacturing spare parts is 5% whilst Kenya and Egypt import duties are 0%

1.
 2. Utilities reflect industrial electricity tariffs (USD/kWh) and industrial water tariffs
 3. Labour reflects the national statutory minimum wage (USD/month)
 4. Maintenance reflects the import duties on textile manufacturing spare parts

Source: [World Bank Trading Across Borders](#), [WTO Tariff and TradeMap](#)

Cost advantages could enable Mozambique to be 5–10% more competitive in spinning than Egypt

Comparison of spinning production costs versus Egypt to produce twill

● High competitiveness ● Low competitiveness

Category	Shares of production costs for spinning	Competitiveness percentage ²	Share of production costs in Mozambique
Cotton lint	65–70%	15–20% ●	50–60%
Utilities	10–15%	90–95% ●	20–30%
Maintenance	5–10%	1–5% ●	5–10%
Labour	5–10%	20–25% ●	3–8%
Total	100%		90–95%

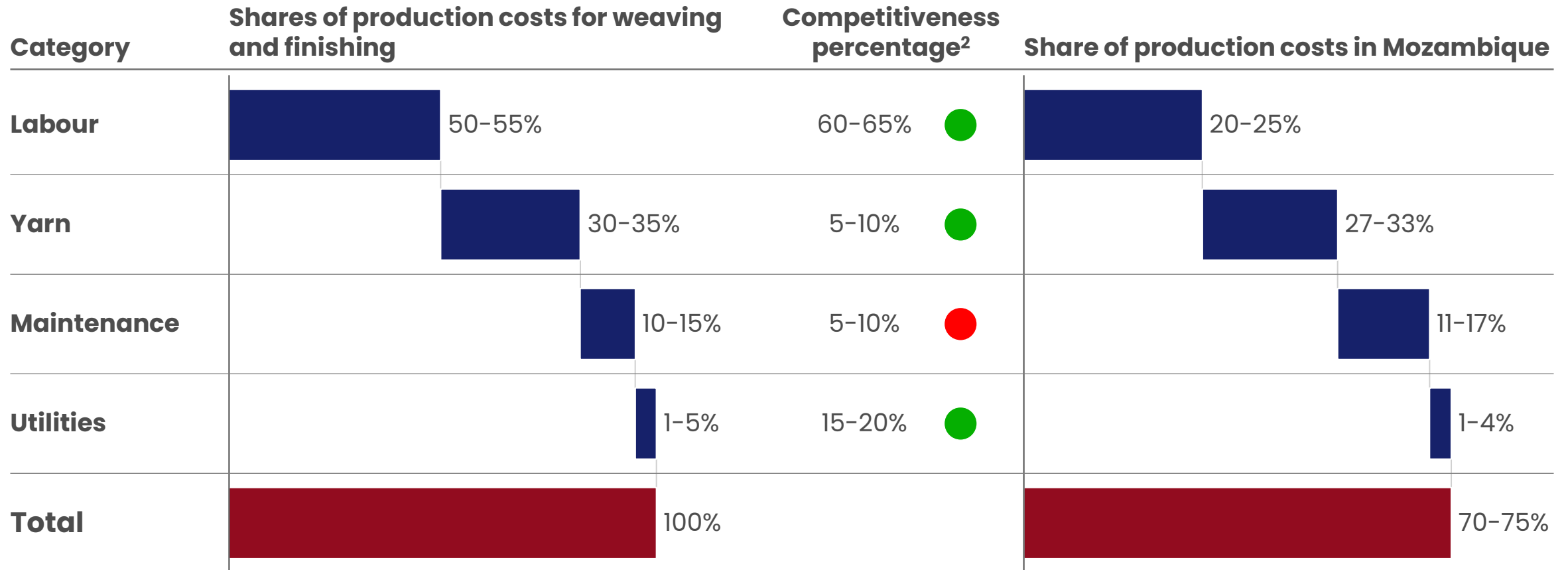
1. Egypt was selected as the largest spinner in Africa

2. Competitiveness was determined by the percentage difference between Egypt's cost structure and Mozambique's, after adjusting each category for Mozambique's local advantages. A negative difference indicates Mozambique's competitiveness or disadvantage in that item

Cost advantages could enable Mozambique to be 25–30% more competitive in PPE and uniforms production than South Africa

