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**The Textile and Clothing Industry  
in South Africa**

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Textile and Clothing Industry  
in Sub-Saharan Africa**

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# Country Reports



# South Africa

By Etienne Vlok

## 1. Introduction

The South African clothing and textiles industry has a long history. It has been and remains a very significant source of employment, particularly for women. It is concentrated in certain geographical areas, particularly provinces like the Western Cape, KwaZulu-Natal, the Free State and Gauteng and cities like Cape Town, Durban and Johannesburg as well as certain rural areas (such as industrial towns in the former homelands). In the traditional geographic concentrations, the industry has existed for many decades, is rooted in the unique history and cultural traditions of these areas, and provides a significant proportion of employment. In its rural concentrations, the industry is often the only source of formal employment and very many families are dependent on it for their survival. This geographic and demographic profile has resulted in tremendous social costs resulting from the industry's recent crisis and the resulting loss of employment.

Historically, three phases of the development of the textiles and clothing industry can be identified, linked to the level of protection and competition from international trade. Before democratisation and South Africa's integration into the world trading system, the clothing and textiles industry (like many other) were focussed on import substitution. The industry was highly protected and focussed almost exclusively on the domestic market. This allowed inefficiencies to go unchecked, and resulted in a failure to become internationally competitive (and, therefore, a failure to develop significant export capacity) and a concentration of production in low value-added products. Nevertheless, a number of high quality, high value-added producers, such as manufacturers of men's formal shirts, suits and other tailored garments came into being and achieved success both in the domestic and export markets.

After the end of apartheid rule, South Africa (SA) joined the World Trade Organisation (WTO) in 1994 and opened its market to international trade. During the late 1990s and early 2000s the South African currency, the Rand, depreciated steadily, eventually being significantly undervalued, and combined with an incentive scheme (the Duty Credit Certificate Scheme) allowed the industry to rapidly increase

exports whilst at the same time remaining competitive against imports, despite liberalisation. Exports were concentrated in low value-added products.

Since 2002, the value of the local currency appreciated substantially and much of the export performance has evaporated. In addition, the appreciation of the Rand and the very substantial liberalisation of trade over the decade since WTO accession have made possible a very rapid and sustained surge in imports, particularly from China. This has resulted in an unprecedented crisis in the industry, characterised by large-scale loss of employment (the SA Clothing and Textile Workers' Union (SACTWU) recorded more than 55,500 job losses since 2003, and official statistics show a 37% reduction in employment since 1996) and of production capacity.

SACTWU has responded to this crisis through a variety of strategies aimed at reducing in the short term the pressure caused by the surge in imports, enhancing the competitiveness of the South African industry and placing it on a sustainable long-term development path. However, success in this regard depends on a fundamental restructuring and reorientation of the industry, the success of which requires a strong partnership between the industry, government and organised labour.

## **2. Structure of the South African Clothing and Textile Industry**

### **2.1 Size of Industry**

In 2004, the South African clothing and textiles industries generated sales of R34 billion, which, despite a recent decline, is a significant contribution to total manufacturing output. These sales were split almost equally between the two industries, with textiles contributing R17.4 billion and clothing R16.6 billion. Of total sales, only 18.7% of textiles output and 9.4% of clothing sales were exported. This means that the majority of sales are generated from the domestic market. In this regard, it is important to note that similar to developed economies, South Africa's clothing and textiles retailers yield considerable value chain power. For example, the top five retailers account for over 70% of formal SA clothing sales. The industry produces across the product spectrum, although the majority is still in the lower (mass) end of the market. There are, however, important centres of excellence in certain high value-added products such as men's tailored garments. This capacity is increasingly being lost as a result of the rapid surge in imports seen in recent years.

Determining the number of companies in the clothing and textile industry has always been difficult, mainly because of the informal nature of, especially, the

clothing industry and the fact that operations can be set up almost anywhere. There are, however, approximately 2,000 active clothing, textile, footwear and leather companies, registered with the Clothing, Textile, Footwear and Leather Sector Education and Training Authority (CTFL-SETA). Of these, more than 80% (or approximately 1,600) are found in the clothing and textile industries.

Most companies in these industries are small to medium sized, meaning they employ between 20 and 200 people.

## 2.2 Ownership

While more established, larger businesses, particularly in the textile industry, are still owned mostly by white people, a great proportion of small and medium sized businesses, particularly in the clothing industry, are owned by black people, especially in Durban and its townships and Cape Town and its townships. Increasingly, we have also seen the ownership of some formal, larger operations changing hands and being bought by black owners.

While many individual companies are owned by foreign owners or even foreign multinationals, most firms are owned by South Africans. A large exception is the Daun group of companies (located in Kap, Courthiel and other holding companies), owned by a German-national, Claas Daun. The Group consists of several large textile, footwear and furniture manufacturers and leather tanners.

