

BOOSTING

COTTON
TEXTILE
INDUSTRY

IN BENIN

Glo-Djigbé Industrial Zone's (GDIZ)
Investor Handbook





WELCOME TO **BENIN**

One of Africa's most stable democracies, Benin is characterised by fertile land and long-established agricultural practices. A founding member of the West African Economic and Monetary Union (WAEMU) – an eight-country strong customs union – reforms spearheaded by Benin to improve regional integration have enabled the country to become an attractive investment destination boasting a GDP of USD 17 billion (FY 2021). Agriculture is the backbone of Benin's economic development. With over 70% of people relying on farming, the country's agriculture-first economy is now ready to reap the benefits of industrialization.

Driven by the ambition to leverage partnerships with market leaders in agro-commodity trade and supply chain, Arise IIP seeks to develop industrial ecosystems that transform trade in Benin and help achieve greater income equality. Arise IIP seeks to support the emergence of new industries and businesses that can create real and sustainable benefits for Benin and enable the development of trade hotspots in West Africa.

A QUICK SNAPSHOT OF BENIN



Population (2020 UN est.)
12.1 Mn



Capital
Porto-Novo



Currency
CFA Franc



Languages
**French and
English**



Labor force
3.662 million



Literacy rate
42.4% (2010)



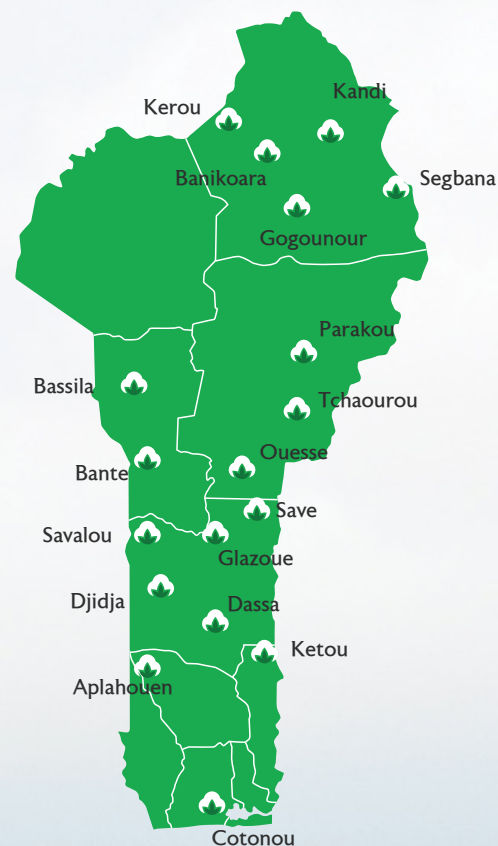
Area
42,710 sq mi



BENIN'S FOOTHOLD IN THE WORLD OF COTTON

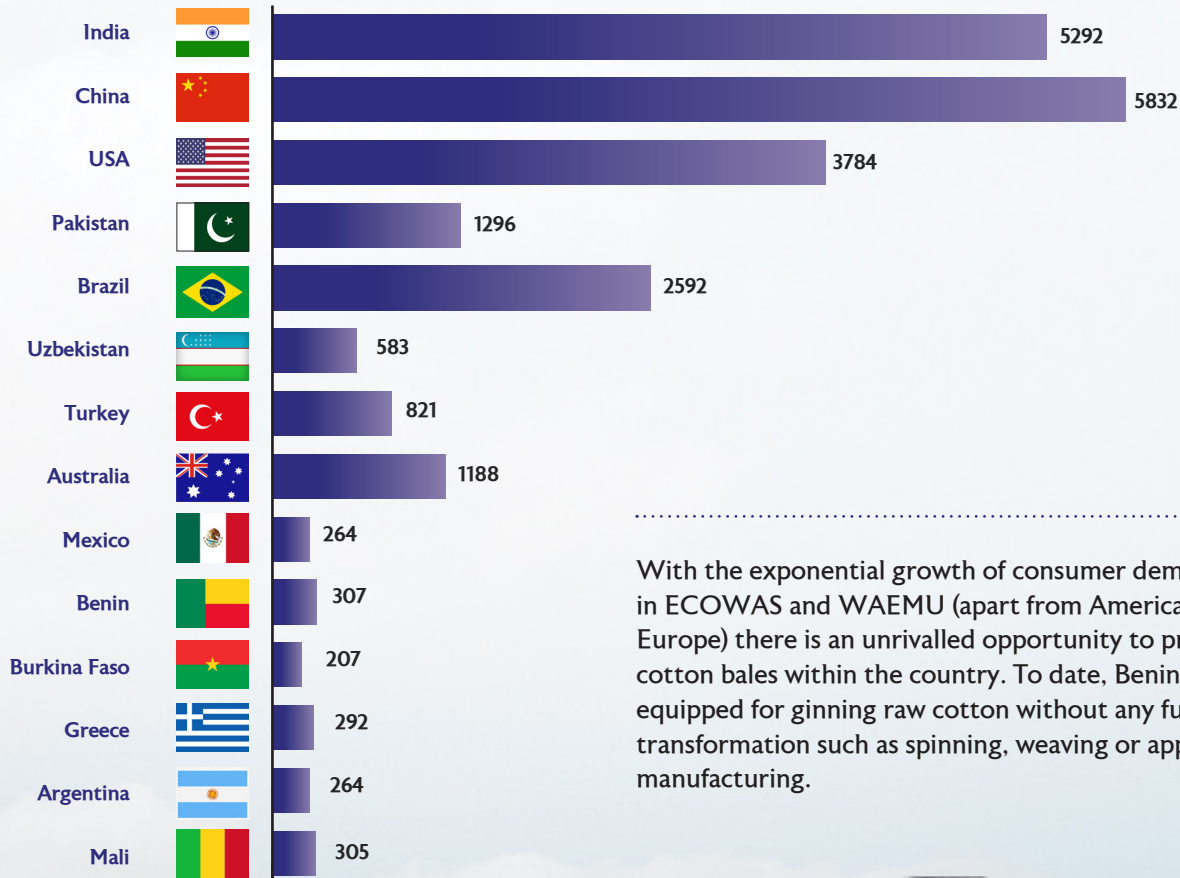
West African countries like Benin, Burkina-Faso and Mali, export 1.8 million MT valued at USD 922 Mn of unprocessed Cotton, while they import almost \$ 2.4 Bn worth of cotton textile and apparels. Among which, Benin is the largest producer of cotton fiber with volumes exceeding 300,000 MT (ranked #10 globally), which have grown four times in the last decade and are projected to grow another three times in the next few years. Benin currently exports 100% of its ginned cotton to Vietnam and Bangladesh.