Comparison of weaving and finishing costs versus South Africa

● High competitiveness ● Low competitiveness



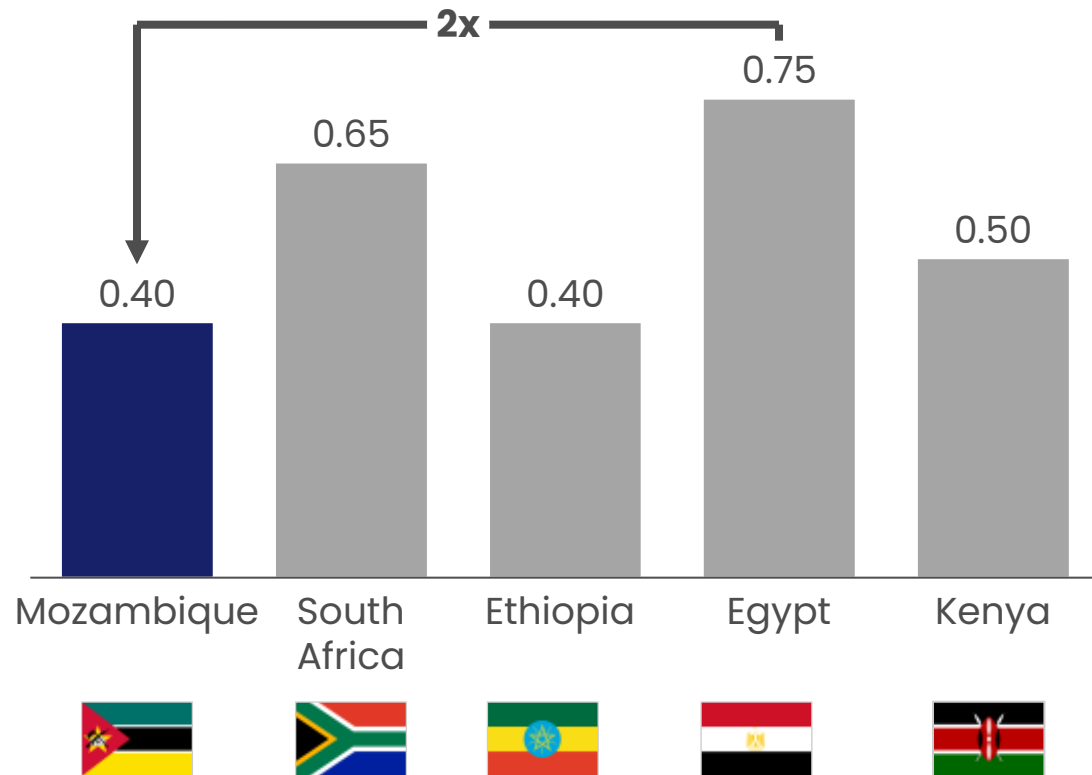
1. South Africa selected as it is the largest producer of PPE and uniform in Africa

2. Competitiveness was determined by the percentage difference between South Africa's cost structure and Mozambique's, after adjusting each category for Mozambique's local advantages. A negative difference indicates Mozambique's competitiveness or disadvantage in that item

