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COSMETIC TOILETRY & FRAGRANCE ASSOCIATION OF SOUTH AFRICA

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RESEARCH & INNOVATION | SAFETY EVALUATION REGULATORY AFFAIRS CLAIMS & MICROBIOLOGY

CRAFTING EXCELLENCE THROUGH COMPLIANCE

THE AFCFTA THROUGH A COSMETIC INDUSTRY LENS:

Legalities, Specificities, Complexities and Opportunities in a Global Tariff War Context

Percy SIBANDA BCom. LAW, BSc.(Hon) Applied Chemistry, Dip. Cosmetic Science

Scientific & Regulatory Affairs Advisor – Sub-Saharan Africa



“Africa's abundant resources and the potential of its people provide the ingredients for a renaissance that would astound the world.” – **President Nelson MANDELA**

AGENDA

AfCFTA: A Socio - Economic Overview

African Beauty Industry: By the Numbers

AfCFTA & Cosmetics - Complexities and Opportunities

African Cosmetic Market Access Expansion

Value Chains: The African Cosmetic Landscape

Investment in African Beauty – Attracting Capital to Africa

Current Global Trade Dynamics and the AfCFTA

L'Oréal in Africa – A Case Study

Conclusion: Key Take Aways and Recommendations for South African Cosmetic Companies



AFCFTA: A SOCIO - ECONOMIC OVERVIEW

"We are stronger together. Our differences make us powerful." – **Siyamthanda KOLISI, Double Rugby World Cup Winning Springbok Captain**

One Market. One Voice. One Africa.

AfCFTA: Africa's Path to Prosperity

54
Nations

1.4 Billion
Population

$3.4
Trillion GDP

52%
Intra-African Trade Boost







AfCFTA isn't just a trade deal—it's a continental shift toward self-reliance and shared prosperity.

Source: Statista & World Economic Forum

AFCFTA: ZOOMING IN ON THE ESTIMATIONS & PROJECTIONS

AFCFTA

KEY METRICS

54 of 55 AU Countries have signed treaty.
48 have ratified the treaty.



KEY TRADE SECTORS



Manufactured Goods **(Cosmetics)**
Agricultural Products **(Cosmetic Raw Materials)**
Services (digital **(e-commerce)**, finance, transport

COMBINED MARKET SIZE

1,4 Billion People
US$ 3.4 Trillion in Combined GDP
US$7 Trillion Economy by 2035 *(Ceteris Paribus)*



PROJECTED IMPACT



30 Million People – Poverty Alleviation
10 % salary increase for skilled/unskilled workers
US$450 Billion Extra African Income by 2035

INTRA - AFRICAN TRADE

Currently 15% of African Trade
Boosted to **52% by 2030** through AfCFTA



TRADE TARIFF REDUCTION



Elimination of Tariffs on 90% of Goods traded within the continent incl. **Cosmetics**

Source: Statista, AfCTFA & World Economic Forum



AFRICAN BEAUTY: THE NUMBERS

"The best way to help Africans today is to help them to stand on their own feet. And the best way to do that is by helping create jobs." – **Ngozi OKONJO-IWEALA, WTO Director General**

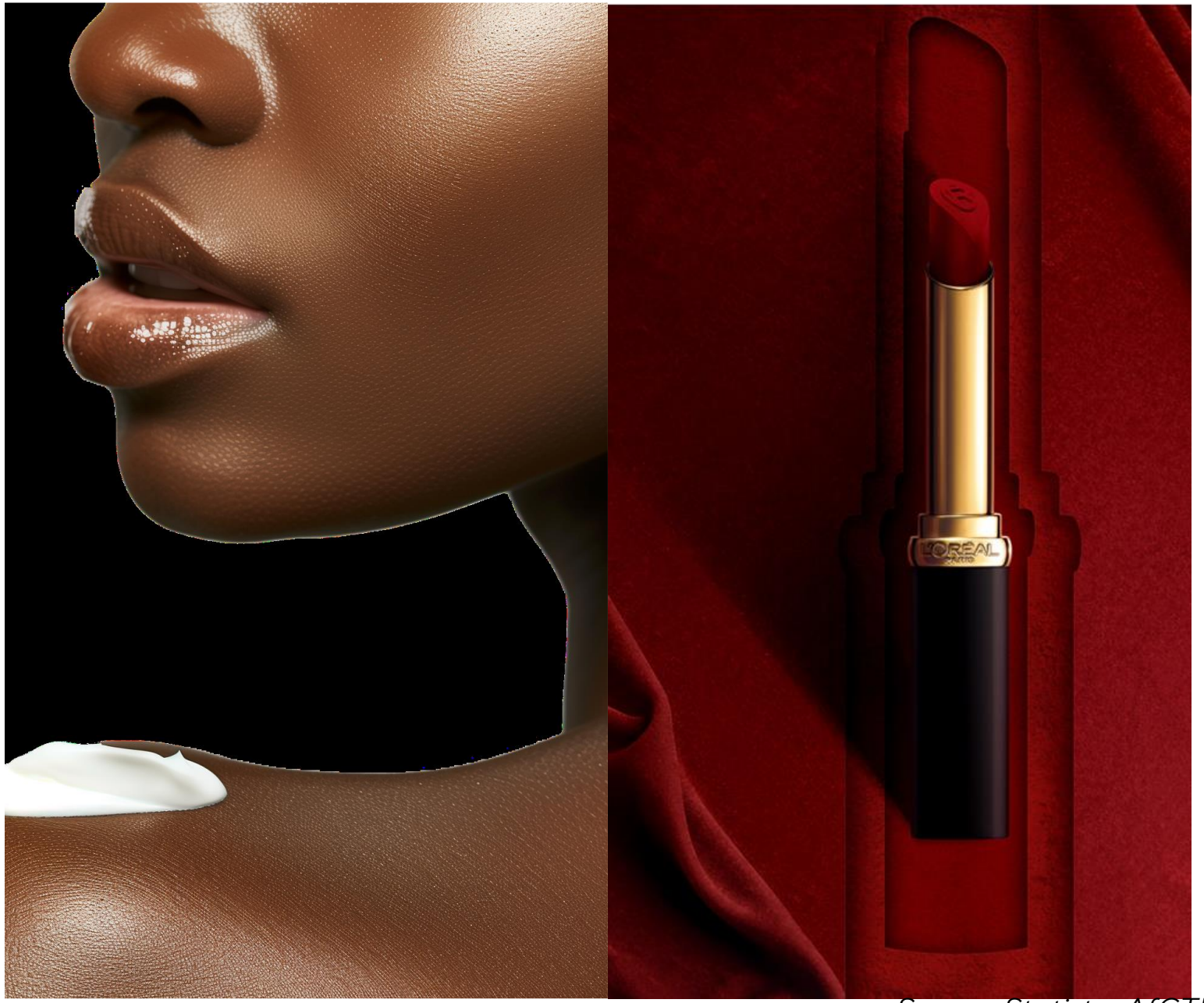
TWO IMPORTANT NUMBERS FOR COSMETIC MANUFACTURERS

Markets Size:

1,4

Billion People

That will need **beauty and personal care** products daily.



$6,7

Billion

Projected Consumer Spending by 2030

Part of which will be spent on **beauty and personal care** products.

Source: Statista, AfCTFA & World Economic Forum

AFRICAN BEAUTY INDUSTRY – DETAILED SNAPSHOT

COMPETITOR MIX

- **Multinational Majors**: L'Oréal, P&G, Unilever, Beiersdorf, Estee Lauder
- **Local Powerhouses**: Union Swiss, Amka Products, Tiger Brands, Environ, Portia M Cosmetics, Canway, Zeta Laboratories.
- **Indie Brands**: SKOON, House of Tara, 54 Thrones
- **Independent Entrepreneurs**: Not enough room on this slide!

KEY MARKETS

- **SOUTH AFRICA** – Most Mature
- **NIGERIA** – Fastest Growing.
- **KENYA & EGYPT** – E-Commerce Beauty Hotspots

DEMOGRAPHICS

Over 60% of People under 25.
Urbanisation Rate of about **43%** and rising annually.

MARKET SIZE (2025 Projection)

US$ 69,53 Billion



ANNUAL GROWTH RATE (CAGR)

4,68% CAGR (2025-2030)

TOP PRODUCT CATEGORIES

- **Hair Care** – Afro Specific
- **Skin Care** – For Melanin Rich Skin
- **Fragrance** – Luxury Fine Fragrance & Deodorants

E-COMMERCE PENETRATION

Estimated @ **>20% of Beauty Sales** in major hubs of **Johannesburg**, **Lagos**, **Nairobi** and **Cairo**
Growing faster than retail

Source: Statista, AfCTFA & World Economic Forum

AFRICA'S BEAUTY INDUSTRY: KEY STATS

4.68%
CAGR

60%
of population under 25

E-commerce >20%

MARKET SIZE:
$69,53 Billion

KEY PRODUCT SEGMENTS:

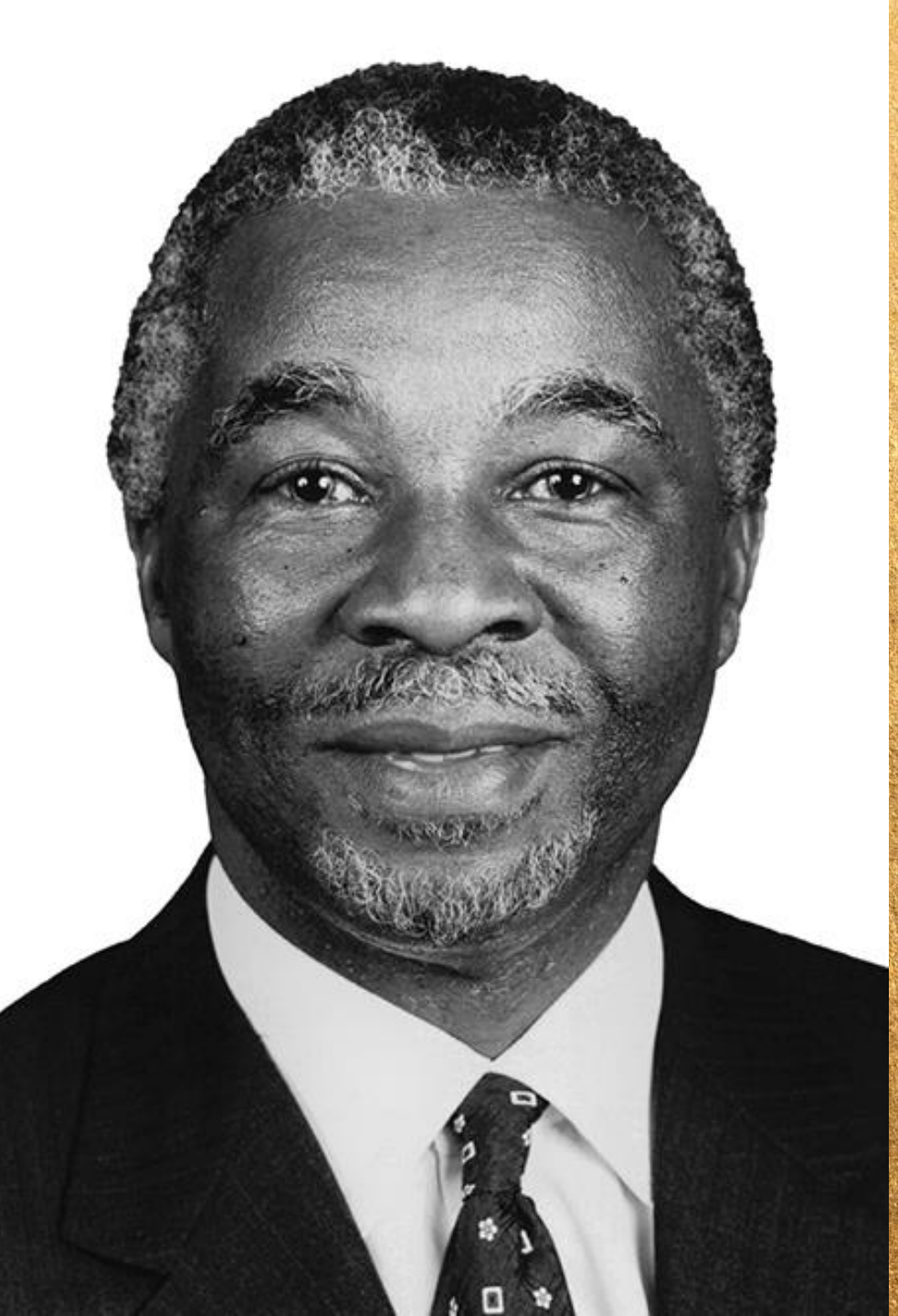
HAIR CARE	33%
SKIN CARE	31%
FRAGRANCES	20%
MAKE-UP	11%
OTHER	5%



TOP 5 MARKETS BY SIZE

1. South Africa
2. Nigeria
3. Ghana
4. Kenya
5. Ethiopia

Source: Statista, AfCTFA & World Economic Forum



LEGALITIES AND SPECIFICS

"Africa must reclaim its rightful place in the world. We have the potential to achieve great things." **– President Thabo MBEKI**

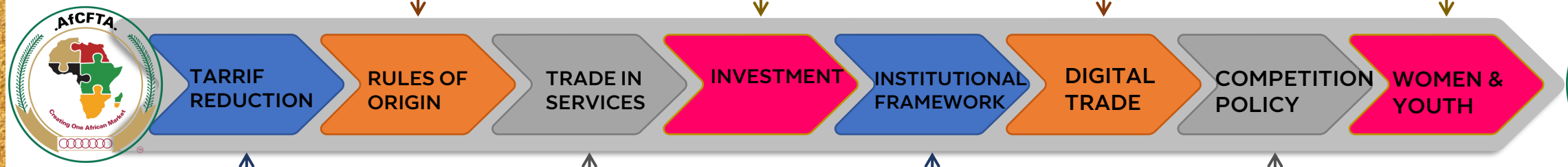
THE LEGALITIES & SPECIFICS COVERED IN THE AFCFTA TREATY

These rules establish the criteria for goods to be considered "Made in Africa", preventing goods from outside the continent from being re-routed to benefit from tariff reductions

To create a more attractive environment for investment within Africa by protecting investments, dispute settlement, transparency thus promoting investor confidence

Because of the importance of e-commerce, the AfCFTA has legal provisions that deal with digital trade, data protection, consumer protection and digital payments

Over 60% of Africa's population is under 25 and mostly female. It is thus important for Africa's biggest trade legal instrument to have provisions that empower Women and the Youth in trade matters.



Progressive elimination of tariffs on substantially all trade in goods originating from the African continent by 2030. Currently sitting at 92% of tariff headings

Aims to liberalize trade in services progressively. The negotiations to finalise the schedules of specific commitments for each country are ongoing.

The AfCFTA Secretariat has been established to oversee the implementation of the agreement and provide technical assistance to AU Member States.

To prevent anti-competitive practices that could hinder trade and investment, the AfCFTA includes provisions on competition policy.

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AFCFTA & COSMETICS

“Make up has always been really fun for me.” **– Adut AKECH, Model & Refugee Rights Activist**

THE AFCFTA PROTOCOLS AND HOW THEY IMPACT THE BEAUTY INDUSTRY



PROTOCOL ON TRADE IN GOODS

01 Reduces Tariffs and non-tariff barriers enabling cosmetic manufacturers to access broader markets without heavy import duties.

PROTOCOL ON TRADE IN SERVICES

Beauty services such as salons, wellness centres, spas, cosmetic formulation consultants etc can operate across countries. 02

PROTOCOL ON INVESTMENT

03 Encourages intra-African investments in the beauty sector i.e. building factories and then sourcing ingredients in Africa.

PROTOCOL ON INTELLECTUAL PROPERTY

04 This protocol protects brand identity and innovation in formulations for pan-African recognition.

PROTOCOL ON COMPETITION

05 Ensures fair competition among all players in the African Beauty sector.

PROTOCOL ON DIGITAL TRADE

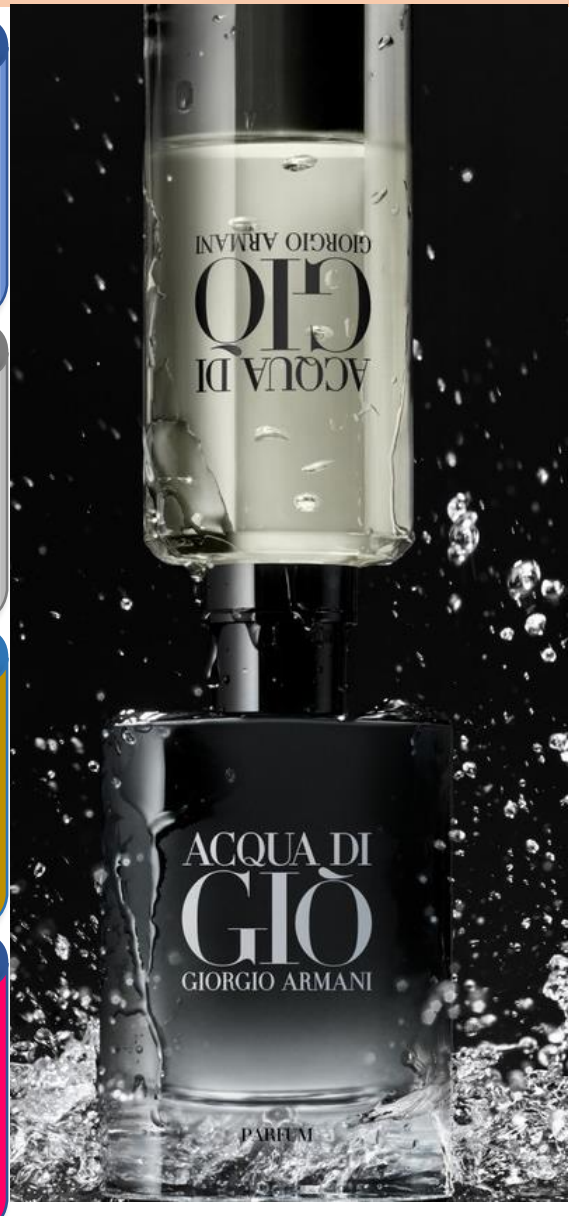
Empowers beauty e-commerce platforms to trade freely across African countries. 06

PROTOCOL ON WOMEN & YOUTH

07 The African Beauty industry has a high percentage of female entrepreneurs who will be empowered with access to finance and trade support.

PROTOCOL ON DISPUTE RESOLUTION

Provides recourse for beauty product exporters or service providers when disputes arise around customs, tariffs or IP Misuse. 08



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RULES OF ORIGIN

"Being South Sudanese is a huge part of who I am. I want to share my culture and story with the world." **– Adut AKECH, Model & Refugee Rights Activist**

ASSIGNING AFRICAN ORIGIN OF A COSMETIC PRODUCT

WHOLLY MADE IN AFRICA

Product Bill of Materials (BOM) to manufacture it completely sourced and worked on in Africa.



SUFFICIENTLY WORKED

Product Bill of Materials (BOM) to manufacture it sourced elsewhere but sufficiently worked on in Africa.



PROCESSED IN AFRICA

Product Bill of Materials (BOM) to manufacture it partially sourced and worked on in Africa and meeting set threhsolds.



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ORIGIN CONFERRING UNIT OPERATIONS

CHEMICAL REACTION ORIGIN

The chemical reaction producing the product must have occured in one or more AfCFTA State Parties



PURIFICATION ORIGIN

Purification of the product i.e. the removal of impurities resulting in a substance useable in listed applications occurs in one or more state parties



MIXTURES & BLENDS

Proportional and deliberately controlled mixing of materials to conform to predetermined specifications OR different to original inputs.