Cotton Production (in '000 Tons)



Benin No.1 Cotton Producers in West Africa
No.10 Globally

Lint Cotton (Ginned Cotton) Production, k MT



FY 2021-22 (in '000 Tons)

Benin No.1 Cotton Producers in
West Africa No.10 Globally

Source : USDA, ATMS Analysis

With the exponential growth of consumer demand in ECOWAS and WAEMU (apart from Americas and Europe) there is an unrivalled opportunity to process cotton bales within the country. To date, Benin is only equipped for ginning raw cotton without any further transformation such as spinning, weaving or apparel manufacturing.

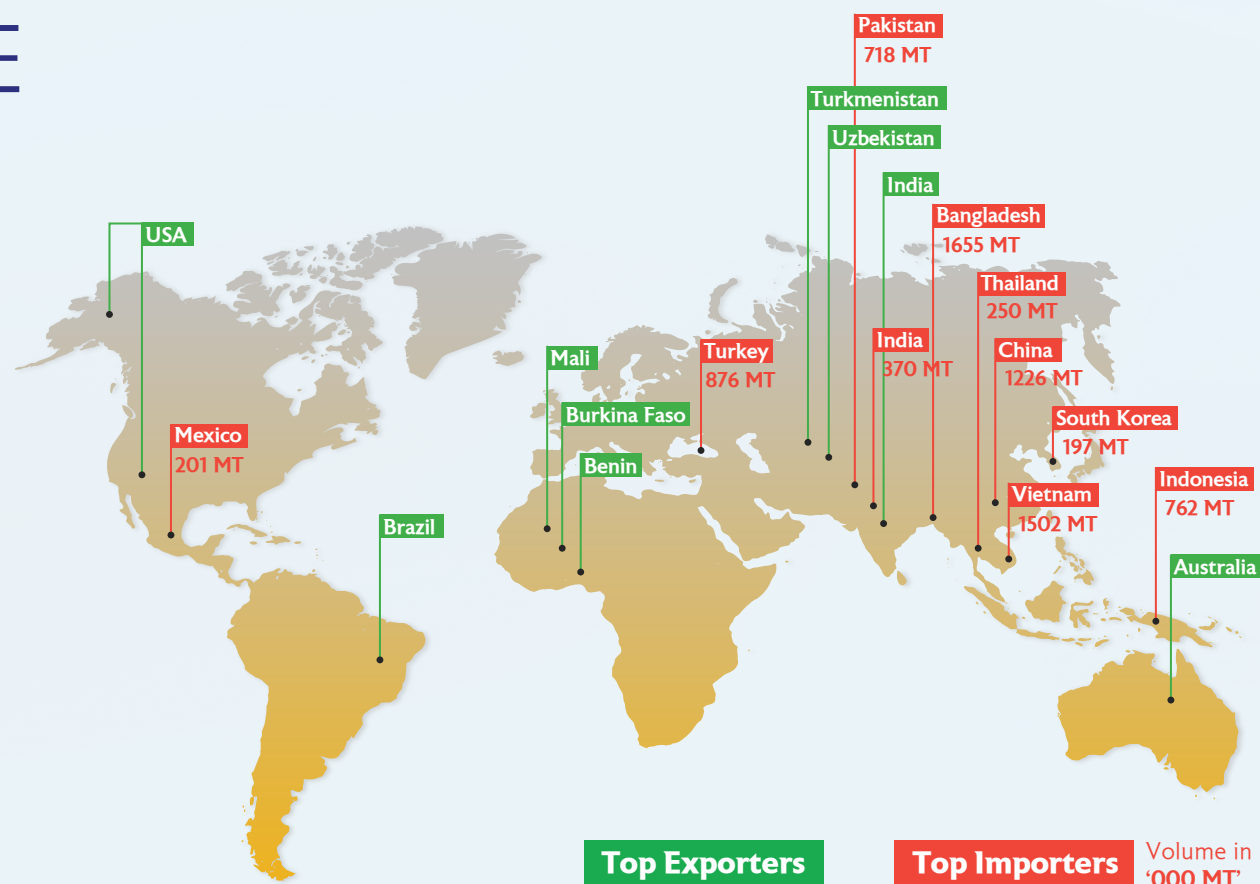
Cotton Processing

- **Ginning**
- **Installed ginning capacity:**
800.000 MT
- **Main ginning companies:**
SEICB, ACA, CBT, CCB, SODECO
- **No further processing:**
(Spinning/Weaving/Apparel)

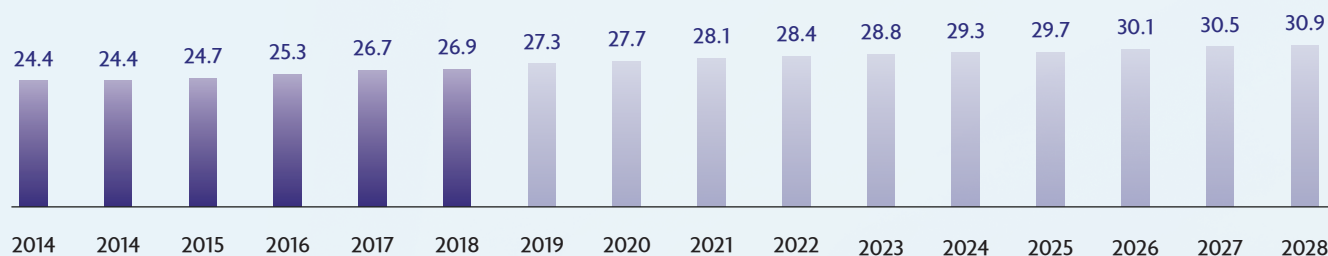
Arise IIP's Glo-Djigbe industrial zone is poised to harness this very opportunity to export transformed cotton and apparels for much higher value. GDIZ's state-of-the-art manufacturing and trade ecosystem is supported by the country's recent trade initiative, which includes a proposed international port, a robust investment code, and favourable trade policies, raising its attractiveness as an investment hub.

GLOBAL TEXTILE TRADE IS ROOTING FOR BENIN