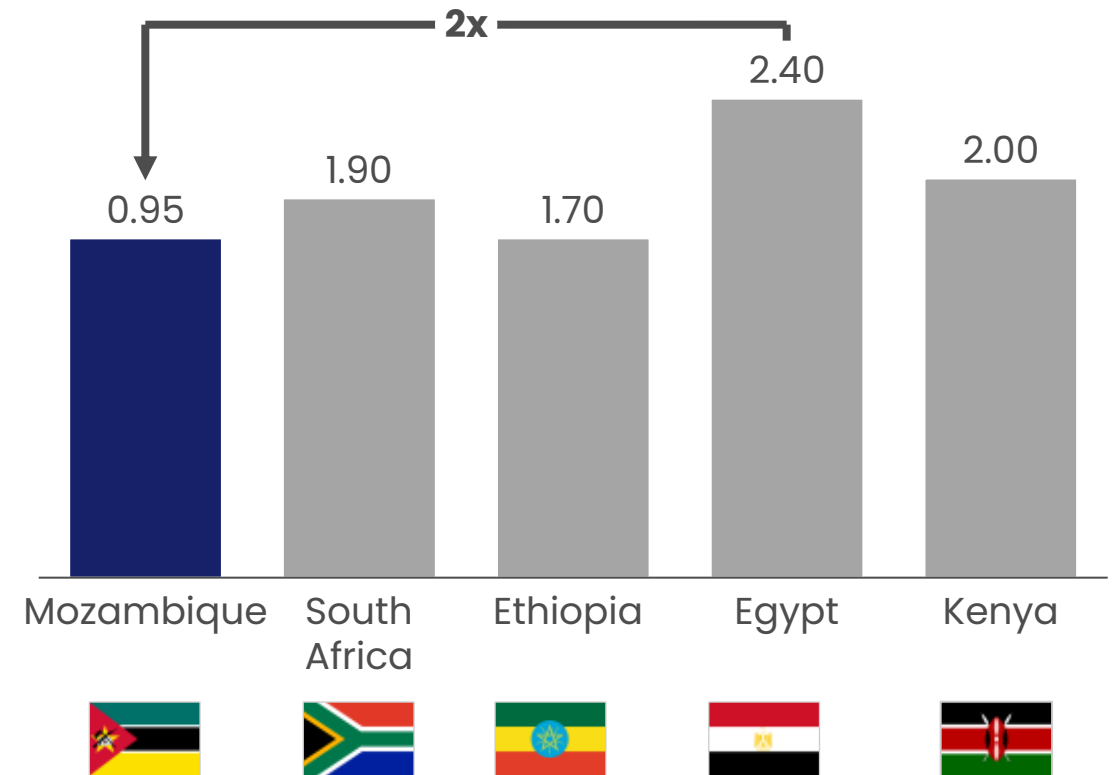
Cotton feedstock prices in Mozambique remain competitive relative to African peers

Retail prices per kg in 2024

Farm gate price of cotton, \$/kg



Price of cotton lint, \$/kg



Maputo, Beira and Nacala corridors secure direct linkage between production clusters and ports, anchoring regional competitiveness

NON-EXHAUSTIVE



Context

What is it?

- Beira, Maputo and Nacala are historic colonial-era **anchor ports**, **originally established as primary trade gateways**, and have since been modernised through successive public and private investments in corridor infrastructure
- Strategic rail–port logistics axes linking the Ports of Beira and Nacala to inland Mozambique and regional markets including South Africa, Zimbabwe, Zambia, and Malawi