ORIGIN CONFERRING UNIT OPERATIONS

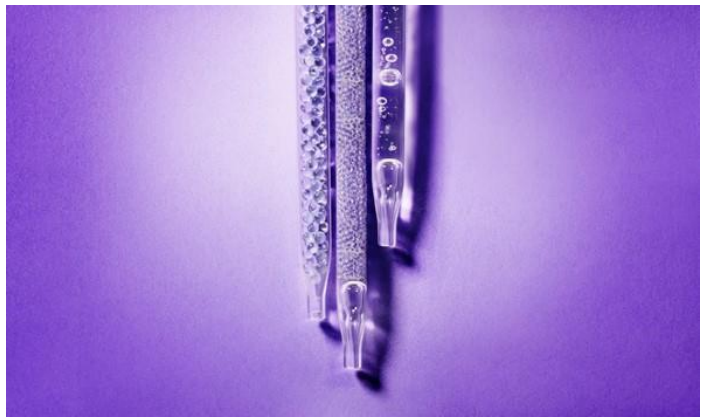
CHANGE IN PARTICLE SIZE

Deliberate and controlled modification in particle size of goods that is relevant to the production of the goods.



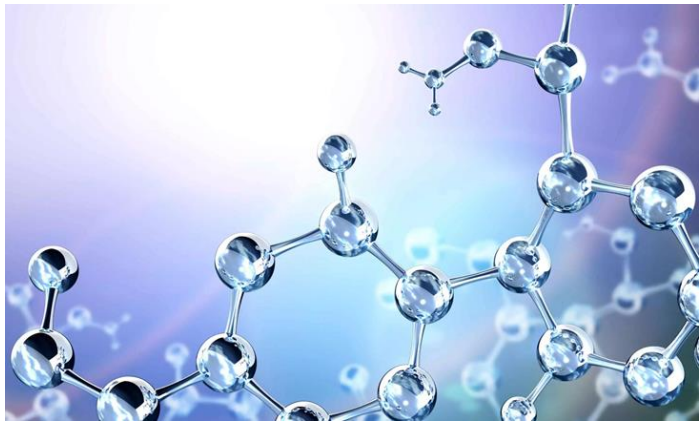
STANDARDS MATERIALS

Standard solutions for the calibration of scientific equipment, reference solutions having specific degrees of purity.



ISOMER SEPERATION

Product must result from the seperation of isomers in one or more member states.





TARIFF REDUCTIONS AND ELIMINATIONS

"You have to be creative and unpredictable to succeed. Always look for opportunities to make a difference." **– Cheslin KOLBE, Double Rugby World Cup Winning Springbok**

TARIFF REDUCTION OFFERS: CURRENT STATE OF PLAY

East African Community
Validated & Operational

Southern African Customs
Validated & Operational

ECOWAS Customs
Validated & Operational

State Parties recognised by SARS as AfCFTA Countries


Kenya


Algeria


Egypt


Tunisia


Cameroon


Rwanda


Nigeria


Botswana


Morocco


Ghana


Namibia


Eswatini


Mozambique


Burundi


Lesotho


Malawi


Mauritius


Tanzania


Uganda


Gambia

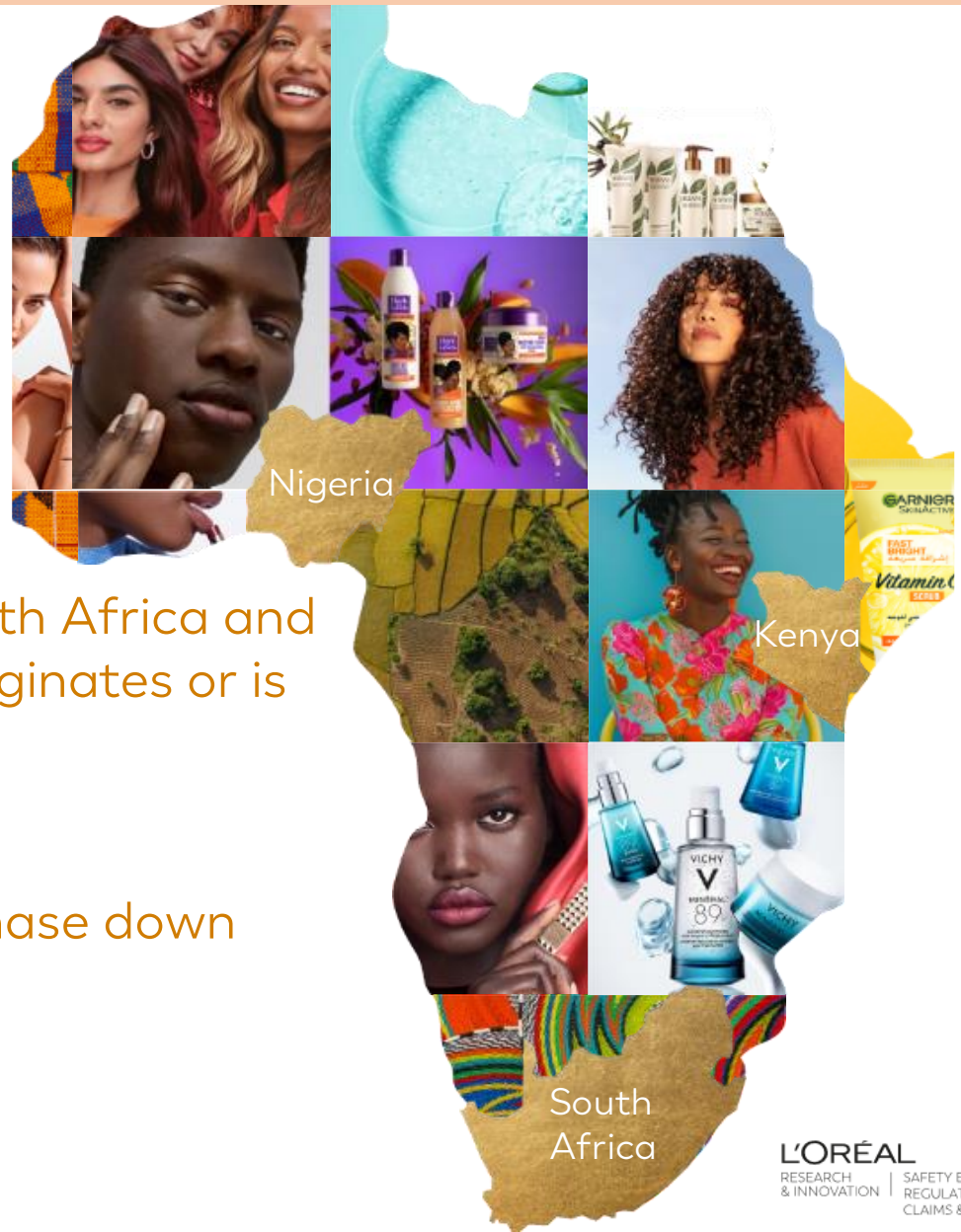
COSMETICS – CONDITIONS FOR AFCTFTA PREFERENTIAL TARRIFS TO APPLY

Proof of African origin of the cosmetic product using previously discussed criteria.

SARS must recognize trading country where cosmetic originates or is destined for as an AfCFTA State Party.

There must be tariff reciprocation between South Africa and the AfCFTA State Party where the cosmetic originates or is going to.

AfCFTA State Party must be on 5- or 10-year phase down period for tariffs on cosmetics.



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COSMETICS – NOTABLE HARMONISED TARIFF CODES LIBERALISED IN SACU OFFER



33041020: Preparations having a Sun Protection Factor of 15 (SPF 15) or more.



33051000: Shampoos



33041090: Lip makeup preparations - other.



33052010: Preparations for Hair in Aerosol Containers



33053010: Preparations for Hair in Aerosol Containers



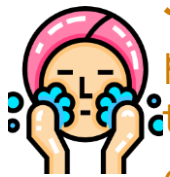
33052090: Preparations for permanent waving or straightening



33053090: Hair Lacquers: Other



33072010: Pre-shave, shaving or after-shave preparations: In aerosol containers



34013000: Organic surface-active products and preparations for washing the skin, in the form of liquid or cream and put up for retail sale, whether or not containing soap.

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COSMETICS – NOTABLE HARMONISED TARIFF CODES NOT YET LIBERALISED IN SACU OFFER



