



TRADE & INDUSTRIAL POLICY STRATEGIES

MANUFACTURING SUBSECTORS

Clothing, textiles, footwear and leather

March 2021

Industrial policy interventions aim to promote structural transformation and structural change in pursuit of economic growth. The effectiveness of these interventions depends to a crucial extent on the ability of policymakers to tailor interventions to the specific needs of individual manufacturing subsectors.

To support evidence-based policymaking, TIPS has completed a series of notes on the various manufacturing subsectors in South Africa. The aim is to provide synthesised data on the dynamics of the South African manufacturing subsectors, specifically in their contribution to the GDP, employment, earnings, investments, productivity, markup, profitability and assets, market structure and dominant producers, major inputs and international trade. The main data sources are Statistics South Africa, Quantec, Who Owns Whom, and the International Trade Centre.

This note provides an overview of the South African clothing, textiles, footwear and leather (CTFL) subsector as of December 2020.

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Executive summary

The clothing, textiles, footwear and leather value chain (CTFL) saw its share in manufacturing value added decline from 8.5% in 1994 to around 3% in 2019. Employment data for the 1990s are not reliable, but from 2002 to 2019 employment in CTFL dropped from 330 000 to 250 000, or from 20% of total manufacturing employment to 14%.

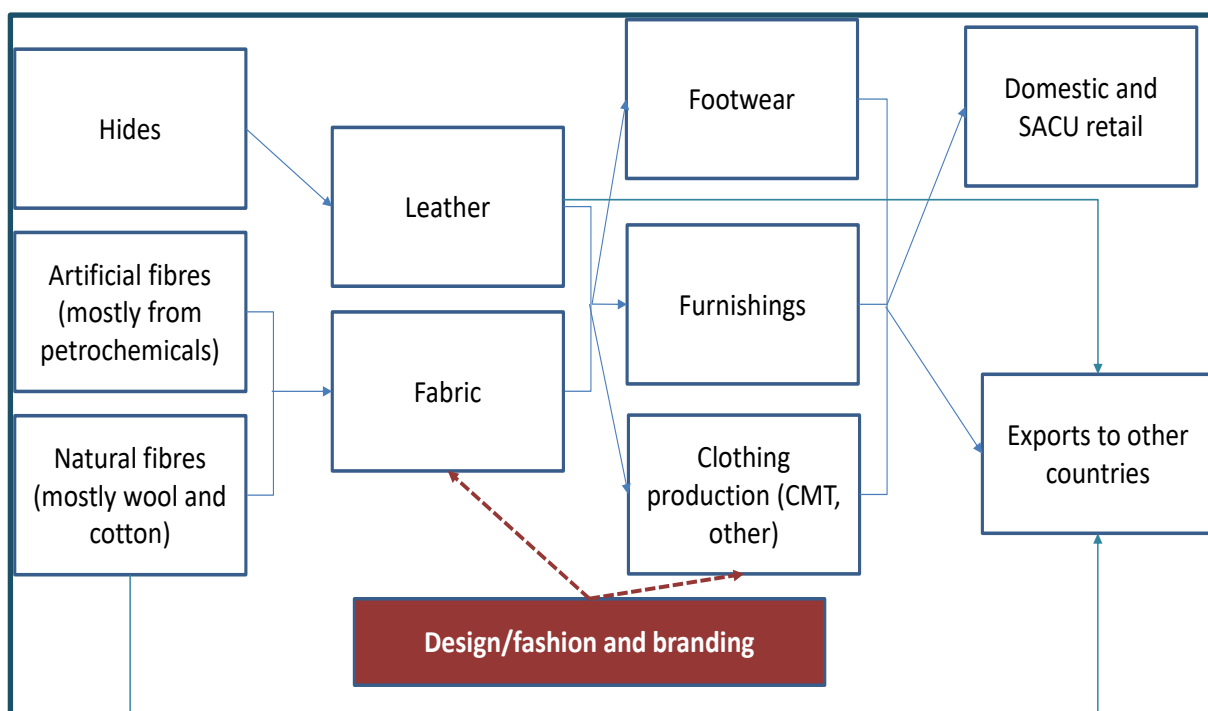
The decline in CTFL from 1994 was marked by three main periods. In constant rand, sales shrank from the opening of the economy in 1994 to the early 2000s, then grew until 2010, when they again began to stagnate. Two factors appeared to fuel this trend. First, the economy generally grew slowly before and after the international commodity boom that lasted from the early 2000s to 2011, depressing demand for consumer goods such as clothing. Second, the industry faced increasing competition from foreign producers, mostly from China and other countries in Southern Africa. As a percentage of household CTFL consumption, imports rose from around 17% in 1994 to 35% in 2019.