Despite being an industry that hasn't seen a decline since 2008, the USD 1.5 trillion global apparel industry is seeing steady growth. This can be attributed to both a consistent 2% growth in cotton production due to limited area under plantation, and the growing international charm for synthetic fibres, especially for textile manufacturers in developing countries. This allusive decline poses a grand opportunity for cheaper, higher quality cotton to serve the increasing need and demand for cotton-based products, globally.



Seed Cotton Production, k MT

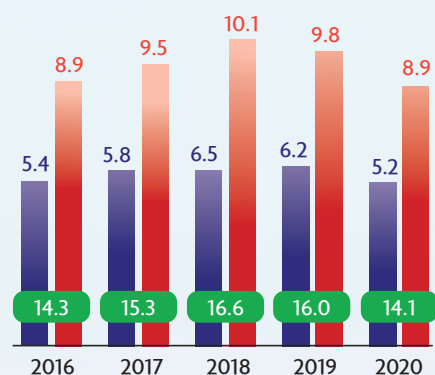


The cotton market is a mature market with cotton lint demand progressing at **2.4% over the last 5 years.**

World Seed Cotton: **74.4M MT**
World Cotton Lint: **26.7M MT**
Africa Cotton Lint: **1.30M MT**

Africa T&A Trade

Africa's T&A Exports (Bn USD)



Apparel Textile
Grand Total

Africa's T&C Imports (Bn USD)



Clothing Textile
Grand Total

Source : UN Comtrade, ATMS Analysis

At Arise Integrated Industrial Platforms (IIP), we seek to produce and transform cotton as a resource, encouraging cotton textile and finished garment export from under-utilized cotton producers of West Africa to the rest of the world. According to a UN report, cotton demand is likely to increase for emerging countries. With limited supply of high quality cotton, there is a gap to fill. Attracting manufacturers from developing countries to manufacture fabric and finished garment in Africa and supply to countries from US, Europe, MENA, and central Africa. Arise IIP's initiative to set up the Glo-Djigbé Industrial Zone (GDIZ) in Benin, Africa aims to seize the opportunity while aiding economic growth of our investors, and the nation.