Relevance

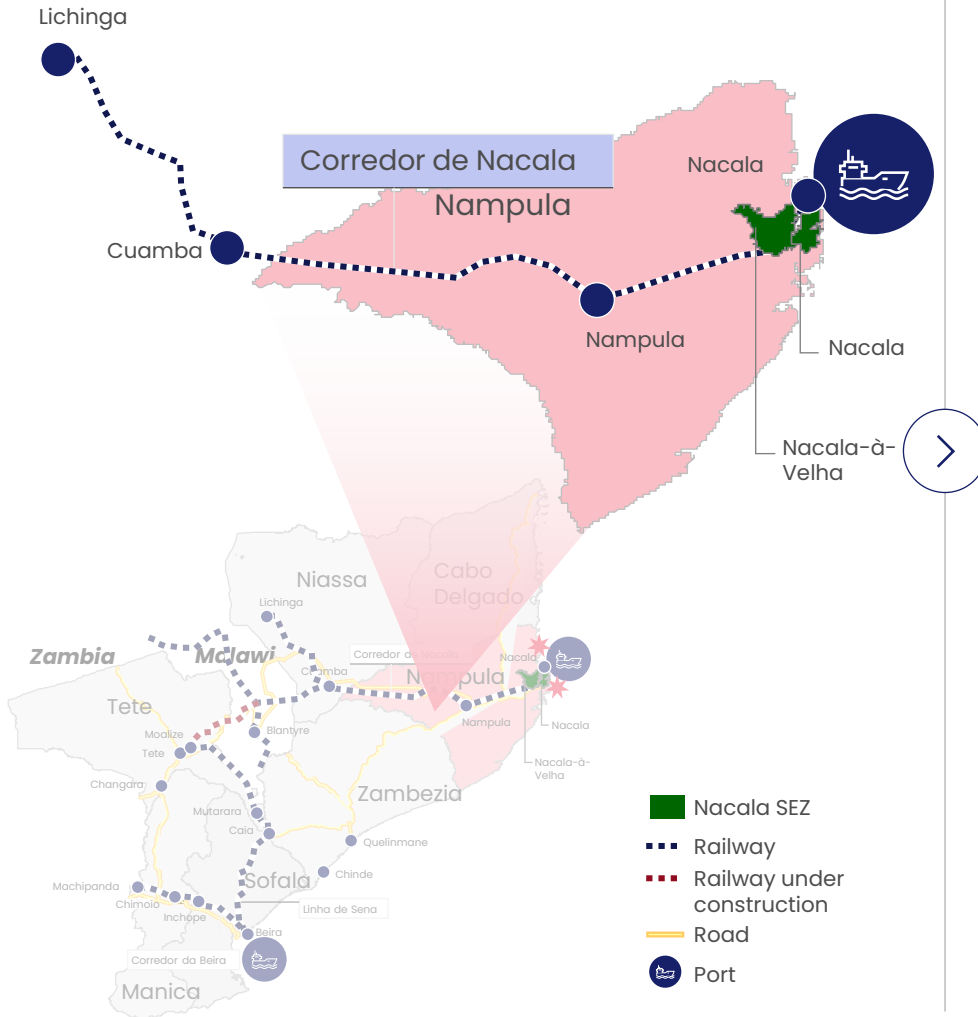
- More **than \$15B in public and private investment** has been committed to infrastructure along the Beira and Nacala corridors, including a **\$7B pledge from Japan in Nacala**
- Together, the corridors provide over **70 million tonnes of annual port capacity**, with 4.05 million tonnes handled through Beira in 2024
- Strategically supported by initiatives such as the EU’s Global Gateway (~\$2.0B) and Japan’s Tokyo International Conference for African Development
- The corridor serves as a platform for industrial diversification, regional integration, and access to global value chains