South African CTFL exports are split between raw materials, mostly wool and leather; intermediate inputs – synthetic fibres and fabrics; and final products (clothing and other textile goods). The raw materials go mainly to Asia and Europe, while exports of clothing end up predominantly in Namibia, Botswana and other Southern African countries.

During the COVID-19 pandemic, sales dropped more sharply in CTFL than in other manufacturing, but they also recovered more quickly. By the end of 2020, total CTFL sales had returned to pre-pandemic levels. Both exports and imports of CTFL remained lower than in 2019, with a marked shift toward protective equipment.

The CTFL value chain

CTFL is the value chain from synthetic and natural inputs to final clothing and shoes. The leather and textiles production systems are largely distinct, but both clothing and shoes now mostly use synthetic inputs from the chemicals industry. Relatively few shoes today are made mostly from leather.

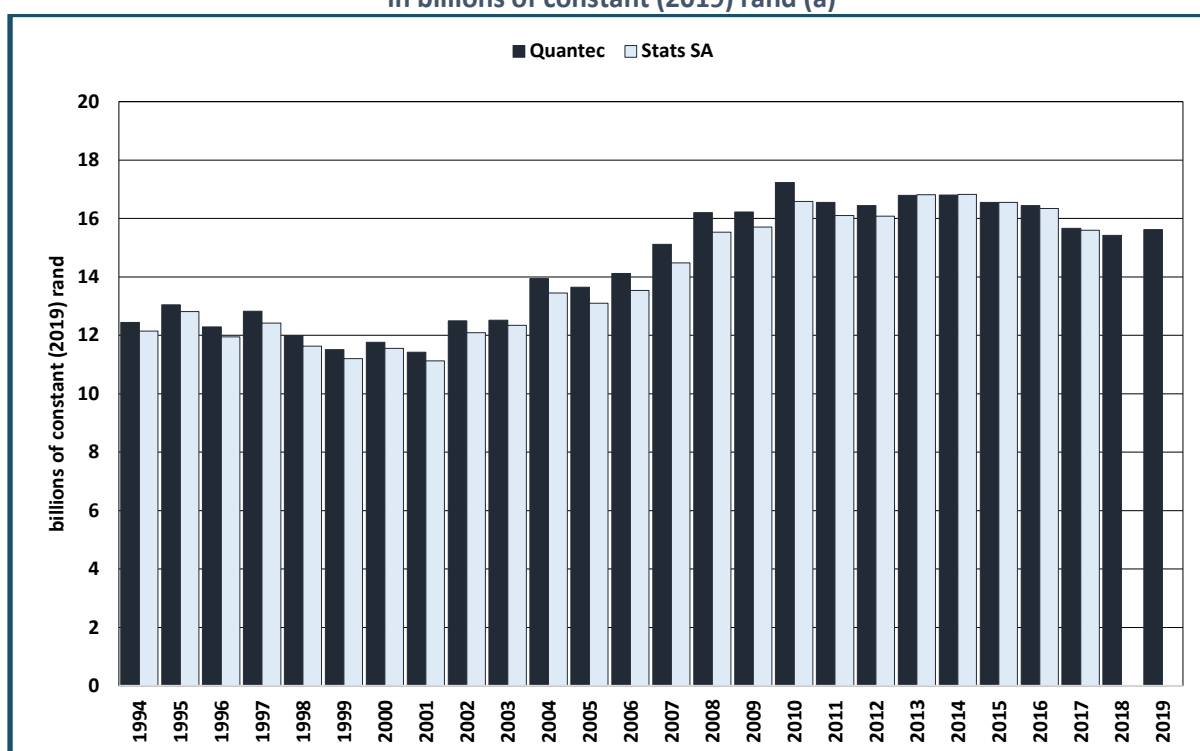


1. Contribution to GDP

Two sources publish data for the contribution of manufacturing industries to gross domestic product (GDP) – that is, value add by industry: Statistics South Africa published GDP data through 2017, and Quantec developed estimates through 2019 based on Statistics South Africa figures for sales, production and employment by sector and subsectors. The data are not identical, but with CTFL they show similar long-term trends.

Both sources find that CTFL value add saw an unusually sharp decline from the opening of the economy in 1994 through 2001, with the contribution to manufacturing value add declining more than 2% a year. CTFL value add, however, grew 4% a year from 2001 to 2010, then levelled out to over R16 billion in constant (2019) rand through 2014 before falling to R15.5 billion in 2019. From 2014 to 2019, value added in CTFL dropped 7%, according to Quantec estimates.