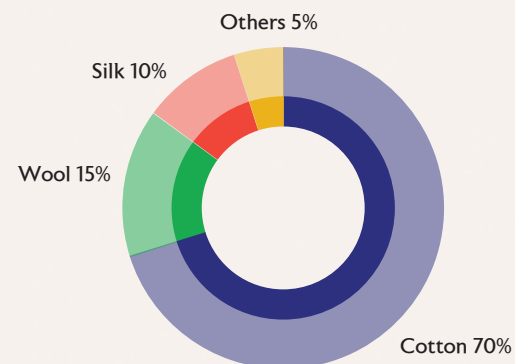




AFRICA'S RISING SHARE IN GLOBAL TEXTILES IS **A BOON FOR BENIN**

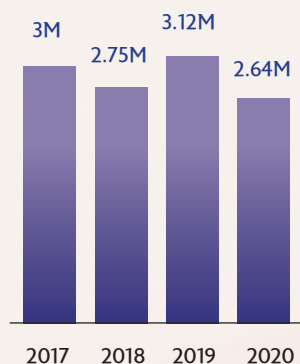
Estimated to grow at a CAGR of around 5% from 2019 to 2024, the prospects of the African textile industry are high. In the cotton business alone, the continent's textile industry employs close to 450,000 people. While the majority of Africa's textile industry has been dominated by the production and export of cotton, the global market's growing demand for industrial thread and yarn creates new growth and investment opportunities in the continent's textile industry.

Africa cotton market: Natural fibres used in textile industry, in percentage, global, 2019



Source: FAO, Mordor Intelligence

Cotton Market: Production in Metric Ton, Westrn Africa, 2017-2020



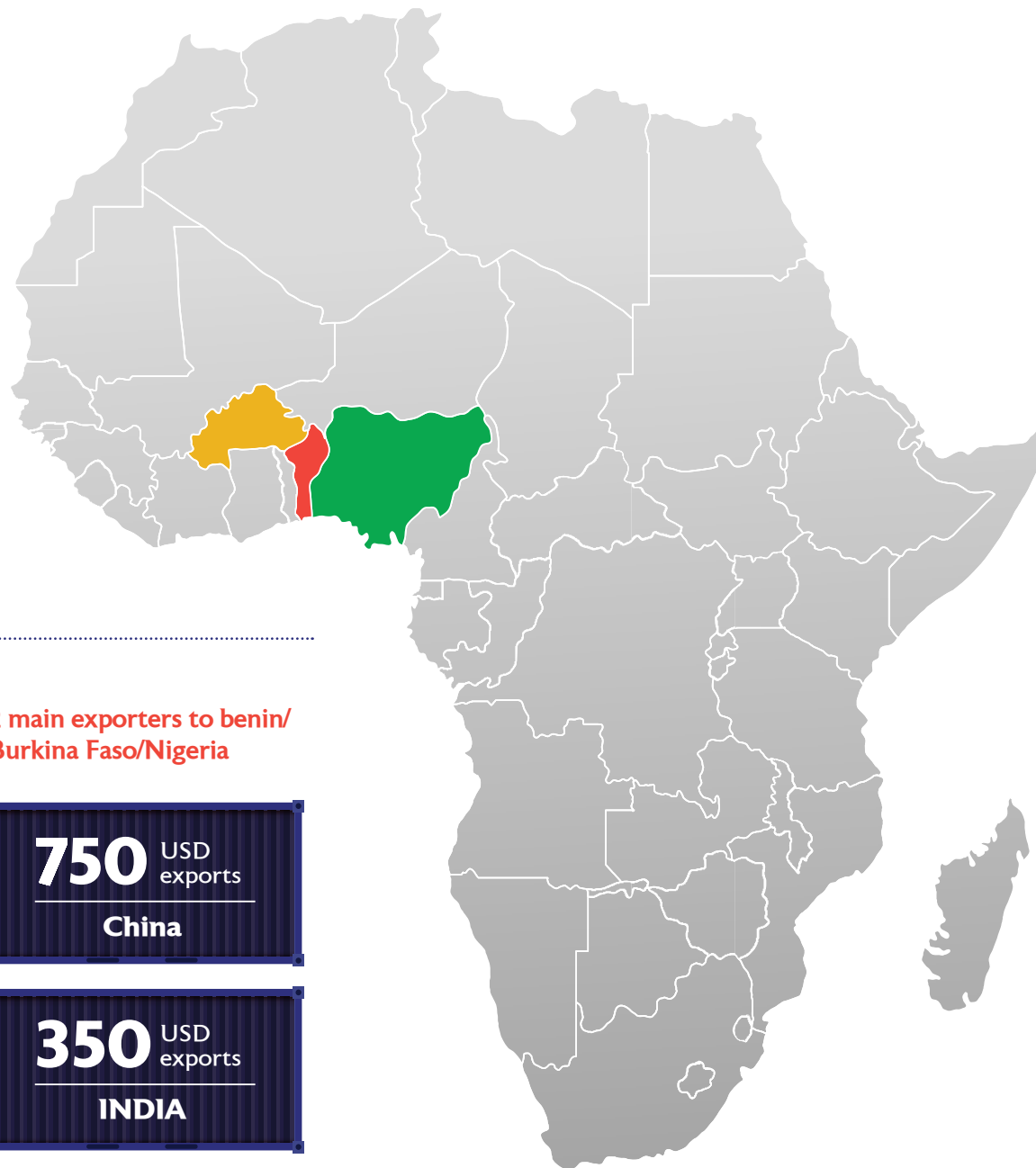
Source: FAOSTAT

70% of African cotton comes from 12 West African countries. Starting with Benin, the leader in production volumes, alongside Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Ghana, Mali, Niger, Nigeria, Senegal, and Togo. Mills, however, are sparse in the region, causing nearly all of the West African cotton to be exported to South Asian countries. The West African economic, political and regulatory landscape offers a strong opportunity to bridge the gap with several global markets that benefit from advanced transformation facilities. Arise IIP's Glo-Djigbé Industrial Zone (GDIZ) in Benin seeks to address this gap by transforming cotton locally into a more valuable product and exporting it to other parts of Africa, Europe, Asia and the Americas.