## 2.3 Employment

The clothing and textile industry is the most labour intensive sector of manufacturing (measured by number of jobs per unit of capital invested) and a very important employer, particularly in many poor communities and of low-skilled workers for whom few other opportunities exist. According to official employment statistics, textiles and clothing employed almost 143,000 people in March 2005 and contributed 12%<sup>1</sup> to total manufacturing employment. Of these, the majority are employed in the clothing sector (97,544 vs. 45,319 in textiles<sup>2</sup>). If one includes informal employment in the statistics, employment could be estimated at about 200,000<sup>3</sup>. These figures represent significant reductions from the levels of a decade ago – by 85,190 or 37.4% since 1996.

1 Using figures collected in the Survey on Employment and Earnings (March 2005).

2 Survey on Employment and Earnings (unpublished figures), first quarter 2005.

3 Official statistics for formal sector employment are provided in the Survey on Employment and Earnings, latest figures are for March 2005. Informal sector employment is derived from data collected for the Labour Force Survey and own estimates.

Table 1: **Clothing and Textile Employment**

Year	Total
March 1996	228 053
March 2005	142 863

Source: Statistics South Africa.

The industry is a very significant employer of women. Figures compiled by the CTFL SETA show that 66.7% of workers in the industry are women, much higher than the proportion for all workers in the economy as a whole and the manufacturing sector. For the clothing sector alone, this figure is as high as 82%. This means that job losses in the industry have a disproportionate impact on women and women-headed households. An estimated 94% of workers in the clothing manufacturing industry are black (i.e. African, Indian or 'Coloured')<sup>4</sup>.

## 2.4 Wages

The majority of workers in the industry are weekly-paid or "blue collar" workers. Wages are very low. The legally prescribed minimum wage as at 1 May 2005 in "non-metropolitan" areas (the industrial towns) was R217.10 per week (US \$ 34.02). The rate for a qualified machinist in these areas was only R303.56 (US \$ 47.57) per week, while in Cape Town and other cities it was R537 (US \$ 84.15) per week. These wage rates are the lowest in the South African manufacturing sector.

## 2.5 Geographic Distribution

The industry is concentrated in specific geographic areas, where it is a very significant employer. According to the 1995 October Household Survey the industry employed 35% of the manufacturing workforce in KwaZulu-Natal, 25.5% in the Eastern Cape and 25.2% in the Western Cape. The last two decades have seen the establishment of many textile and clothing firms in the non-metropolitan areas. It was estimated in 2002 that there were 40,000 clothing workers in these areas, of whom 21,500 were in the non-metropolitan areas of northern KwaZulu-Natal<sup>5</sup>. In towns like Worcester, Isithebe, King Williams Town, Newcastle, Lady-

4 Report on the Clothing Textiles, Footwear & Leather Industry CTFL SETA Skills Audit 2004.

5 Gibbon, Peter. 2002. *South Africa and the Global Commodity Chain for Clothing: Export and Performance Constraints*.

smith, Paarl, Phuthaditjhaba, Botshabelo, Babelegi, Mogwase, Durban, Cape Town and Atlantis it is the major, or a very substantial, employer. The closure of factories in these areas has a massive social impact. There is a growing number of informal sector clothing workers who are spread throughout the country – but mainly in the areas in and around the greater metropolitan areas of Cape Town, Johannesburg and Durban.

### 3. The Crisis and its Causes

#### 3.1 Growth of Local Markets and Decline of Domestic Production

Official statistics on retail sales published by Statistics South Africa indicate that the market for garments, textile products and shoes has expanded significantly in recent years. Over the last five years for which full-year retail trade data have been published (1999 to 2003), the real value of sales of men's clothing (in constant 1995 prices) increased by 55%, sales of women's clothing by 40% and sales of footwear by 38%.

Table 2: **Real Retail Sales Growth 1999-2003 (constant 1995 prices, R million)**

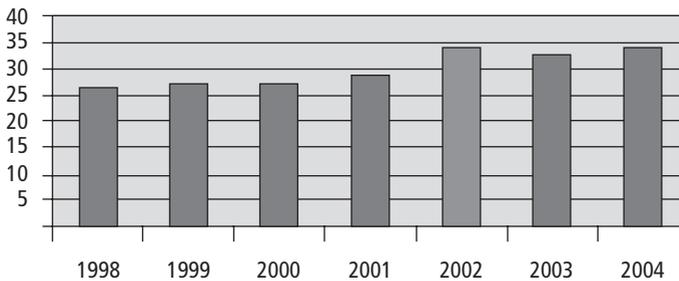
	1999	2002	2003	99-03	02-03
Men's clothing	8,893	12,605	13,789	55%	9%
Women's clothing	13,855	18,980	19,462	40%	3%
Footwear	5,852	6,627	8,056	38%	22%

Source: Department of Trade and Industry economic database, using Statistics South Africa data published in Statistical Release P6242.1 – Retail trade sales.

One would expect these increases in retail sales to be accompanied by significant expansion in the local clothing, textile and footwear manufacturing industry and a concomitant increase in employment. However, this has not been the case – employment has declined dramatically (see Figure 1), while output has been stagnant over the last few years (see Figure 2). This indicates that the industry has not been able to adapt adequately to the challenge posed by increased import competition in the wake of trade liberalisation, currency appreciation and the increasing competitiveness of, in particular, China. The trends in South Africa's clothing and textiles trade are briefly summarised below.