Interested parties



Nacala offers a strategic location for a textile facility due to proximity to production zones and SEZ incentives

NON-EXHAUSTIVE



Factor

Why Nacala?

Special Economic Zone

- Nacala hosts a **designated Special Economic Zone (SEZ)** providing a range of incentives for industrial investors, including:
 - **Corporate tax incentives**, including 0% income tax for the first 3 years and a 50% reduction from years 4–10
 - **Full exemption from customs duties and VAT** on imported construction materials, machinery, equipment, spare parts and other inputs required for SEZ-licensed operations
 - **Streamlined investment approval** and licensing processes through APIEX
 - **Facilitated work permits and visas** for foreign technical and managerial staff

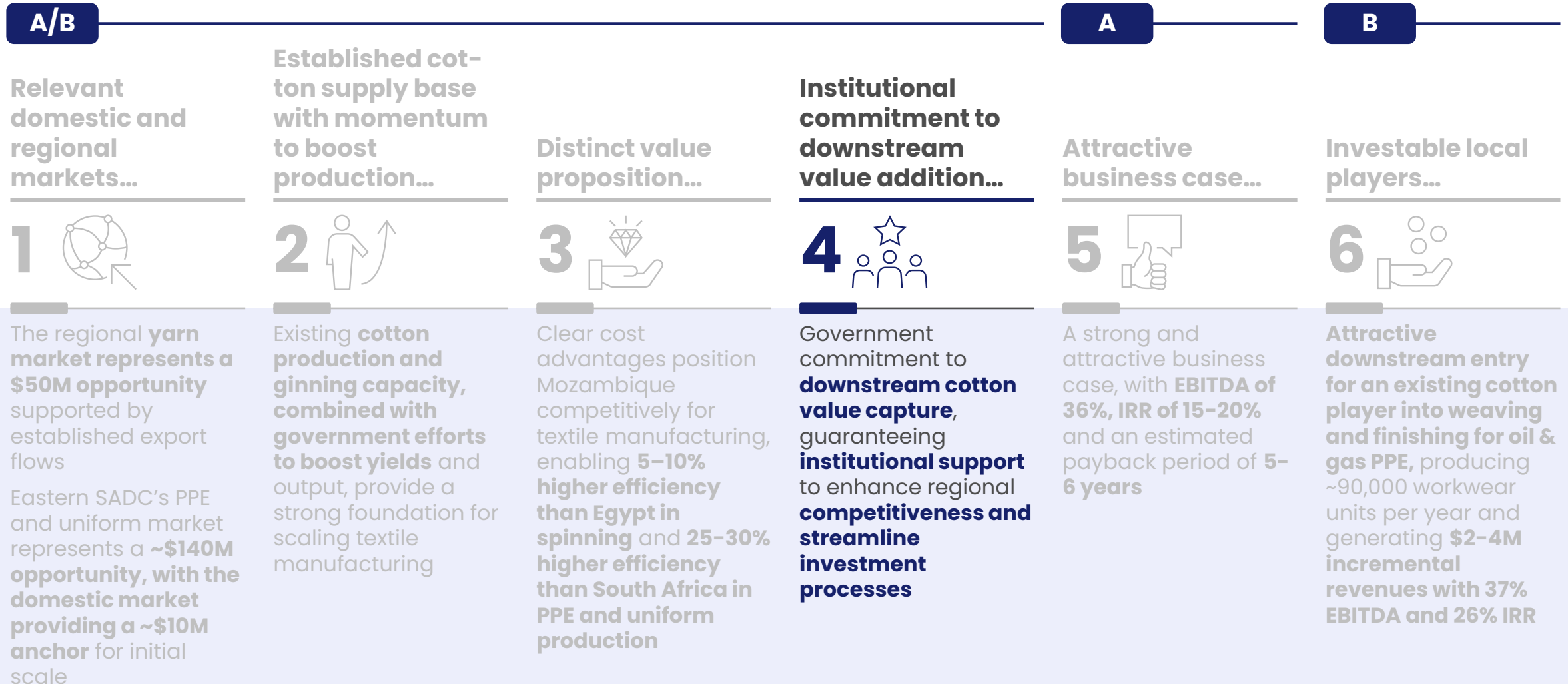
Proximity to farming regions

- Nampula (35–40%), Cabo Delgado (30–40%), and Zambezia (10–20%) together account for the majority share of Mozambique's cotton production, **positioning Nacala as a strategic aggregation hub to minimise transport distances and logistics costs**

Nacala corridor logistics

- **Provides efficient access to the Port of Nacala as well as regional export markets**, enabling cost-effective logistics for both cotton aggregation and export of final products to neighboring countries

The investment into an integrated textile mill for PPE and uniform production is supported by 6 key pillars



Government guarantees full support to investors to ensure the success of textile and garment manufacturing in Mozambique

TO BE VALIDATED BY GOVERNMENT



Streamline export and import processes to reduce trade costs through **granting project-specific green-lane clearance** to reduce physical inspections and border delays



Apply 0% import duties and VAT on textile machinery, spare parts, solvents, and processing chemicals to reduce operating costs and ensure uninterrupted industrial operations



Review **minimum wage structures for textile manufacturing** to ensure labour costs remain competitive with key African textile hubs while maintaining fair labour standards



Guarantee reliable and competitively priced electricity supply in Nacala SEZ by completing the Chimuara–Nacala power transmission project and providing industrial power tariffs **below ~USD 0.08/kWh** to support uninterrupted operation of the textile facility