33049930: Preparations for moisturizing or softening skin



33049990: Beauty or make up preparations



33041000: Lip make-up preparations



33049940: Preparations for face makeup & makeup



33042000: Eye makeup preparations



33049900: Other including suncare lotion



33049100: Makeup or skin care powders including baby

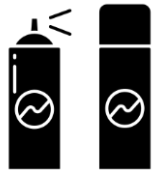


33059000: Other preparations for use on the hair





33052000: Permanent Waves/Straightening Hair



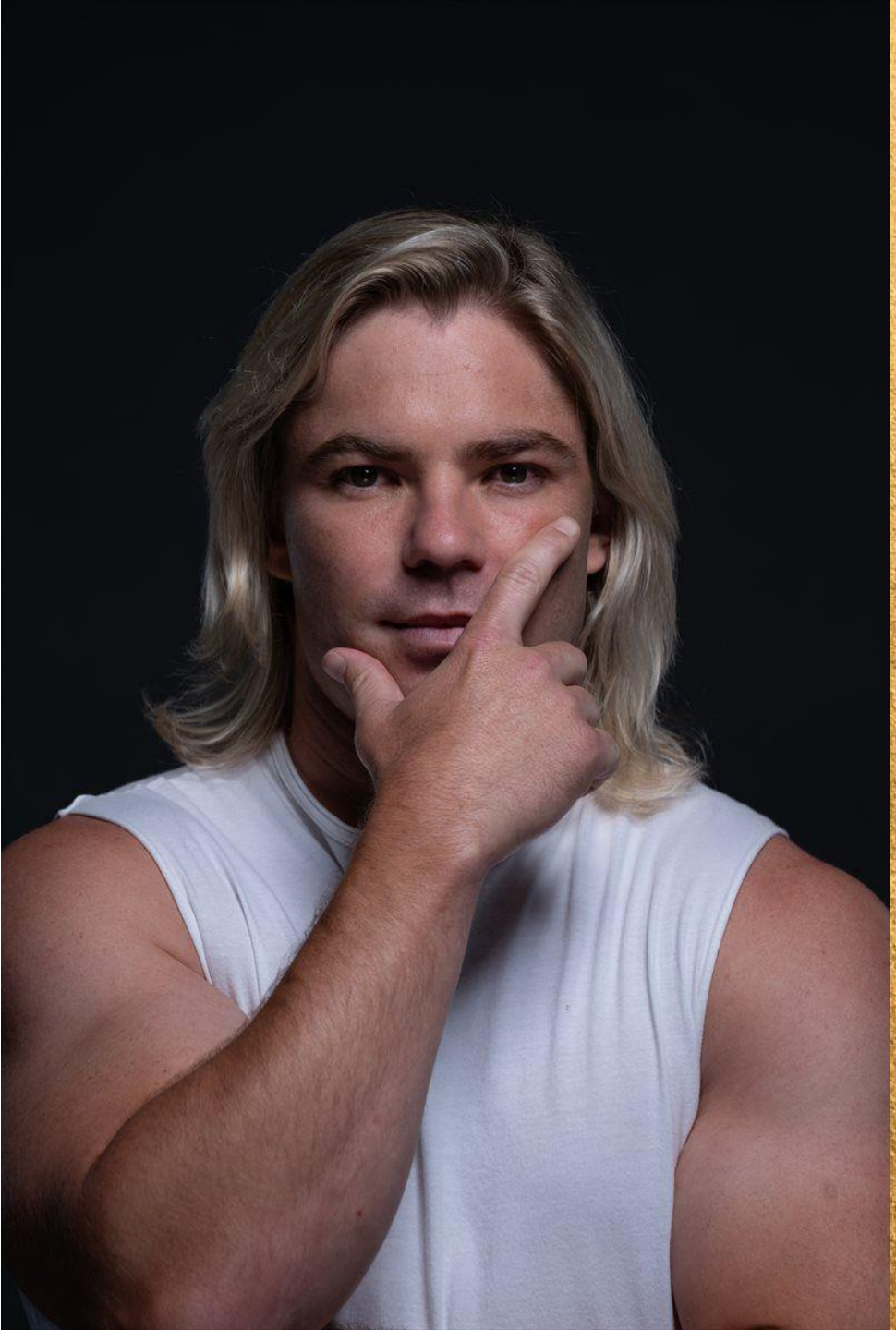
33072000: Deodorants & Antiperspirants



33049920: Suntan preparations

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NON-TARIFF BARRIERS

"I play to inspire people and give confidence to young kids who might shy away because of their size." **– Faf DE KLERK, Double Rugby World Cup Winning Springbok**

NON-TARIFF BARRIERS (NTB) AND HOW THE AFCFTA IS SORTING THEM OUT!



01 CUSTOMS DELAYS

AFCFTA: Proposed time release initiatives and digital platforms for NTB Reporting.

02 DUPLICATE STANDARDS & REGULATIONS

AFCFTA: Promote Cosmetic Standards Harmonisation through ARSO and Regulatory Equivalence or Mutual recognition for Cosmetic Regulations.

03 TECHNICAL BARRIERS TO TRADE

AFCFTA: Implementation of Mutual Recognition Agreements (MRA) on product testing and conformity through ARSO.

04 SANITARY & PHYTOSANITARY MEASURES

AFCFTA: This protocol protects brand identity and innovation in formulations for pan-African recognition.

05 ADMINISTRATIVE BOTTLENECKS

AFCFTA: Encourages use of digitized Single windows and e-certification systems.

06 MUTUAL RECOGNITION OF PROFESSIONAL SERVICES

AFCFTA: Protocol on Trade in Services such as beauty services will have sectoral liberalisation and recognition frameworks

07 INFRASTRUCTURE GAPS

AFCFTA: Financing infrastructure development i.e. roads, rail and port facilities. Innovative solutions such as use of drones as delivery mechanism.

08 DISPUTE RESOLUTION

AFCFTA: NTB Monitoring Mechanism allowing traders to monitor and report NTBs online.



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INFORMAL TRADE

"I've always been very proud to be a South African and I've always been very honest to people about that." **– Charlize THERON, Actress & Activist**

AFRICA'S HIDDEN FMCG JEWEL – THE SPAZA (INFORMAL TRADE) ECONOMY

SOUTH AFRICA – Estimated Value: **ZAR 140 Billion (USD 7.5 Billion)**

Africa wide Informal Retail Economy: **Exceeds USD 200 Billion** with Spaza like shops in **South Africa**, **Nigeria, Kenya and Ghana**

CAGR – 6.9% (2025 - 28)



MARKET SIZE & CAGR

SUPPLY CHAIN

BEAUTY IN SPAZA SHOPS

DIGITAL TRENDS

PRIMARY SUPPLIERS: Cash & Carry Wholesalers, Local distributors, Large FMCG Manufacturers: L'Oréal, Unilever, P&G, Reckitt's etc.

LOGISTICS: Mostly self-distribution with increasing use of platform-based suppliers e.g. Yebo Fresh, Vuleka etc.

TOP PRODUCTS: Petroleum Jelly, Body Lotions, Skin Tone Management, Deodorants, Relaxers, Hair Oils, Hair Food and Bar Soaps.

BRAND STRATEGY: Small sachet-sized or refillable packs are preferred.

Average Mark-Up: 20-25%

MARKETING: Very low cost and digital. Word of mouth and social media are the main vehicles.

DIGITAL PAYMENTS: 40% of Urban Spaza shops accept digital payments and Mobile Payments.

DIGITAL ORDERS: Aggregators now allow B2B orders via What's App or Custom Apps

Source: Statista, AfCTFA & World Economic Forum

SPAZA ECONOMY IN AFRICA

KEY INSIGHTS (2024)



Market Size

R140 billion (-$7.5 billion)

Africa-wide informal retail econorny exceeds $200 billion



CAGR

6.9% CAGR (2024-2028)

Driven by mobile money. FMCG partnerships, youth entrepieneurship: digital POS adoption

SUPPLY CHAIN OVERVIEW



Primary suppliers: Wholesalers (Cash & Carry), local distribu-tors, large EMCG suppliers: Unllever, Procter



KEY PRODUCT CATEGORIES IN SPAZAS



Food & beverages — 55%



Tobacco & confectionery — 15%



Beauty & Personal Care — 10–15%



Airtime/Data Vouchers — 8%

BEAUTY & PERSONAL CARE IN SPAZAS



Smail, sachet-sized or refillable packs preferred

Average mark-up: 28–35 %

Challenges. Limited refrigention, stockpiling capacity a high transport costs

Source: Statista, AfCTFA & World Economic Forum



DIGITAL TRADE

"I believe values are best understood and internalised when they are expressed as behaviours."- **Faf DU PLESSIS, Cricketer & Author**

AFCFTA PROTOCOL ON DIGITAL TRADE – THE LEGAL CONTEXT



Lays Groundwork for the regulation of digital trade in physical goods (e-commerce)



Electronic contracts and invoicing regulatory provisions



Digital Identity Regulatory Provisions

Defines what a digital service is.



Digitally delivered services: AI, Video Streaming etc.



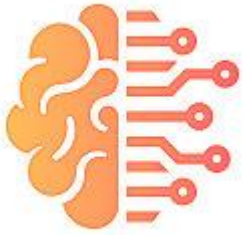


Data Governance

Electronic transfer of records



Cross-Border Data Transfer



Personal Information Protection



DIGITAL TRADE – COVERED CROSS BORDER ACTIVITIES



E-Commerce: Delivery of physical goods initiated by a digital/online transaction

takealot.com JUMIA konga Kilimall amazon



Digitally Delivered Services (DDS): Delivery of paid for service digitally/online

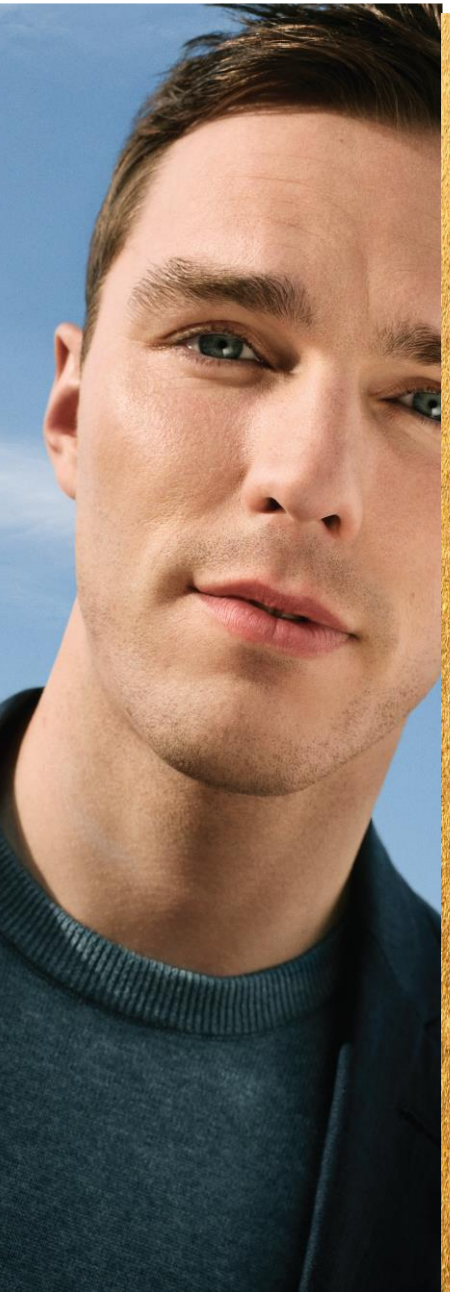




Platform services & Hybrids: Delivery of paid for service digitally/online. Service is non-tangible

Uber airbnb showmax NETFLIX

WHAT COSMETIC INDUSTRY DIGITAL ACTIVITIES MAY BE IMPACTED?