Figure 1: **Clothing & Textiles Manufacturing Sales**

Rand (billions)



Source: Statistics South Africa, unpublished figures

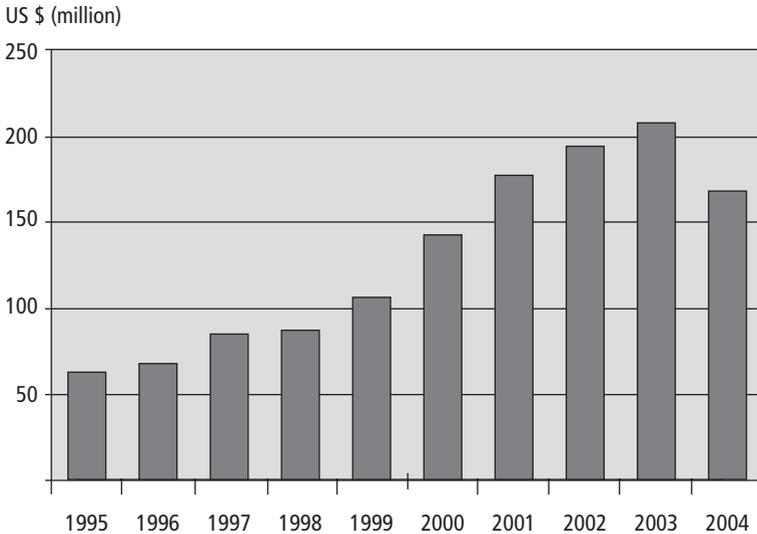
### 3.2. Growth and Decline of Export Markets

The combination of incentives, a depreciating currency and preferential access to the markets of certain developed countries (the United States (US) and European Union (EU) through the African Growth and Opportunities Act (AGOA) and the SA-EU trade agreement), resulted in a significant rise in exports during the late 1990s and early 2000s. However, with the appreciation of the currency, export performance has weakened drastically and the level of exports has dropped. Firms that took advantage of the opportunities provided by AGOA have suffered the most in terms of loss of orders and the resulting employment losses. This is evident in terms of the drop of apparel exports to the US through 2004 (see Figure 3).

Textile exports grew by 60% from 1995 to 2002, but declined by 35.6% through 2003 and 2004. Wearing apparel performed more impressively with 2002 levels 227% higher than in 1995. However, 2003 and 2004 also saw export levels decline significantly, contracting by 45.9% in real terms. The United States is the largest export destination for clothing, accounting for 55.2% of the total figure. The United Kingdom (UK) also features prominently, and at 21.1% it is the second biggest destination.

The following Figure 2 plots exports of textiles and clothing from South Africa to the United States measured in US dollars.

Figure 2: SA Exports of Textiles and Clothing to the US, 1995-2004



Source: [www.tips.org.za](http://www.tips.org.za)

### 3.3 Surge in Imports from China

Currently, SA's clothing sector is nominally protected by tariffs of 40%. This is one of the highest rates for a manufacturing sector and higher than tariffs for the textiles sector. However, effective level of protection is substantially lower, as a result of the terms of the Duty Credit Certificate Scheme (DCCS). Duty credit certificates significantly reduce the real levels of protection afforded both the clothing and textiles industries.

The principal reasons for the decline in the industry are structural, but the current crisis was largely caused (and the long-term survival of the industry is seriously threatened) by a sharp surge in imports, especially from China – aggravated by the earlier pegging of the Chinese currency to the US Dollar and, subsequently, to a basket of currencies. This is also linked to the development of post-quota international textiles trade (despite the fact that South Africa had not in the past imposed quotas on Chinese imports), characterised by the dominance of China. South Africa's trade with China has expanded significantly over the last number of years. However, South Africa has not derived optimal benefit from this development of trade between the countries: the trade balance with China is negative and growing as South African imports are growing significantly faster than exports.

Exports to China are concentrated in raw materials and capital-intensive sectors, while a number of labour-intensive sectors (including but not limited to clothing and textiles) are experiencing rapid surges in imports from China. South Africa's trade deficit with China was R16.6 billion in 2004.

Imports of Chinese clothing products increased by 335% from 2002 to 2004 in US dollar value. China's share of imports increased from 54% in 2002 to 74% in 2004. By volume China's share is even higher, accounting for 85% of all imports of clothing. Over the same period, imports of textiles from China grew by 144% in US dollar value terms.