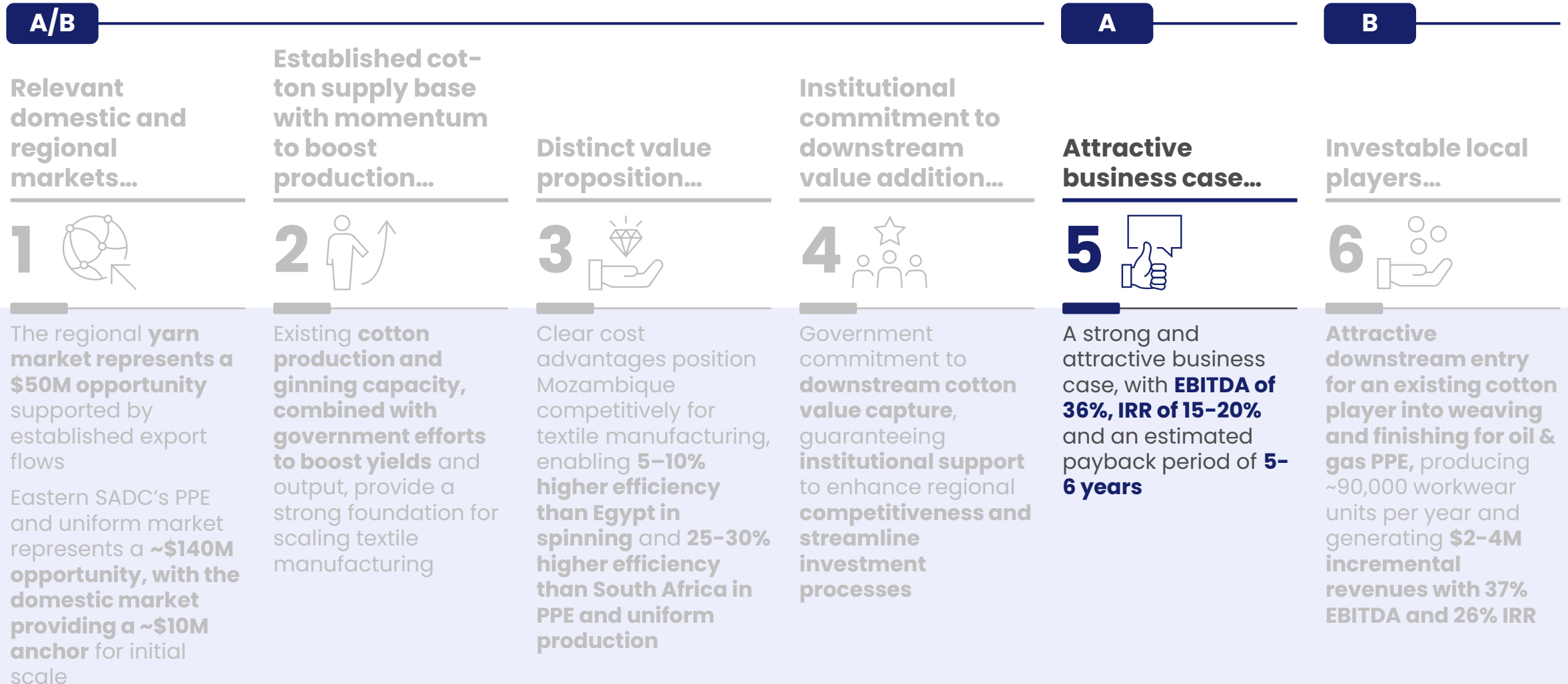


Provide 5 hectares of serviced land in the Nacala SEZ and fast-track plant establishment through streamlined industrial and environmental licensing via APIEX, ensuring rapid investor onboarding and project implementation



Establish targeted training programs and on-the-job skilling in partnership with investors and donors to build capabilities in textile operations

The investment into an integrated textile mill for PPE and uniform production is supported by 6 key pillars



An integrated textile mill presents an attractive investment case with strong returns...

Economics for a integrated textile mill with 2,000t of spinning capacity producing 200,000 workwear units