AI - Powered Product Recommendations

Diagnostic Tools in Retail & @home: Beauty Genius

Online Consumer Protection

AI-Powered Personalisation of Marketing

Data Innovation and how far we can use consumer info

AI & DIGITAL TRADE REGULATORY POLICY

Creator/Influencer driven purchases

Speed and Deployment of AI-driven Ideation

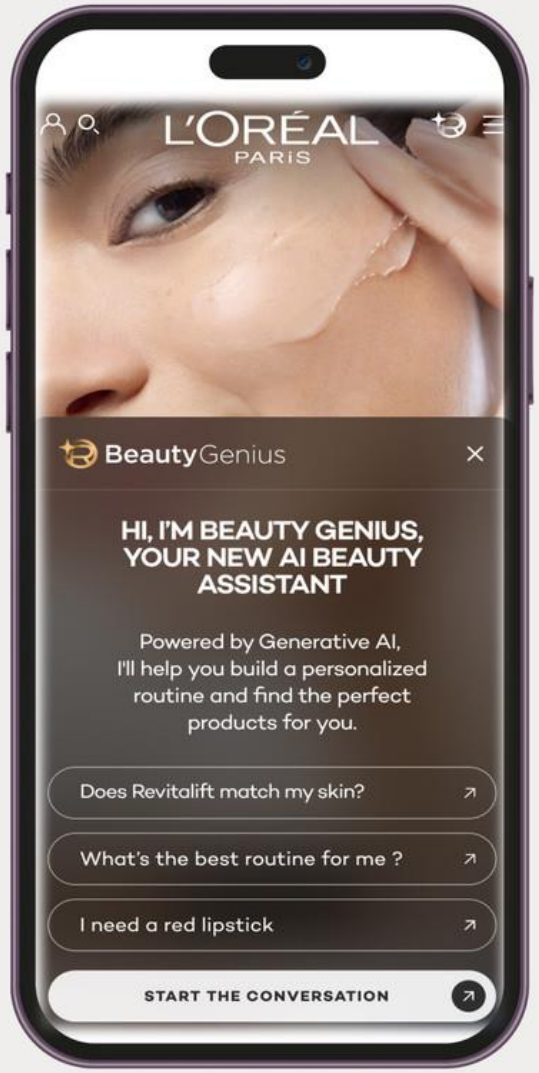
Creator & Influencer Economy and Ecosystems

Unstructured consumer data collection and analysis

AI Influenced consumer purchase decisions



EXAMPLES OF INNOVATION POSSIBILITIES THROUGH THE PROTOCOL ON DIGITAL TRADE IN THE BEAUTY SPACE



BEAUTY ASSISTANTS such as **L'Oréal Paris' Beauty Genius** help consumers to virtually try on looks that can be achieved using cosmetic products and see how they will look on them before they make the purchase. The assistants also have recommendation and e-commerce capability.

AUGMENTED REALITY ADVERTISING such as **L'Oréal Paris' Panorama Mascara** launch in South Africa which cost very little to develop via Artificial Intelligence but caused such a **huge impact when it went viral**.

BEAUTY DEVICES such as **Lancôme's HAPTA** help improve the beauty routines and quality of life of consumers who may not be able to apply cosmetic products in the conventional sense.

EXAMPLES OF L'ORÉAL BEAUTY TECH INNOVATION IN ACTION

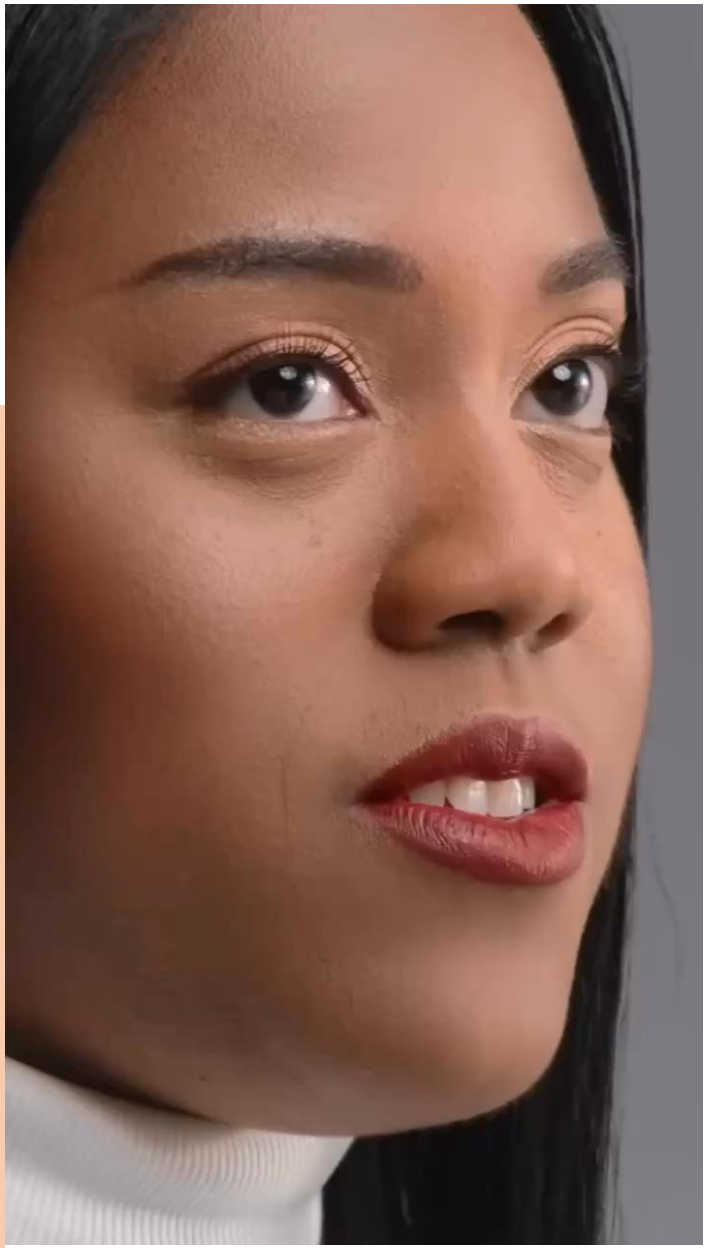
Beauty Genius



Augmented Reality AD



Lancôme's HAPTA

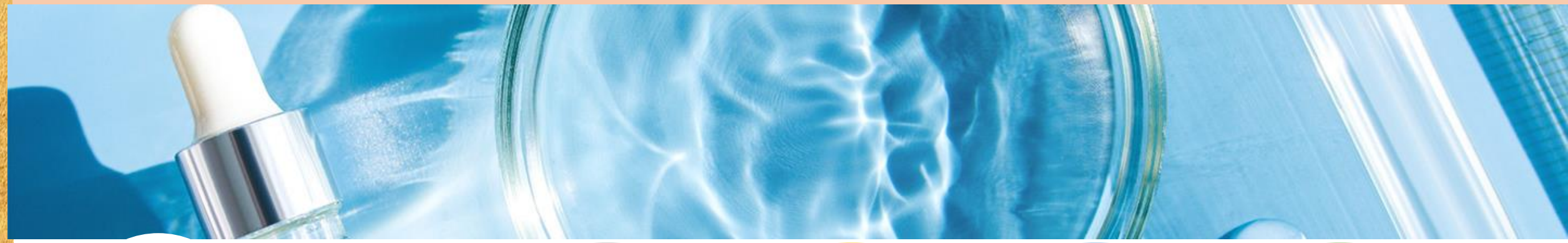




SOLVING IMPLEMENTATION FOR COSMETICS

"Africa is not a colour, it is a place!" **– Trevor NOAH, Comedian, TV Host, Author & Social Commentator**

IMPLEMENTATION ISSUES & POSSIBLE SOLUTIONS FOR COSMETICS



FRAGMENTED REGULATIONS

Establish Pan-African Cosmetic Regulatory Authority and Trade Association

POOR LOGISTICS SYSTEMS

Use the Guided Trade Initiative Corridor and partner with logistics platforms like Kobo360.

CAPITALISATION CONSTRAINTS

Leverage Afreximbank's Pan-African Payment & Settlement System (PAPSS) and women focused financing.

FORMALISATION OF INFORMAL TRADE

Digitally register MSMEs via simplified AfCFTA portals and e-commerce platforms.

DIGITAL EXCLUSION

Offer mobile-friendly onboarding tools, build local fulfilment hubs for beauty brands

NON-TARRIF BARRIERS

Promote use of the AfCFTA NTB Reporting Mechanism by cosmetic companies and fast track green lanes.

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BRIDGING AFRICAN INFRASTRUCTURE GAPS

"No matter where you are from, your dreams are valid." **– Lupita NYONG'O, Actress & Model**