Table 3: **Clothing and Textile Imports from China 2000-2004** (nominal Rand and US Dollar value)

	2000	2001	2002	2003	2004	01-02	02-03	03-04
Clothing (US\$ 000)	95 434	85 713	95 978	202 448	417 115	12%	111%	106%
Textiles (US\$ 000)	48 939	54 115	77 779	120 618	189 933	44%	55%	57%
Clothing (R 000)	662 599	738 453	1 010 711	1 532 602	2 694 069	37%	52%	76%
Textiles (R 000)	339 782	466 224	819 063	913 123	1 226 740	76%	11%	34%

Source: TIPS EasyData ([www.tips.org.za](http://www.tips.org.za))

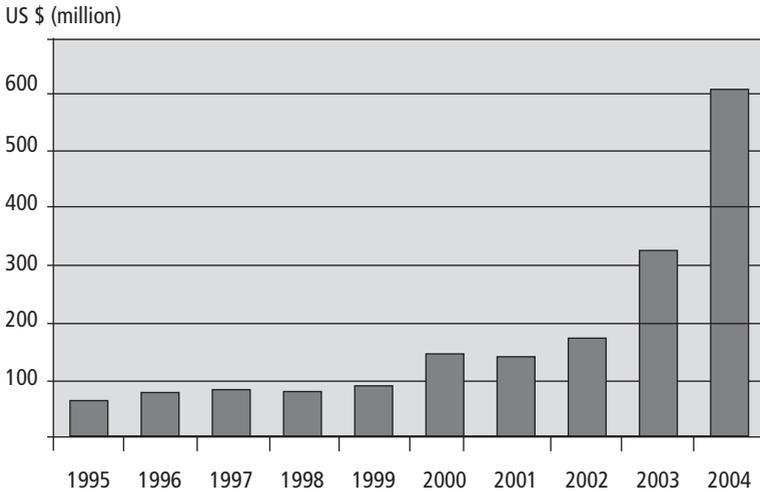
Figure 3 below shows the dramatic growth of Chinese imports, especially of clothing, over the last few years.

When total imports are examined, a similar trend is observed. Textile imports showed minimal changes from 1995 to 2001. The value increased by 34% in 2002 before decreasing by 15% in 2003. Imports of textiles grew during 2004 by 10% in Rand value. Volumes of imports have increased significantly, as can be deduced from the US Dollar figures in table 4<sup>6</sup>. Wearing apparel imports measured in inflation-adjusted Rand value, on the other hand, have grown considerably since 1995, with 2004 levels 376% higher than in 1995. Apparel imports grew by 57% in Rand value during 2004 alone and by 84% in US Dollar value. The volume of clothing imports in 2004 amounted to 389.3 million units which represented an increase of 81% over 2003. In 2004, nominal textiles imports reached R6.5 billion.

The nominal value of clothing imports in 2004 was R3.6 billion or US\$560 million. China is the most important source of clothing imports, making up 74.3% of the total figure. India is the second most important source at 5.4%, while Hong Kong is placed third at 4.6%. Whilst Malawian imports declined, imports from

6 US Dollar values are a better approximation of trading volumes since the value of the Dollar is relatively stable and Dollar prices tend to be quite stable.

Figure 3: SA Imports of Textiles and Clothing from China, 1995-2004



Source: www.tips.org.za

India, and particularly China, have increased significantly, indicating that imports from African countries are being displaced by imports from Asia, to the detriment of regional development. Trends in clothing and textile imports are summarised in the table below.

Table 4: Total Imports of Clothing and Textile, 2000-2004 (nominal Rand and US Dollar value)

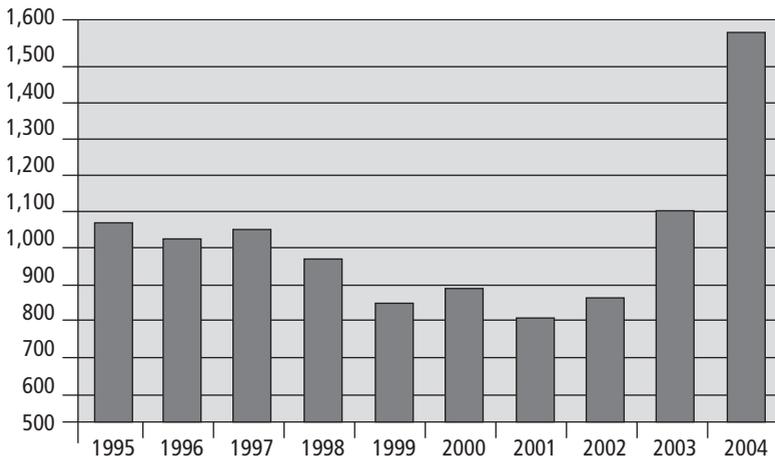
	2000	2001	2002	2003	2004	01-02	02-03	03-04
Clothing (\$m)	193	169	176	305	561	4%	73%	84%
Textiles (\$m)	671	602	659	777	1 003	9%	18%	29%
Clothing (Rm)	1 342	1 457	1 857	2 309	3 624	27%	24%	57%
Textiles (Rm)	4 658	5 188	6 937	5 884	6 477	34%	-15%	10%

Source: www.tips.org.za

Figure 4 shows the total imports of textile and clothing from the world (i.e. all importing countries) from 1995 to 2004, the most notable movement occurring between 2003 and 2004 where the value of imports increased from US \$ 1.1 billion in 2003 to US \$ 1.6 billion in 2004.