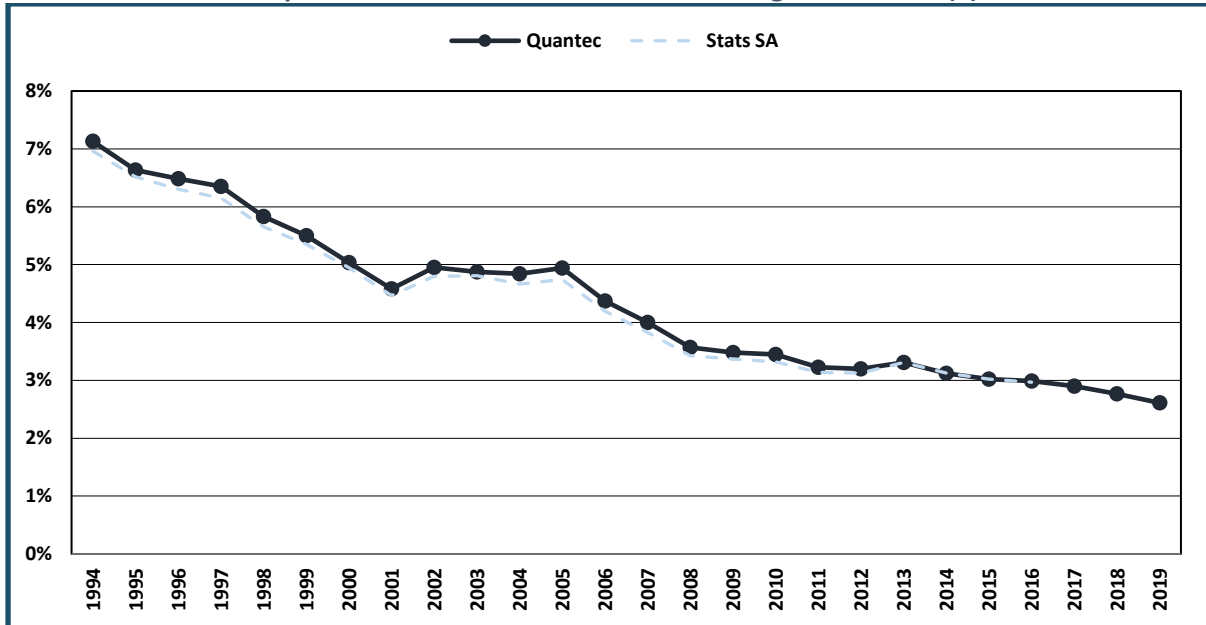
Graph 1. Value added in clothing, textiles, footwear and leather 1994 to 2019, in billions of constant (2019) rand (a)



Note: (a) Deflated by calculating the deflator used in the sources from figures in current and constant rand, and then rebasing to 2019. Source: Statistics South Africa, GDP P0441. Annual quarter and regional revisions. Excel spreadsheet. Series on manufacturing subsectors in current and constant rand. Downloaded from www.statssa.gov.za in January 2021; and Quantec EasyData. Standardised regional data. Database in electronic format. Series on value added in current and constant rand. Downloaded from www.quanis1.easydata.co.za in January 2021.

CTFL's contribution to manufacturing value added declined from 7% in 1994 to around 3% in 2019, as it grew more slowly than the rest of the sector.

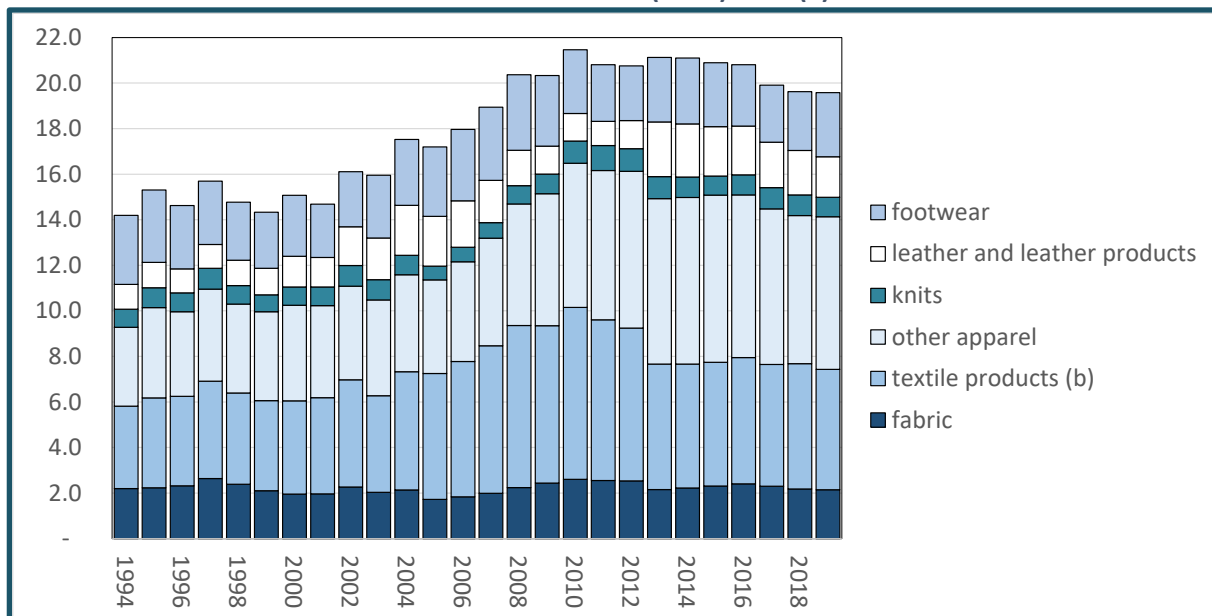
Graph 2. CTFL contribution to manufacturing value added (a)