INFRASTRUCTURE GAPS & POSSIBLE SOLUTIONS FOR COSMETICS



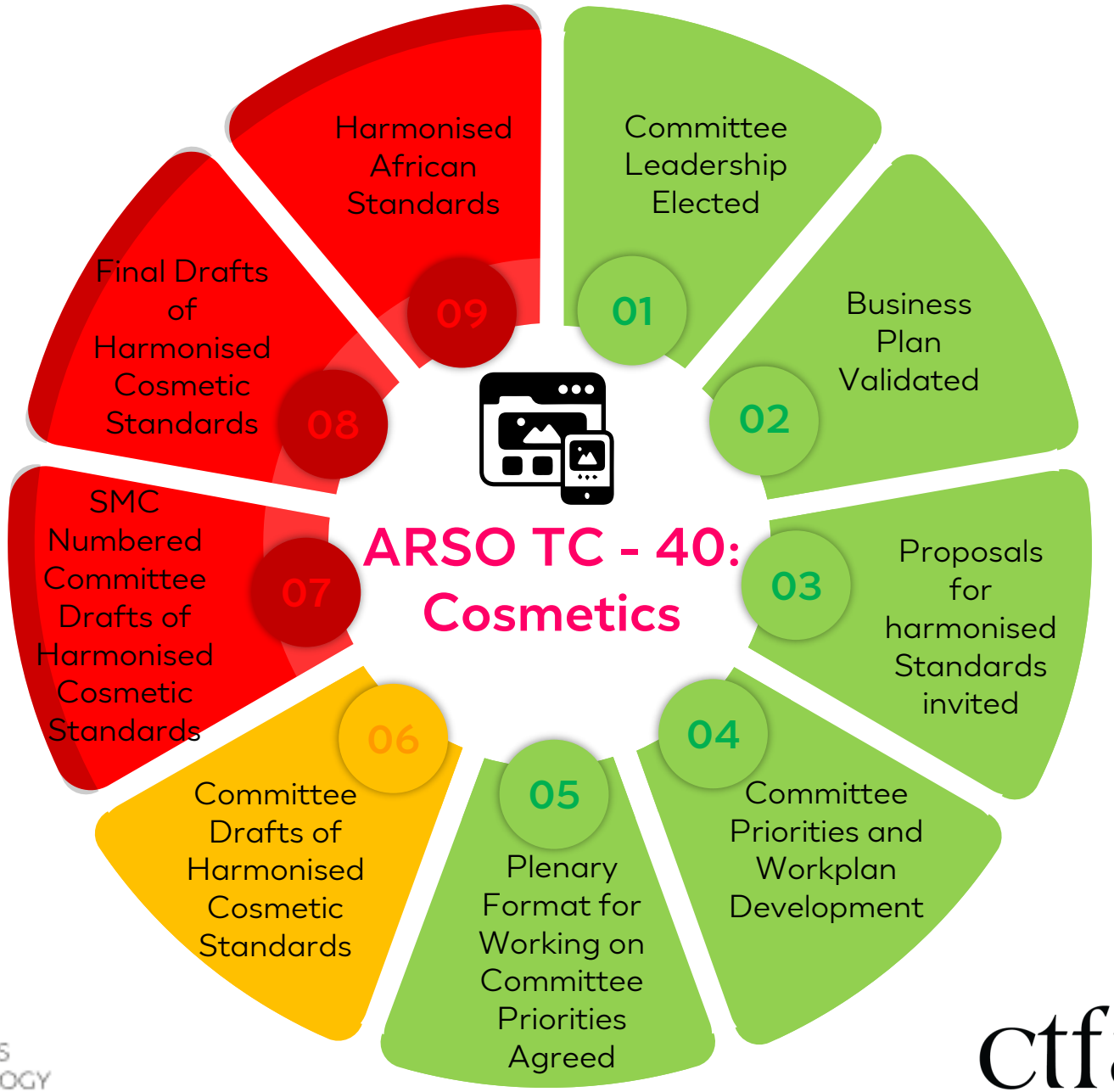
POOR ROADS & RAIL NETWORK	POOR BORDER SYSTEMS	POOR ICT INFRASTRUCTURE	UNRELIABLE ENERGY SUPPLY	INADEQUATE LOGISTICS SYSTEM	DATA & DIGITAL TRADE
SOLUTION: Accelerate the Programme for Infrastructure Development in Africa (PIDA).	**SOLUTION**: Implement the African e-customs Blueprint and interconnect trade systems.	**SOLUTION**: Expand mobile broadband & cloud logistics through public-private partnerships.	**SOLUTION**: Support mini-grid and renewable energy hubs for self-generation and selling excess to national grids.	**SOLUTION**: Develop supply chain and operational centres of excellence based on AfCFTA Protocols.	**SOLUTION**: Harmonise Data, Digital Technologies and Trade Laws & Regulations based on the Protocol on Digital Trade.



AFRICAN STANDARDS HARMONISATION

“I come from South Africa. I represent Amapiano. I represent my culture,” **– TYLA, Global Pop Superstar**

ARSO STANDARDS DEVELOPMENT – CURRENT STATE OF PLAY





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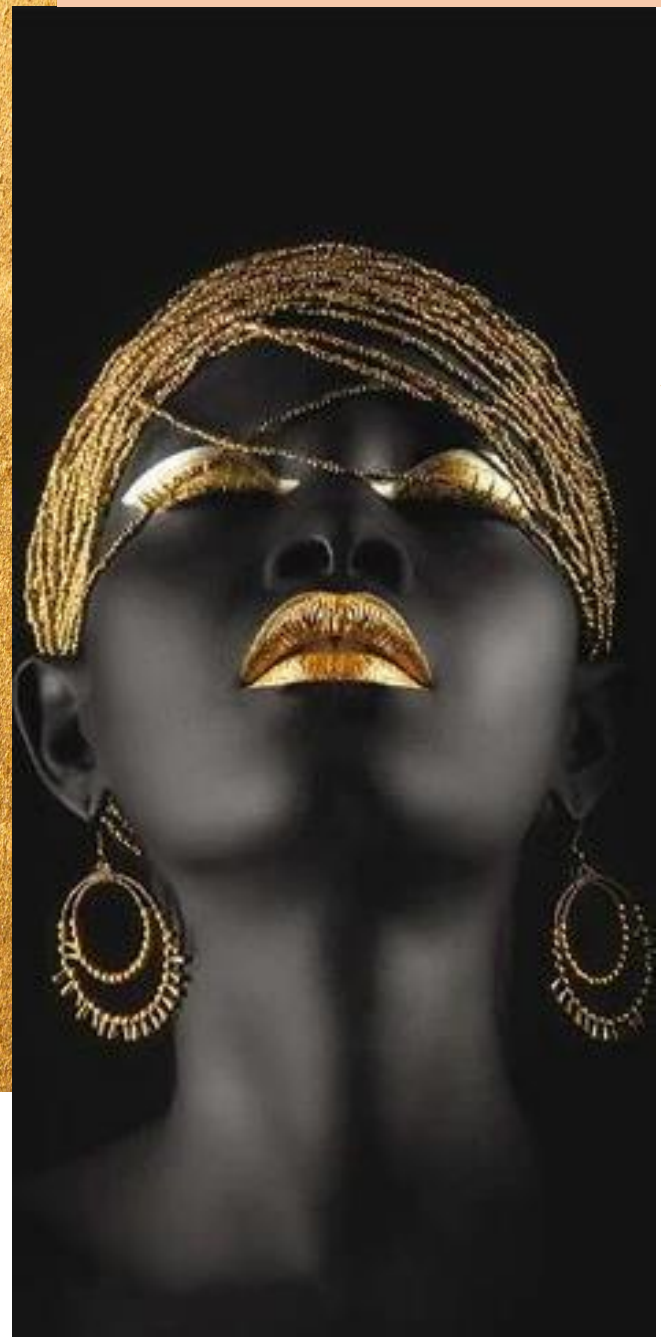
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MARKET ACCESS AND EXPANSION

"To be a powerful woman means to have the possibility, the right & responsibility to make choices that better oneself & better one's community" **– Bonang MATHEBA, Entrepreneur**

WHAT SOUTH AFRICAN COSMETIC COMPANIES MAY LEVERAGE



Increase African Cosmetic Manufacturing now that LOCAL is indeed LEKKER because it makes business sense.



Increase Cosmetic Exports from South Africa into the rest of Africa.



Female and Youth owned companies may take advantage of economic inclusion trade provisions to expand their business ventures within Africa.



Trade facilitation initiatives by government to stimulate more South African cosmetic exports.



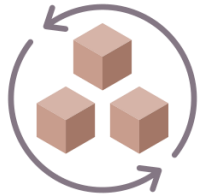
Access previously inaccessible African markets. Digital trade eliminates the need for brick & mortar outlets; Mobile first design e-commerce platforms will be key.



Innovate at the speed of culture and technology with quicker product placement on the African market.



Ease of movement of products through AfCFTA trade regime: 0% tariffs by 2030 on more than 90% of traded goods, less technical and regulatory barriers to trade.



Regulatory evolutions towards equivalence and mutual recognition.

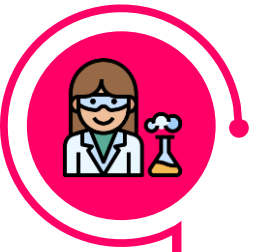




REGIONAL VALUE CHAINS

"Let us make MADE IN AFRICA a reality" **– President Cyril RAMAPHOSA**

KEY PILLARS OF A REGIONAL AFRICAN COSMETIC VALUE CHAIN



RESEARCH & INNOVATION

- African Hair & Skin Research
- African Beauty Routines Research
- African Ingredients Research
- African Regulatory Intelligence



RAW MATERIAL SOURCING

- African Biodiversity
- Sustainable Sourcing
- African Agriculture
- Value Addition



MANUFACTURING

- Local Production
- Equipment Investments
- Staff Skills Development
- Quality Standards