Figure 4: SA Total Imports of Textile and Clothing, 1995-2004

US \$ (million)



Source: www.tips.org.za

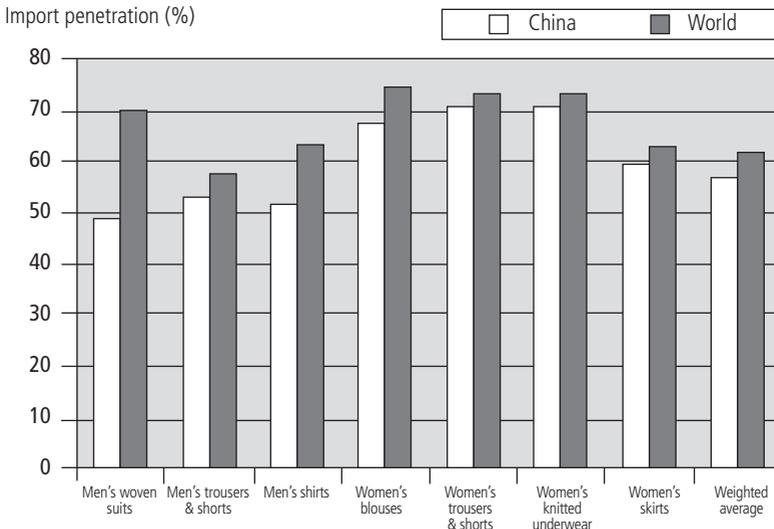
### 3.4. Imports Dominate Local Markets

There is broad consensus that official data seriously underestimate the level of imports, as a result of widespread under-invoicing and other forms of illegal imports. Figure 5 uses official figures to show import penetration from China and the world for selected clothing products. The sample of nine products represents approximately 75% of local production. It does not include illegal and under-invoiced imports but does provide some indication of import penetration. (Production volume figures are not available per product since 2003.)

The graphic shows that, for instance, the import penetration for total imports of men's suits was 70% in 2003, while for Chinese imports it was almost 50%. The average import penetration for these seven products was more than 60% for total imports and more than 55% for Chinese imports.

## 4. The Employment Crisis

Figure 6 indicates the changes in employment figures in the South African clothing and textile industries from 1993. (It plots the average annual employment for each year, except for 2005 which is the first quarter employment figure.) The graphic

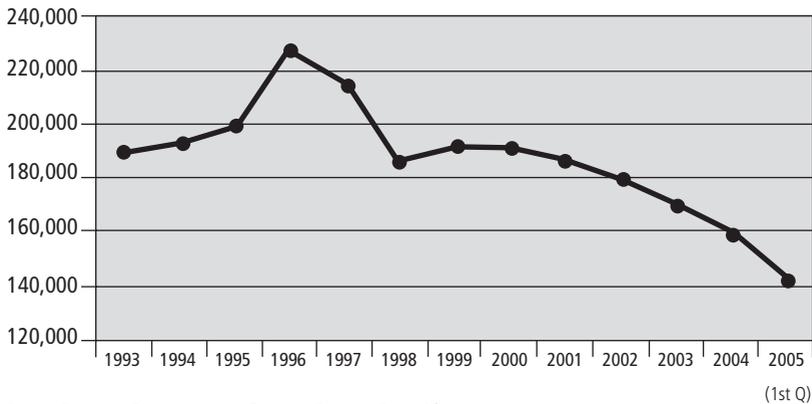
Figure 5: **Import Penetration: China and World by Units, 2003**

Source: Own calculations using SA Revenue Services and Statistics SA data

shows an especially drastic decline in employment since 2002. It should be noted that the employment statistics included the former homelands, Transkei, Bophuthatswana, Ciskei and Venda, for the first time in 1996 which explains the sharp increase evident in that year.

The sharp decrease in employment is confirmed, and further detail is provided by the comprehensive information on job losses in the industry that is collected by SACTWU's research unit, the Southern African Labour Research Institute (SALRI). SALRI's database tracks job losses through retrenchments, closures and liquidations in unionised workplaces in the industry<sup>7</sup>.

<sup>7</sup> By law, companies are obliged to inform representative trade unions of planned retrenchments. Information is collected from companies and trade union officials. The database excludes most employees outside of the bargaining unit (i.e. white-collar workers) and contract workers, non-unionised workplaces as well as jobs lost through natural attrition (resignations and retirements). Thus, the actual level of job losses for the industry may be substantially higher than what is recorded in the database. In order to establish the total job losses for the CTFL industry (including those outside the database), SALRI does a conservative extrapolation based on the job losses recorded in the database among SACTWU members. This extrapolation uses a formula based on SACTWU's representivity (which is also the proportion of the industry covered by the database).

Figure 6: **Clothing & Textile Employment (1993-2005)**

Source: Survey on Employment and Earnings, Statistics South Africa.