IRR

~15-20%

NPV

~\$25-30 M



Payback time

~5-6 years

CAPEX

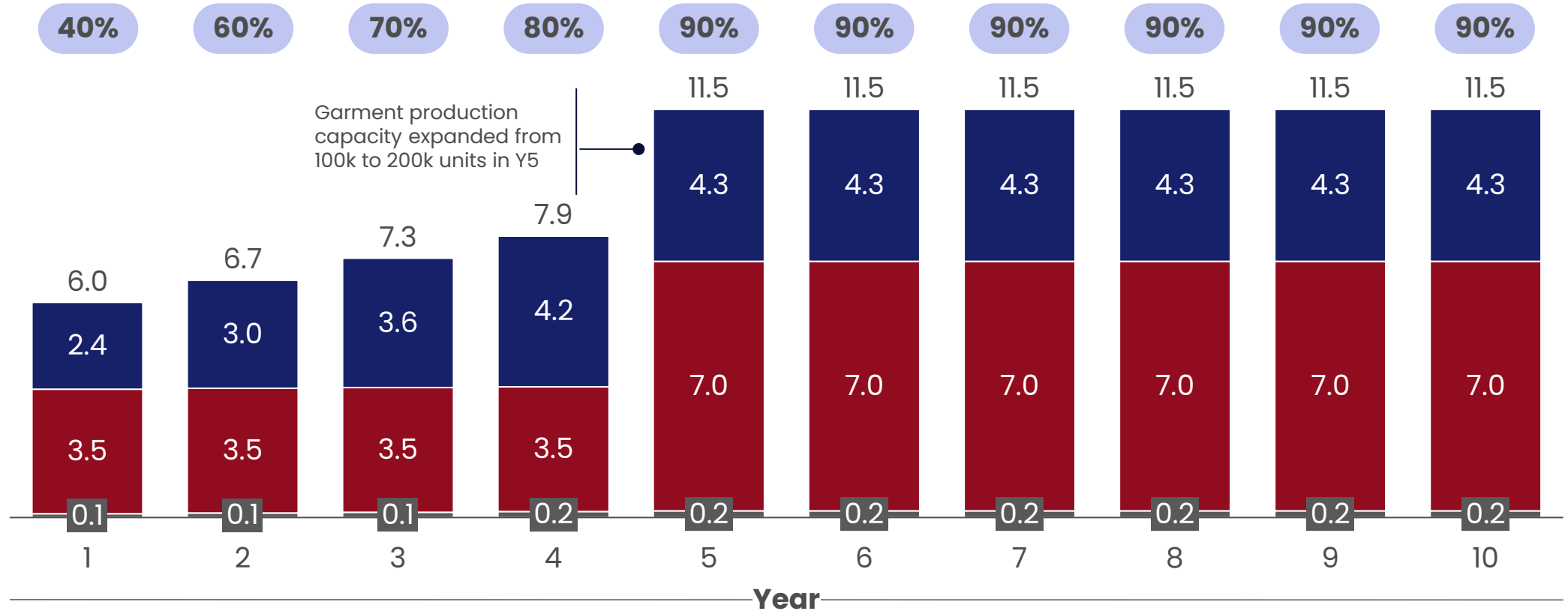
~\$10-15 M

...generating ~\$12Mn in annual revenue at steady state, achieving EBITDA margins of ~36%

■ Revenue from Yarn export ■ Revenue from PPE Production ■ Revenue from Cotton Waste

Economics for a integrated textile mill with 2,000t of spinning capacity producing 200,000 workwear units