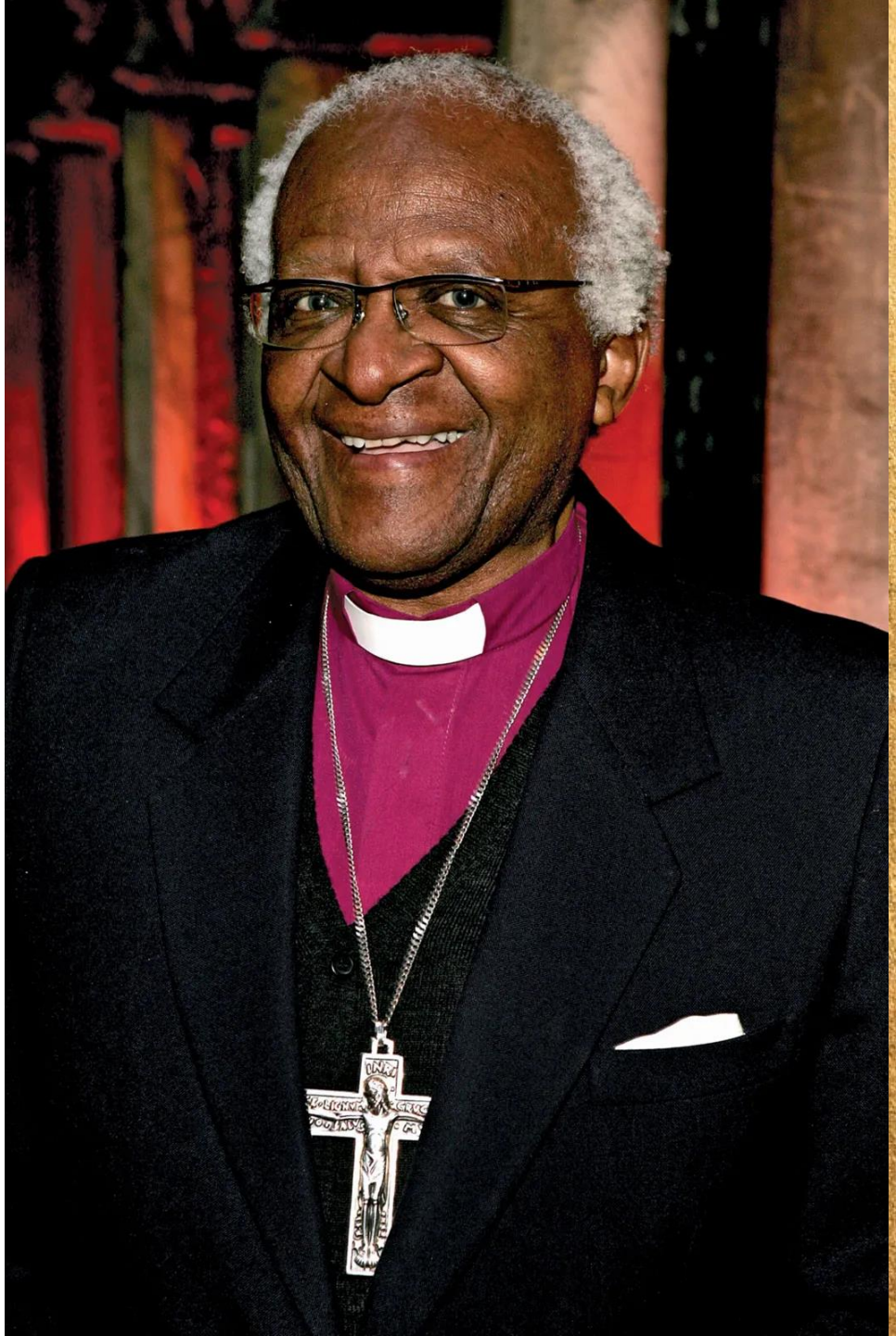
RETAIL & DISTRIBUTION

- African Distribution Networks
- African Consumer Knowledge
- African Consumer Preferences
- Brand Loyalty



MARKETING & BRANDING

- Made in Africa
- Brand South Africa
- Digital Marketing
- Buying Local



INVESTMENT ATTRACTION

"Do your little bit of good where you are; it's those little bits of good put together that overwhelm the world" **– Archbishop Desmond TUTU**

AFRICAN COSMETIC VALUE CHAIN INVESTOR ENTRY POINTS



AFRICAN INGREDIENT PROCESSING

Invest in harvesting, extraction and refinement of natural oils and botanicals from Africa's rich biodiversity such as shea butter, rooibos, baobab, marula for organic/natural beauty applications.

CONTRACT MANUFACTURING

Consider building regional cosmetic manufacturing hubs serving multiple AfCFTA states.

DIGITAL BEAUTY PLATFORMS

Mobile first E-commerce offerings, infrastructure gaps defying product delivery systems and AI Driven Hair and Skin diagnosis tools.

BEAUTY EDUCATION & TRAINING

With expansion into previously untapped markets comes a need for skilled talent. Beauty academies, research labs etc. become necessary to train talent.

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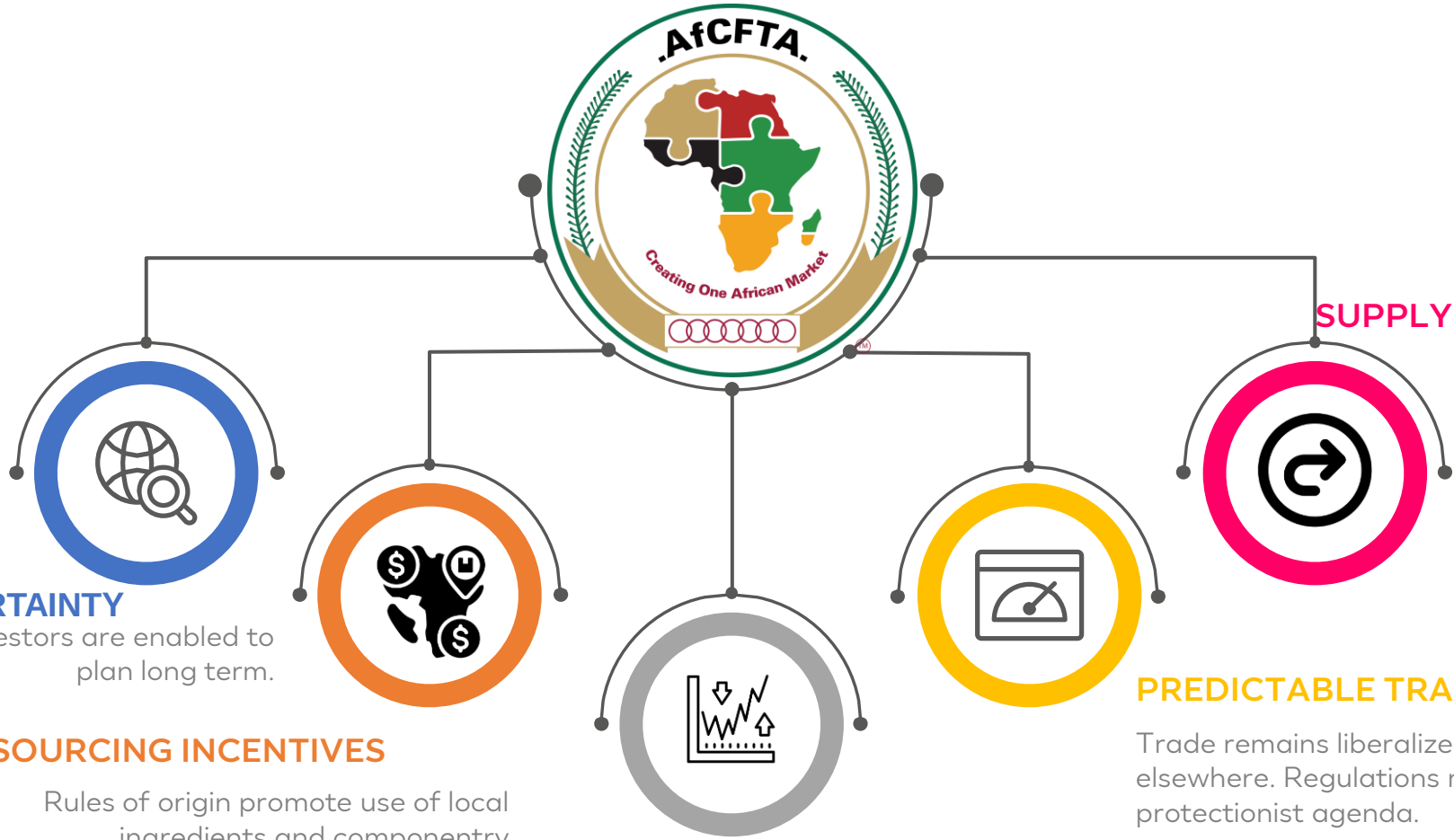
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GLOBAL TARIFF IMPASSE CUSHION

If I were not African, I wonder whether it would be clear to me that Africa is a place where the people do not need limp gifts of fish but sturdy fishing rods and fair access to the pond." **– Chimamanda Ngozi ADICHIE, Author & Activist**

THE AFCFTA AS A TRADE POLICY VOLATILITY BUFFER



TRADE POLICY CERTAINTY

Manufacturers & Investors are enabled to plan long term.

LOCAL SOURCING INCENTIVES

Rules of origin promote use of local ingredients and componentry reducing reliance on volatile global markets.

EXTERNAL DEMAND SHOCKS

Local value chains are protected from external demand shocks caused by volatile global markets.

PREDICTABLE TRADE CONDITIONS

Trade remains liberalized despite uncertainty elsewhere. Regulations may not be weaponized for a protectionist agenda.

SUPPLY CHAIN RE-ORIENTATION

Re-orientation of supply chains towards intra-Africa trade and local value chains, protected from global volatility.

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L'ORÉAL: A CASE STUDY

"I remember when it hurt to hope. There was a time in my life where no hope was better than false hope because it hurt to hope." – **Thuso MBEDU, Actress & Model**