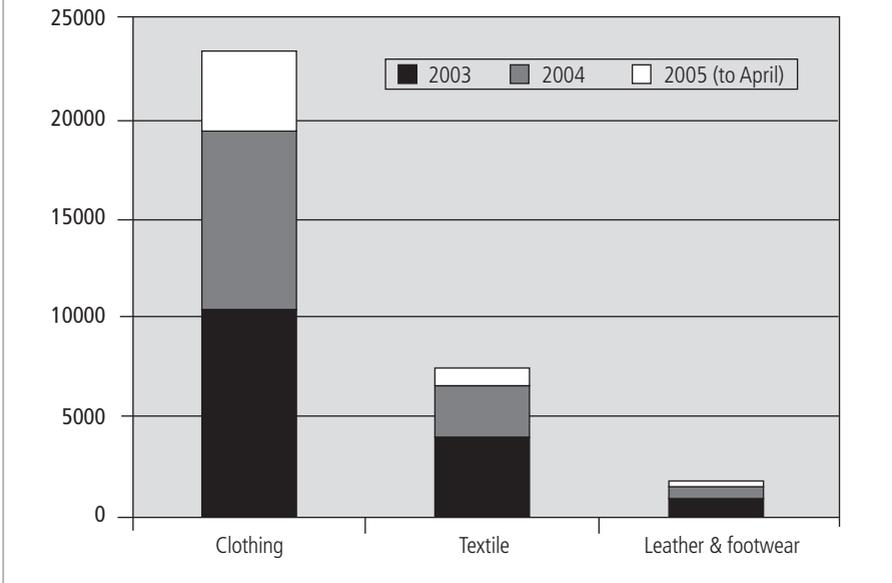
SALRI's job loss database shows that more than 55,500 clothing, textile and footwear jobs have been lost in 2003, 2004 and the first nine months of 2005. These job losses will have affected 277,875 people directly, given that at least five people are dependent on each breadwinner in the industry. The information is summarised in the table below. (The second column is job losses recorded on the database, the third column a conservative estimate of uncaptured job losses and the fourth column the estimated total job losses for the industry.)

Table 5: **Recorded and Estimated Job Losses Since 2003**

Year	Recorded job losses	Estimated uncaptured job losses	Estimated total job losses
2003	15 386	5 934	21 320
2004	11 798	4 440	16 238
Jan-Sept 2005	15 605	2 412	18 017
Total			55 575

Source: SALRI job loss database, October 2005.

The CTFI industry job loss recorded by SALRI is broken down in Figure 7 by sector, i.e. clothing, textile, footwear and leather sectors.

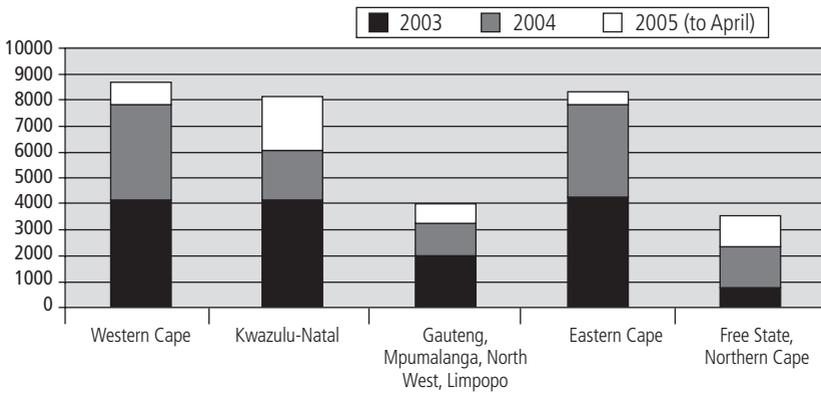
Figure 7: **Recorded and Estimated Job Losses since 2003**

In Figure 8 those job losses recorded in SALRI's database between 2003 and the first four months of 2005 are broken down by province.

Closures and liquidations seriously affect small, medium and micro enterprises (SMMEs) in the industry. Forty-seven percent of closures recorded in the SALRI database in 2003 and 2004 were of businesses with fewer than 50 employees. During the same period, 39% of liquidations were of small businesses.

Many of these job losses occurred in rural areas, where wages are lowest and unemployment is already extremely high. This makes the possibility of re-trenched workers finding alternative employment very slim indeed. An analysis of job losses in SACTWU's 31 branches from July 2001 to June 2004 showed that of the 5 branches with the largest number of job losses, three were based in low wage areas: Dimbaza (which accounted for 14% of all jobs lost nationally), Botshabelo (6% of total jobs lost) and Ladysmith (5% of total jobs lost).

Figure 8: **Recorded Job Losses by Province, Excluding Estimates**



It is striking that increases in retail sales have been accompanied by reduced production and employment loss in the associated manufacturing industry. Given the dramatic trade figures presented above, it is clear that the decline in output and employment in the industry (despite increases in retail sales) is the result largely of the surge in imports.

The large clothing retailers have shown spectacular improvements in their financial performance over the last number of years. The table below shows the profit before tax of five major retailers for the 2002 to 2005 financial years. It is clear that these increases in profits are the result, in part, of higher margins achieved on the sale of cheaper imported products.