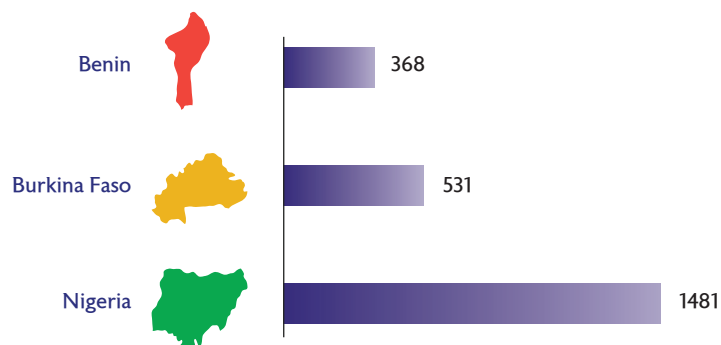
BENIN'S POTENTIAL STARTS AT HOME

Benin's textile industry does not have to look very far for export markets. In 2017, Benin along with its nearest neighbours, Burkina-Faso and Nigeria, imported textile and cotton related products worth USD 2.4 billion. Benin alone imported USD 764 million and USD 354 million worth of cotton and related commodities from China and India respectively. The regional demand offers a sustainable and scalable market with much lower TAX and logistics cost.



While Africa is importing massively apparel/cotton related products

Apparel cotton related products imports, m USD



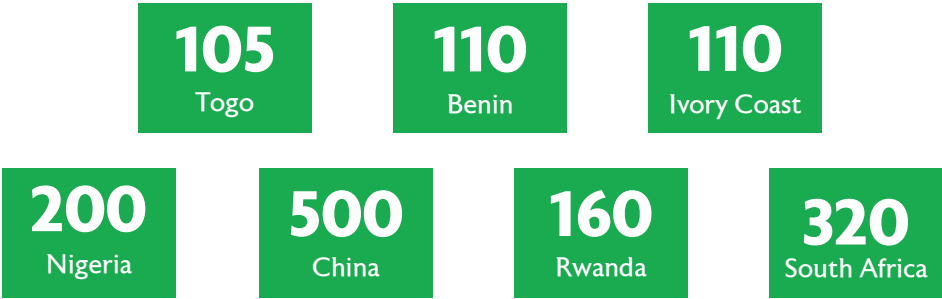
2 main exporters to benin/ Burkina Faso/Nigeria



Benin's trade policies and favourable labour demographics make it a remarkable investment hub for textiles. Govt of Benin shall prioritise the availability of the raw materials for all the investors in the zone . Additionally, Benin's new labour code allows subcontracting, and permanent 4-year fixed term, and interim contracts with reduced litigation of labour disputes and enhanced worker safety. This offers both business flexibility and job security. Benin's strategic development framework promotes mandatory technical and vocational education, along with sector-specific training initiatives. Benin is also home to skilled and motivated labour.

Average labour cost for manufacturing

Wages (USD per month)