RULES OF ORIGIN – RIGHT NOW VS. FIVE YEARS FROM NOW: AN OPERATIONS AND SUPPLY CHAIN ECOSYSTEM REBOOT

EGYPT

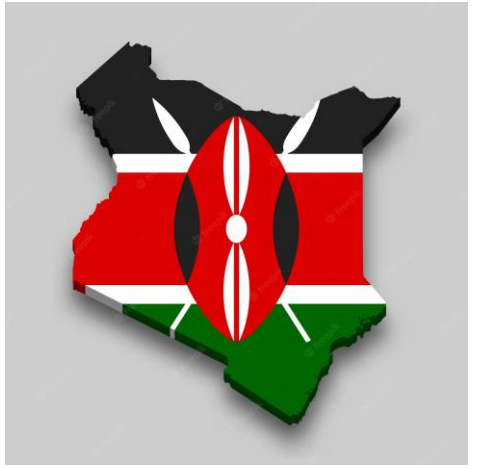


L'ORÉAL SSA

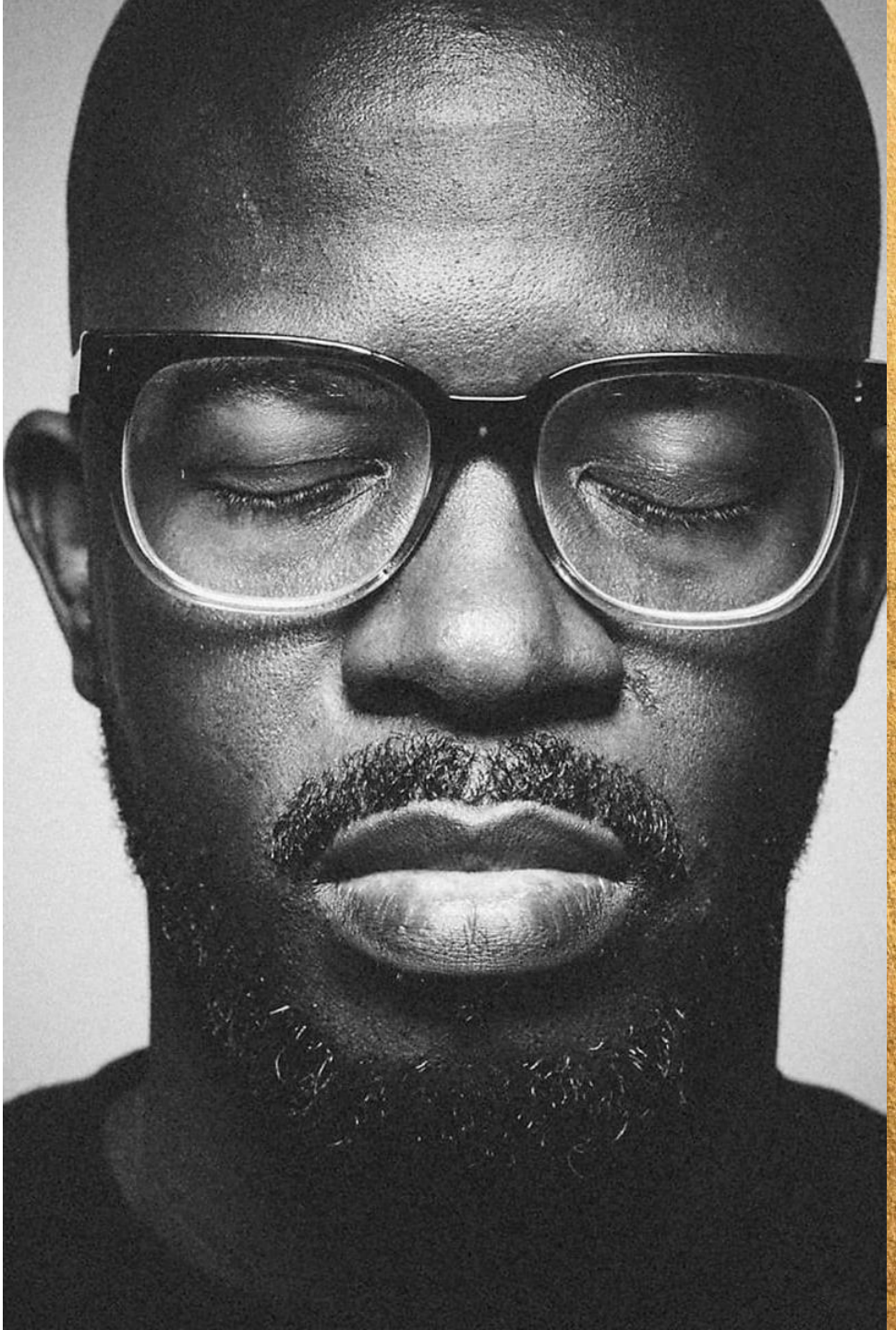
MANUFACTURING SITE AND DISTRIBUTION CENTRE SYMBIOSIS



SOUTH AFRICA



KENYA



COSMETIC ADVOCACY ACTION PLAN

"When you get to the point when you truly believe in yourself, are able to set up goals without fear and say this is what I want to do, then you are being true to yourself." **– BLACK COFFEE, DJ & Music Producer**

WHAT ACTIONS DO WE NEED TO TAKE AS A COSMETIC INDUSTRY







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KEY TAKEAWAYS

"We need to promote development that is sustainable." – **Wangari MAATHAI, Nobel Peace Prize Laurette & Environmental Activist**











KEY TAKEAWAYS

PREFERENTIAL TRADE TERMS

In 2030 over 90% of traded goods will have a 0% tariff. This will be a huge export incentive into Africa.

STANDARDS & REGULATORY HARMONISATION

Once completed this will open new markets, previously inaccessible because of technical barriers to trade.

DIGITAL TRADE & E- COMMERCE POTENTIAL

Mobile first digital beauty solutions will have high uptake and potential success in Africa.

LOCAL VALUE CHAIN POTENTIAL

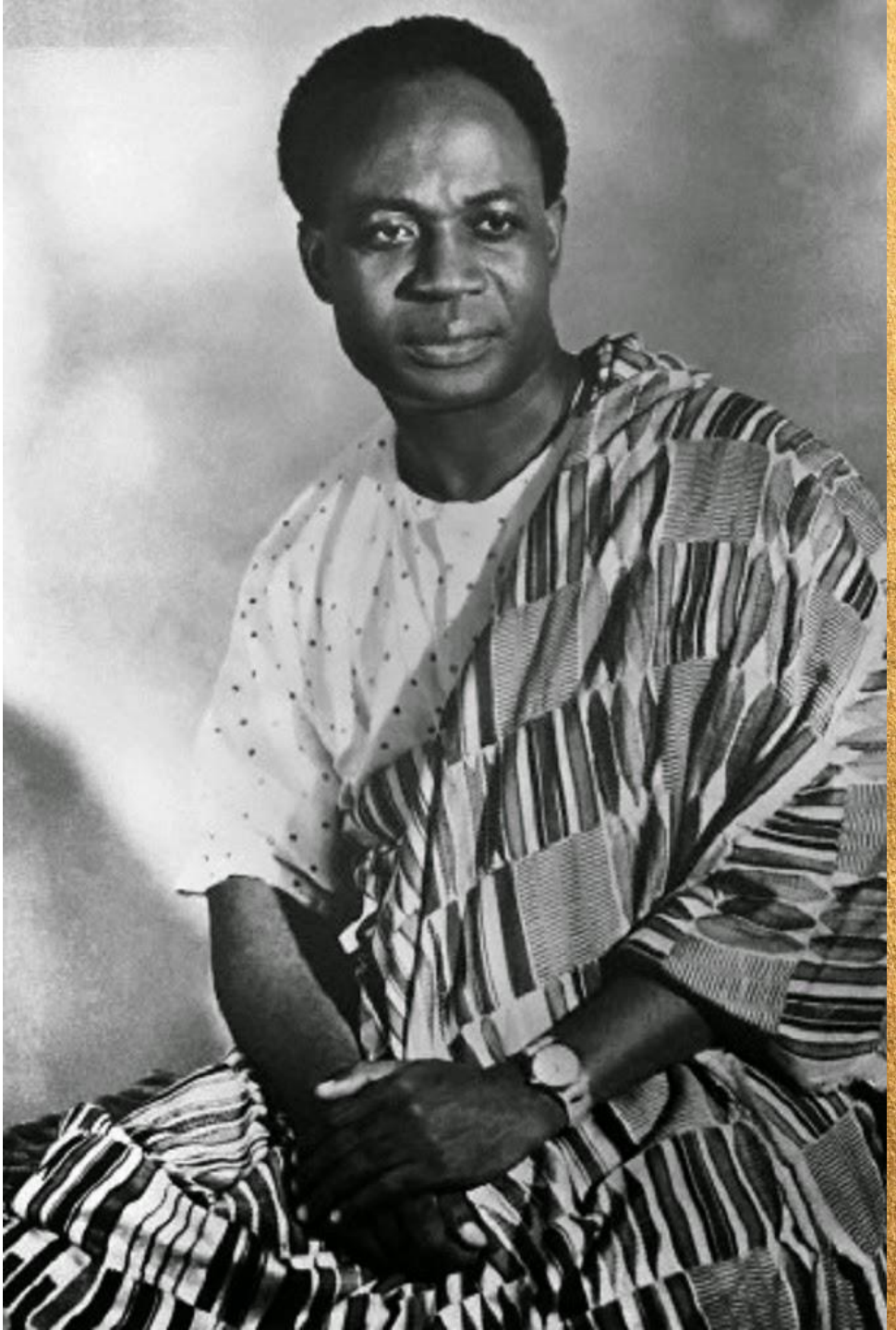
Creation of and valorization of African value chains will become a key competitive lever.

INCLUSIVE INDUSTRIALISATION

Including the majority demographic (women and youth) in Africa's key trade instrument guarantees continuity and sustained trade instrument valorization.

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CONCLUSION

"I am not African because I was born in Africa but because Africa was born in me" **– President Kwame NKRUMAH**

PARTING SHOT…

- The AfCFTA is a key **business, regulatory and policy instrument** that will shape the cosmetic market of the future. As an industry, we must **actively participate** in its implementation where we can.
- Standards Harmonisation and mutual recognition of regulations for the continent are important as they will **dictate market control and access** to currently untapped African markets. We must **influence and contribute** to the direction they take.
- The **movement of cosmetic products** must be made easier from one country to the next, with reduced testing and compliance requirements to **reduce business costs**.
- As an industry we need to **work as best as we can** with the Government and its agencies that are leading the AfCFTA implementation to ensure that we **leverage any available opportunities**.
- **PARTICIPATE**, **CONTRIBUTE** and **COLLABORATE** as an industry and we will all win together. Implemented correctly, this is an amazing **future growth opportunity** for our industry.



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RECOMMENDATIONS FOR THE COSMETIC INDUSTRY

"The AfCFTA's success rests on the shoulders of every African, whether they are formulating cosmetics, shaping cosmetic regulatory policy, or facilitating trade in cosmetics. Contribution, collaboration, and participation are the keys to unlocking this transformative opportunity." – **Percy SIBANDA, African Cosmetic Industry Enthusiast**

HOW CAN SOUTH AFRICA'S COSMETIC PLAYERS PREPARE?

- **Register with SARS as an AfCFTA Manufacturer and Trader**, you can do this now at your nearest office.
- Start aligning your products with **AfCFTA prescriptions and standards** where they are available.
- Optimise your manufacturing and supply chain to leverage the **rules of origin for all your local production** exported into Africa.
- **Digitise your operations** systems so that generation of proof of origin is swift and efficient.
- Start developing **diverse distribution and retail channels** within Africa.
- **Re-imagine your research and innovation function** to develop products for a Pan- African Consumer Base.
- Invest in **Regional Value Chains** for research, ingredients, manufacturing componentry, distribution and marketing.
- Protect your **intellectual property**!
- Join **Government, CTFA, SABS** and any other platforms to **participate, contribute, collaborate and influence** the direction of AfCFTA Policy development as we create the African Cosmetic Market of the future.





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