Table 6: **Retailer Profits Before Tax (R million)**

	2002	2003	2002-3	2004	2003-4	2005	2004-5
Edcon	263	565	115%	1027	82%	1851	80%
Mr Price	193	256	33%	296	16%	411	39%
Foschini	283	513	81%	753	47%	1141	52%
Truworths	452	549	21%	761	39%	980	29%
Woolworths	599	778	30%	937	20%	1112	24%

Sources: Company Annual Reports 2002, 2003 and 2004 and Annual Results 2005.

## 5. Principal Competitiveness Challenges

It is clear that the industry has been unable to adjust adequately to an environment of more liberalised trade and a stronger currency. This inability stemmed from a number of factors – both structural and strategic – that are discussed in greater detail below.

### 5.1 Investment and Technology

In general, in comparison to competitor nations, investment in capital equipment and the level of technological innovation have been very low in this sector. The effect of these weaknesses is that the industry is not dynamic. Particularly problematic is the almost non-existent investment along the value chain. The result is that a significant part of the industry remains concentrated in the less sophisticated CMT sector.

New export and investment incentive schemes and policies are required that are designed to encourage greater investment and raise the value addition of production. These would include beneficiation schemes designed to develop an integrated value chain. It is also imperative that the industry raises investment levels and improves technology independent of whatever incentive schemes may exist.

### 5.2 Skills Base

Skills are crucial in modern manufacturing, and increasingly dependent on higher levels of education. The consequences of a systematic failure under colonialism and Apartheid to invest in the education and development of the largely black workforce remains. Investment in the clothing and textile sector has not significantly expanded a pool of highly skilled workers and technicians. While significant progress has been made in the Sector Education and Training Authorities, the overall level of skill is inadequate to the task of rapidly raising quality and shifting to high value-added production. Current training efforts are not bringing large enough numbers of workers into “learnerships”, and the industry itself is not able to finance a major skills upgrade. The capability of management at all levels is also a weakness. This is partly due to the view that textiles and clothing are “sunset industries”, making them unattractive to graduates. This weakness is compounded by the lack of investment in skills development. A significant scaling up of skills development is therefore needed.

### **5.3 Innovation and Design Capacity**

The challenge of innovation is closely linked to skills development and investment. Apart from exceptions in a number of sub-sectors, the clothing and textiles industries have performed poorly in innovation and technology enhancement, with the industry perceived as being a follower rather than a leader. A concerted effort is therefore needed to change the approach to technology and innovation.

An area of great promise is our emerging competitive advantage in creative talent: in product-development, design and marketing. As the new democracy finds its voice and identity in the community of nations, the creative energy we are starting to see in music, film, and the arts is increasingly migrating to clothing design and fashion in general. The challenge is to merge the potential for technological advancement and innovation with design and industrial investment. This is crucial for competitiveness and increased value addition.

### **5.4 Firm-Level Competitiveness**

Preliminary benchmarking studies completed in the South African textiles and Western Cape clothing industries have yielded evidence of operational un-competitiveness. Neither set of South African-based firms match their international counterparts in respect of the key performance indicators explored. For example, operational performance is comparatively weak for inventory holding, a key operational efficiency measure. Vast operational performance differentials also exist between individual firms within the clothing and textiles industries (suggesting substantial upgrading opportunities within the two sectors). It is, therefore, imperative that firm-level competitiveness is enhanced on a wide front.

### **5.5 Weak Value Chains**

South Africa is a significant fibre producer in the form of wool and mohair. In past decades the capacity has been developed to produce synthetic fibres as well. South Africa also has some cotton production capacity and has access to a substantial cotton growing capacity in the Southern African region, much of which can easily be developed into a more coherent regional value chain. Lack of investment along the value chain and weak supply chain management have continued to weaken the value chain. The competitiveness of the sector is therefore significantly reduced. The beneficiation of local and regional raw materials must be enhanced, and an integrated value and supply chain comprising agriculture, fibre production, textiles, finished textile products, clothing design and clothing manufacturing developed.

## 5.6 Trade Distortions, Illegal Imports and Volatile Exchange Rate

The trends in clothing and textile trade have been described earlier. This is partly a cause and partly the effect of the industry's poor performance. It must, however, be recognised that there are distortions and unfair trading conditions in the global textile trade. Short-term measures to address the surge in imports must be coupled with other interventions designed to develop and exploit the competitive advantages that can form the basis of sustainability in the long term. This strategy document is an attempt to formulate such a coherent package of measures.

Illegally imported and under-invoiced goods compete unfairly with local products and present a significant challenge. The level of illegal imports has been conservatively estimated at between 10% and 30% of total clothing and textile sales. Even at 10% of domestic production, this would amount to about 15,000 jobs. It is therefore clear that combating illegal imports can have a significant employment impact.

## 6. Proposed Solutions and SACTWU's Interventions to Address the Crisis

SACTWU is engaged in a wide range of efforts to enhance the industry's competitiveness and shift it to a sustainable long-term growth path. These efforts include engaging other stakeholders – in particular business and government – in order to formulate a vision and strategy and devise specific interventions, as well as direct activities and interventions implemented on the union's own initiative.