Source : ATMS Analysis



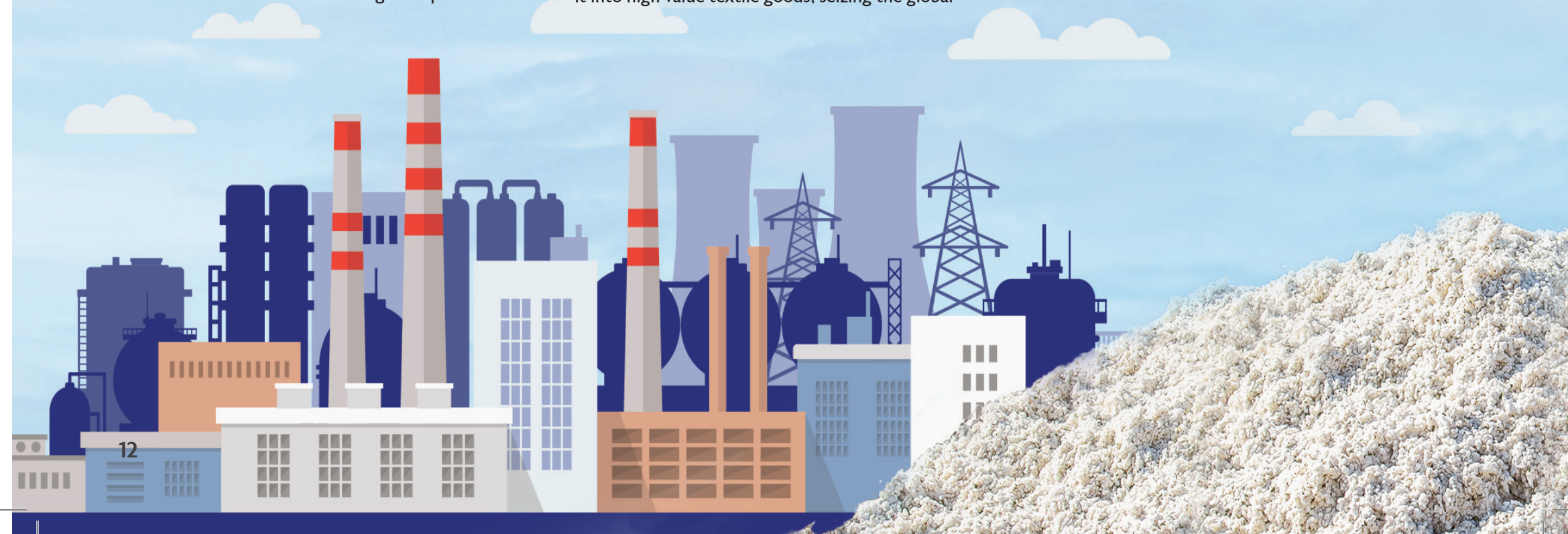
WHAT THE FUTURE HOLDS FOR BENIN

Benin can rely on a well-established cotton sector which accounts for 12% of GDP and represents 60% of the country's industrial activity. Benin is already equipped with sizeable production facilities for first level transformation, an approximate 325,000 people strong cost-efficient workforce, and more than 700,000 tons of cotton seed production. Benin's foothold in cotton has in fact even helped other African countries become the largest exporter of

textile goods in Africa. With Glo-Djigbé Industrial Zone's offering to build an ecosystem for the entire textile value chain, the future looks promising.

The Government of Benin has a similar road-map for the future of cotton. With a plan to develop the advanced industrial zone and textile park, it intends to process the cotton in the country, and transform it into high value textile goods, seizing the global

exporting opportunity. GDIZ sees a potential to set up 3 spinning and weaving & knitting units initially, with a capacity to produce 34,000 MT of fabric, followed by 28 large-scale apparel manufacturing units to transform 100% of Benin cotton by 2030. These projections promise remarkable growth opportunities for investors, industries and Benin's economy.





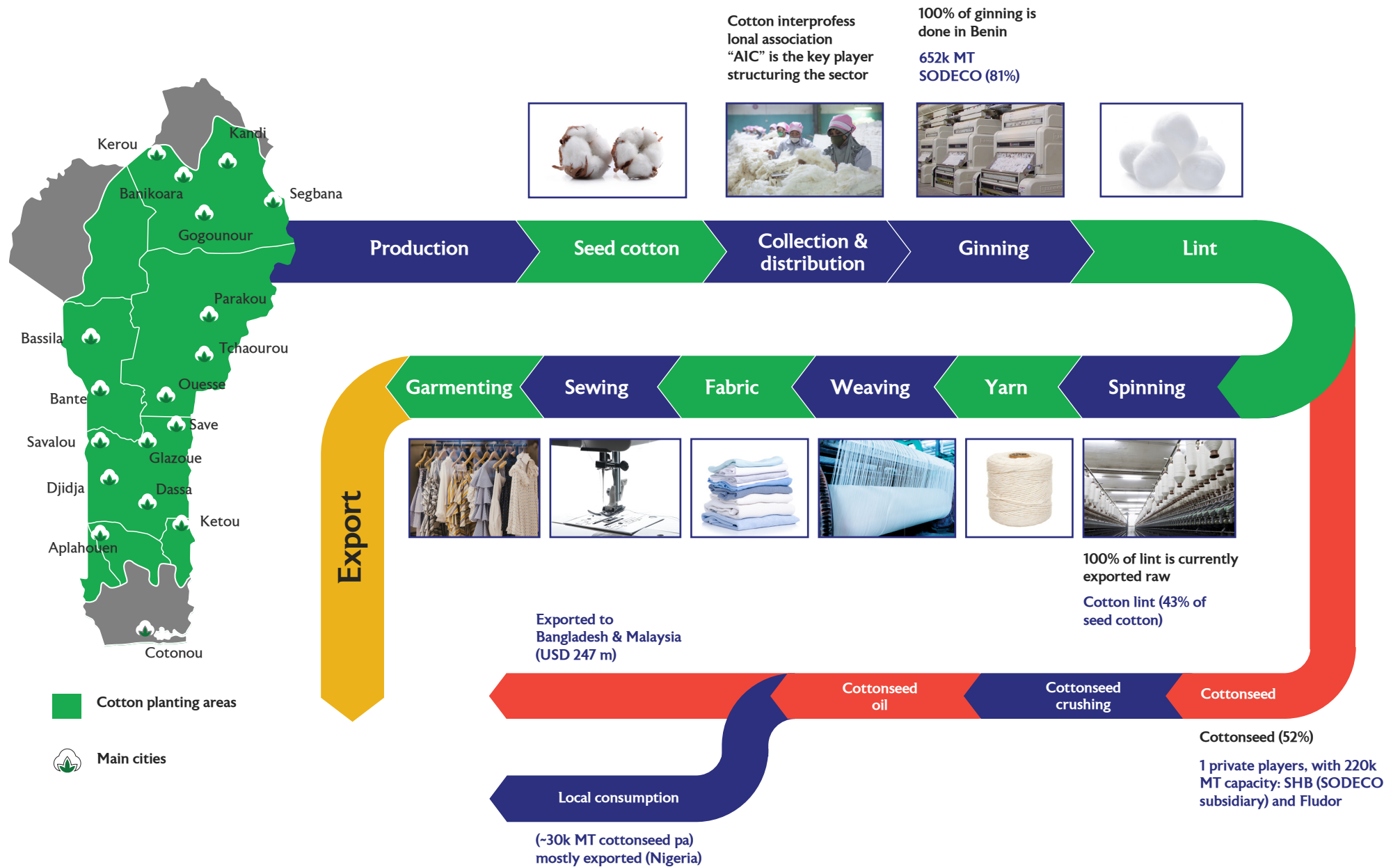
A COMPLETE AND TRANSPARENT **COTTON VALUE CHAIN**