Spinning mill capacity utilisation, %



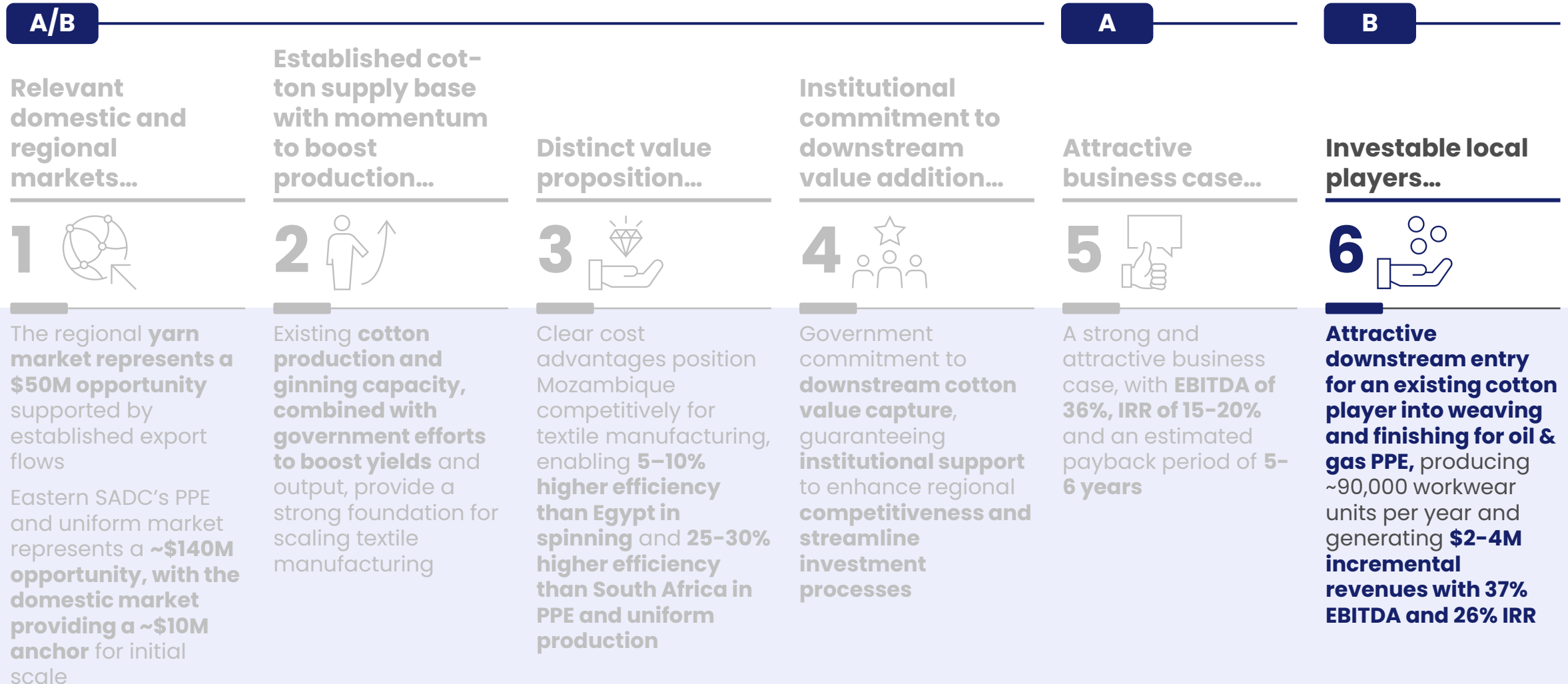
EBITDA Margin, %



¹ Earnings Before Interest, Taxes, Depreciation and Amortization. Further margin details (i.e., EBIT and net profit) would require accounting for CAPEX depreciation and tax considerations (0% for the first 10 years if the facility is located in EPZ)



The investment into an integrated textile mill for PPE and uniform production is supported by 6 key pillars



JFS is Mozambique's leading cotton producer and processor, combining strong growth with scaled impact since 1939



Company snapshot

JFS-SAN is Mozambique's oldest and largest cotton concessionaire. SAN-JFS is the cotton arm of the João Ferreira dos Santos (JFS) Group, one of Mozambique's leading diversified conglomerates with interests spanning agriculture, automotive, real estate, energy, and manufacturing



Ethical procurement

+40,000 smallholder farmers achieving <1t/ha engaged across Mozambique primarily in Niassa, supported through input financing, training, and guaranteed offtake, underpinning rural incomes

Primary processing

30 ktpa installed ginning capacity and 7.5 ktpa edible oil processing across Northern Mozambique, enabling local processing

+200 employees, with a significant part of the Mozambican factory workforce made up of **women working along the cotton value chain**



Globally certified on cotton quality



E2E traceability

Offering clear provenance **valued by premium buyers**

Commitment to social impact, providing education for farmers' children as a core pillar of its **social investment**



A weaving and finishing plant presents an attractive investment case with strong returns

Economics for a weaving and finishing plant producing 90,000 workwear units

IRR

~20-25%

NPV

~\$10-15 M












Payback time

~3-4 years






CAPEX

~\$3-5 M

Potential investors (1/2)

Company	Country	Description/ Relevance	Country of operations	Revenue, USD Bn	Presence in Africa
		<p>A global garment manufacturer with a proven farm-to-product cotton value chain in Sri Lanka; Opened Africa's first Star Garments factory at Togo's PIA \$25M industrial park in June 2025 backed by IFC</p>	<p>12</p>	<p>n/a</p>	<p>✓ </p>
		<p>One of China's largest integrated cotton textile manufacturers – signed investment agreement with Ethiopia for a large-scale integrated spinning and fabric mill in Dire Dawa industrial park</p>	<p>2</p>	<p>n/a</p>	<p>✓ </p>
		<p>Africa's leading industrial zone developer-operator running the continent's most ambitious integrated cotton-to-garment park (GDIZ, Benin); as the driving force behind the \$5B Africa Textile Renaissance Plan with Rieter and Afreximbank targeting 500,000MT of domestic cotton transformation</p>	<p>14</p>	<p>n/a</p>	<p>✓ </p>

Potential investors (2/2)

Company	Country	Description/ Relevance	Country of operations	Revenue, USD Bn	✓	Presence in Africa
 BALAJI GROUP		East Africa's largest grain milling conglomerate already operating a wheat flour mill in Nacala; just commissioned a \$100M, 500MT/day soy crushing and oil refinery in Blantyre, Malawi, making it the closest proven regional crusher	9	n/a	✓	
 INDRAMAMA CORPORATION		Indorama produces cotton fibre, spun yarns, polyester, spandex, and fabrics across a fully vertical supply chain; with prior discussions with the Ethiopian and Ugandan government for an integrated textile mill	40+	n/a	✓	