Stakeholders have been engaged, for example, in a task team on the Clothing, Textile, Footwear and Leather industry convened by the South African Minister of Trade and Industry (and comprising representatives of industry, government and SACTWU). SACTWU's proposals for industry restructuring were adopted as the basis for the task team's report, and also fed directly into the Department of Trade and Industry's formulation of a Customised Sector Programme for the clothing and textiles industry currently underway. The detailed proposals included four packages of proposals containing twelve programmatic areas. These measures deal with demand and supply-side issues, and trade as well as social policy concerns. The first package of proposals is to introduce temporary safeguard measures on specified Chinese imports for a defined period, to help stem the surge of imports and to improve controls over illegal imports entering the country. The second package of proposals addresses the opportunity to reorient consumer buying

towards local products, through promotional campaigns aimed at consumers and agreements with major retailers to build partnerships with local industry and source more of their goods from local manufacturers. It also looks at the potential of fashion tourism and opportunities in export markets. The third package of proposals addresses the need to strengthen supply-side performance of industry, through provisions dealing with supply-chain management, quality, design and product innovation, raw material cost reduction and increased investment. The final package addresses human resource development and providing a sustainable set of employment practices. The following measures were therefore proposed:

- (1.) Introducing temporary safeguard measures on Chinese imports;
- (2.) Combating high levels of illegal imports;
- (3.) Promoting local sourcing by retailers;
- (4.) Promoting local products to consumers;
- (5.) Improving quality of locally-manufactured goods;
- (6.) Promoting product and design innovation;
- (7.) Improving technology;
- (8.) Improving raw material beneficiation, building an integrated value chain and reducing input costs;
- (9.) Improving efficiencies and supply-chain management;
- (10.) Improving levels of investment;
- (11.) Intensifying training of workers and managers; and
- (12.) Improving sustainability of employment and combating sweatshops.

SACTWU is also directly responsible for or involved in numerous initiatives to increase the industry's competitiveness. These efforts seek to increase quality and promote greater innovation and better design, which would result in a greater ability to compete with imports from China and elsewhere. Initiatives include:

- (1.) Intensifying training of workers and managers to improve productivity and to create a world-class labour force able to work efficiently and produce goods of high quality. This is done in cooperation with the CTFL SETA.
- (2.) Promoting product and design innovation to ensure that the local industry continually comes up with fresh products. At the Cape Town Fashion Festival, SACTWU promoted 120 local designers and forged links between designers and manufacturers.
- (3.) Creating a platform – the Fashion Imbizo – for industry, suppliers, customers, designers, service providers and workers to discuss ways to strengthen the industry and improve its products.
- (4.) Showcasing the industry's products and services through a professional exhibition – the Fashion and Lifestyle Expo – aimed at consumers, customers and buyers.

- (5.) Improving sustainability of employment to allow the industry to market itself as an ethical supplier, to improve disposable incomes in the industry, which in turn feeds into consumption, to motivate workers and to increase productivity.
- (6.) Improving the quality of locally-manufactured goods to position the industry as a source for quality goods. SACTWU, with government, is exploring the idea of a quality conference in the near future.
- (7.) SACTWU, in partnership with the dti and the Western Cape Provincial Government, has hosted three successful Cape Town fashion festivals. It has now become South Africa's premier industry promotion and development event. While it is hosted in Cape Town, it promotes the entire industry. Its key objectives are to celebrate the fashion industry and display its strengths and competitive advantages, promote sustainable high value-added exports, raise consumer awareness of opportunities to buy quality local products, develop design innovation and capacity and encourage a uniquely South African look and to create a platform for industry leaders to discuss the development of the industry. The 2004 festival included fifteen flagship events. These events were attended by 40,000 people. If the extensive media coverage attracted is taken into account, the event reached between 1.4 and 2.8 million people.

## 7. Conclusion and Outlook

The magnitude of the challenges confronting the South African clothing and textiles industries are clear from the information presented above. The international environment is incredibly demanding, with the removal of quotas providing an entirely new operating framework for clothing and textiles manufacturers alike. Given intensive global competition and unfavourable domestic operating conditions for clothing and textiles manufacturers, it is perhaps not surprising that the industries have declined over the last few years.

However, with the very significant employment and with a combined turnover of over R34 billion, it is also clear, however, that too many jobs and too many socio-economic multipliers reside in the two industries to lose them. And yet, recent trends and international evidence suggests that substantial employment and sales losses are likely over the next few years. Based on current trends the two industries are set to lose at least 50,000 jobs over the next three to five years.

However, detailed analysis by SACTWU indicates that an appropriate programme of interventions can secure these 50,000 and that there is a real oppor-

tunity for the two industries to create 50,000 new jobs once their foundations have been re-established. The direct benefits of this are clear. But the multiplier effect of the industry on economic activities elsewhere in the economy is also important. So too is the indirect job creation impact of the industry. Studies by the US-based Economic Policy Institute and South Africa's Industrial Development Corporation have shown employment multipliers ranging between 1 and 2.5 jobs created in other sectors for each primary job created in clothing or textiles respectively. Therefore, if the clothing and textile industry were able to create 50,000 direct jobs, 125,000 indirect jobs could be created in other industries.

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