This includes an integrated home textile plant that produces home textile products such as high-value towels and bedlinen of international quality.

Integrated knitting units are also coming up in the GDIZ, focusing on the production of knitwear products such as T-shirts, Leggings, Sleepwear, Undergarments, etc. These

products will be catering to the top brands and retail giants in the USA and Europe.







AN END-TO-END ECOSYSTEM FOR ESCALATING BENIN'S COTTON TRADE

Glo-Djigbé Industrial Zone (GDIZ) aims to leverage the Beninese government's ambitious plans to accelerate cotton transformation and sky-rocket the textile business. The industrial zone will offer an ecosystem equipped with the infrastructure, human resources and facilities to support and nurture every stage of the cotton value chain.



Upstream - RCN & cotton lint sourcing



RCN & cotton lint logistics



Warehousing - industrial park



Processing - industrial park



Downstream - marketing & exports

BENIN COMES WITH ADDED BENEFITS

GDIZ's own set ecosystem to boost cotton business is further supported by Benin's attractive corporate and tax laws.

- 100% ownership of the company and assets, w/o local partner
- Zero currency devaluation risk
- Easy visa and work permits
- Relaxed labour laws
- Reduced export duty for SEZ products

GDIZ and its comprehensive ecosystem are both designed to create value in the cotton industry from start to finish. GDIZ will not only transport and store, but also source the lint directly from ginning actors and producers. For processing plants, be it spinning, weaving or apparel manufacturing; GDIZ offers ready-to-use plots for lease, O&M facilities, and raw commodity handling services. The Industrial Zone also supports investors and the industry to market the end-products and ship them to the ports (and beyond).



BENIN'S FISCAL TAX INCENTIVES PROMISE A STABLE GROWTH

S.No	Aspect	SEZ	DTA	Remarks
1	Tax Regime	Regime-1	Regime-II	
2	Exemptions on Capital Goods and Establishments of their Company	100%	100%	All import duties, TVA or any other tax applicable including CESS, or any future tax which might come in Territorial limits of the Benin other than the zone.etc
3	Exemptions on Raw Materials	100%	NO	
4	Exemptions on Maintenance of Equipment's / Spare-parts etc	100%	100%	
5	Sales Authorization in Local (Benin) Market	NO	35%	
6	TAX Holiday (Income, Corporate etc)	Period of Lease	Period of Lease	
7	Any other exemptions (Contract Registrations/ Transfer, Levies)	100%	100%	
8	WHT on all Payments (Local & International)	100%	100%	
9	Any other exemption and Benefits (Please specify)			
10	Property Tax	100%	100%	
11	Repatriation of Profits	100%	100%	
12	Exemption from capital gains tax	100%	100%	
13	VAT	100%	100%	



A QUICK GLANCE AT GDIZ

Developed by Société d'Investissement et de Promotion de L'Industrie – BENIN (SIPI-BENIN), Glo-Djigbe Industrial Zone (GDIZ) is a dedicated zone jointly promoted by ARISE IIP (Olam International, Singapore), Africa Finance Corporation (AFC), and the Republic of Benin.



GDIZ Benin's vision and mission



Self-Sustainability



High Value
Products



Seamless
Connectivity



Quality
Infrastructure



Global
Competitiveness

GDIZ Benin seeks to become a plug & play industrial facility with

- Robust Electricity Supply upto a capacity of 170 MW.
- 44KM roadway system
- ~9MLD running water facility in phase-1
- ~7MLD effluent treatment plant as project develops

GDIZ Benin complies with the highest safety standards

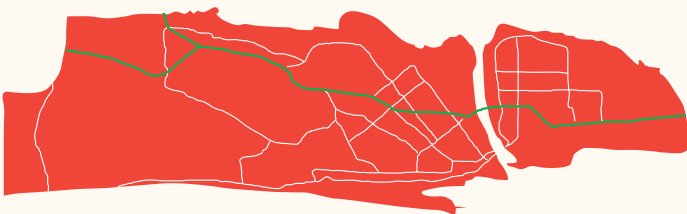
- Single window building
- Custom control gate
- Surveillance System

GDIZ Benin: Support Infrastructure and facilities for the Industrial Units

- Container Yard (Dry Port) initially planned for a handling capacity of 2000+ containers will facilitate the port services for fast disposal of custom related services for import as well as export of the materials
- Truck Terminal for more than 500 trucks in subsequent phases shall position the proposed development as logistical hub and would facilitate movement of the raw materials as well as the finished materials.
- Warehousing Facilities , almost 28000 Sq.M of Built-up in phase -1 shall extend a good resort to storage of the raw materials to support industrial activities related to processing of the agro-commodities through out the year.

GDIZ Benin's connectivity trade

The port of Cotonou



80 ha

Water area

400,000 sq meters

Cotonou port

450 cargo goods vessels

accounting for 11MTs anually

350 container vessels

accounting for 280.000 TEUS anually

3rd

largest port in Africa.

With a water area of 80 ha, the port of Cotonou covers a 400,000 square meters area and handles 450 bulk and cargo goods vessels accounting for 11MTs along with 350 container vessels accounting for 280.000 TEUS annually. The port of Cotonou is the 3rd largest port in Africa and enjoys highly optimized shipping costs.

Sea Leadtime

Shipment lead-time to USA Port of Houston –

COUNTRY	FROM PORT	TYPE OF CONTAINER	SHIPMENT DAYS	CONTAINER LOAD
INDIA	Port of Jawaharlal Nehru Port, India	40 High Cube	36	FCL
CHINA	Port of Fuling, China	40 High Cube	43	FCL
PAKISTAN	Port of Karachi, Pakistan	40 High Cube	35	FCL
VIETNAM	Port of Danang, Vietnam	40 High Cube	42	FCL
TURKEY	Port of Iskenderun, Turkey	40 High Cube	26	FCL
BENIN	Port of Cotonou	40 Standard	27	FCL

Shipment lead-time to Germany Port of Bremerhaven –

COUNTRY	FROM PORT	TYPE OF CONTAINER	SHIPMENT DAYS	CONTAINER LOAD
INDIA	Port of Jawaharlal Nehru Port, India	40 High Cube	25	FCL
CHINA	Port of Fuling, China	40 High Cube	34	FCL
PAKISTAN	Port of Karachi, Pakistan	40 High Cube	25	FCL
VIETNAM	Port of Danang, Vietnam	40 High Cube	35	FCL
TURKEY	Port of Iskenderun, Turkey	40 High Cube	20	FCL
BENIN	Port of Cotonou	40 High Cube	17	FCL

Source : Ports.com, ATMS Analysis

Cotonou International Airport

The airport is the primary entry point into the country by air, with flights to the rest of Africa and Europe. International airlines such as Brussels Airlines, Turkish Airlines and Ethiopian Airlines service the Cotonou international airports. The closest airports are only an hour flight away from Cotonou such as Lomé, Abidjan and Accra, all of which offer direct flights to the UK and the USA.

A new international Airport of Cotonou is also planned just next to the project site of Glo-Djigbe Industrial Zone which can be seen as an emerging new business, commercial and logistical hub of the country.

Road network

Benin has good connectivity ease of road travel with its West African neighbours: Burkina Faso, Niger, Nigeria and Togo. The national road network covers about 16,000 km. The country’s road infrastructure plays an important role in facilitating regional trade and cooperation, lowering the cost of business.

Connectivity	Road distance from Cotonou	Time by road	Air distance from Cotonou	Time by air
BURKINA FASO	1.031,05 km	15h 14min	813,00 km	1h 25min
NIGER	1.885,66 km	28h 44min	1.328,70 km	2h 3min
TOGO	416,79 km	5h 49min	361.92 km	0h 50min
NIGERIA	1.013,24 km	12h 19min	802,09 km	1h 26min

ARISE IIP'S ON-GOING SEZ IN GABON

Gabon Special Economic Zone (GSEZ) started in 2010 as a joint venture between Olam International Ltd., the Republic of Gabon, and Africa Finance Corporation with a mandate to develop infrastructure, enhance industrial competitiveness, and build a business-friendly ecosystem in Gabon. It is currently home to 144 investors from 18 different countries sprawling across 1,126 hectares. IIP enabled Gabon to emerge as the largest exporter in Africa and the second largest exporter of veneer sheets (processed wood) in the world.

ABOUT ARISE INTEGRATED INDUSTRIAL PLATFORMS (IIP)

ARISE IIP provides industrial ecosystems across Africa, contributing to the continent's industrialisation agenda and enhancing manufacturing competitiveness. Our industrial hubs enable the development of more competitive economies and more equitable societies for tomorrow, helping achieve greater income equality. We are driven by the pursuit of green growth; our ambition is to unlock the continent's industrial potential while neutralising our carbon emissions and climate impact.

NOTES

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