Note: (a) Rebased using the implicit deflator rebased to 2019. Source: Calculated from Statistics South Africa, GDP P0441. Annual quarter and regional revisions. Excel spreadsheet. Series on manufacturing subsectors in current and constant rand. Downloaded from www.statssa.gov.za in January 2021; and Quantec EasyData. Standardised regional data. Database in electronic format. Series on value added in current and constant rand. Downloaded from www.quantec.co.za in January 2021.

According to Quantec estimates, fabric accounted for around 10% of gross value added in CTFL from 2010 to 2019; textile products (such as furnishings, tents) for 27%; apparel other than knits, for around 35%; and footwear, 15%. Knits fell from 7% to 4% over this period, while leather and leather products climbed from 5% to 9%.

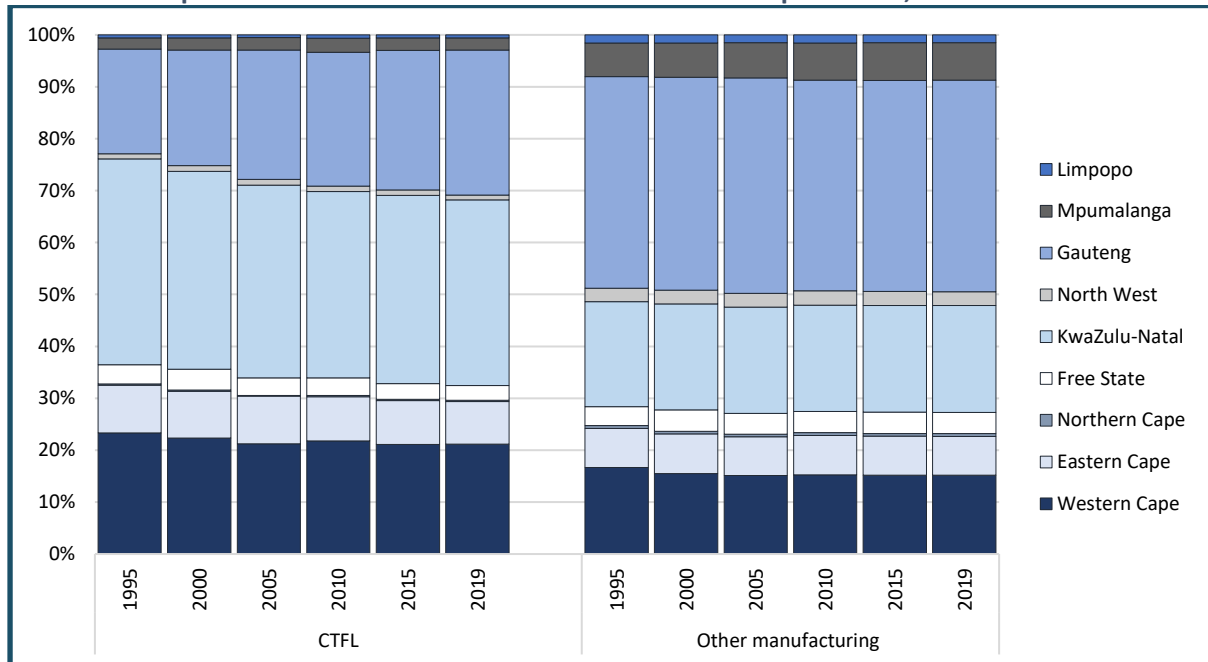
Graph 3. Gross value added by clothing, textiles, footwear and leather in billions of constant (2019) rand (a)



Note: (a) Deflated by calculating the deflator used in the sources from figures in current and constant rand, and then rebasing to 2019. Note (b) other textiles products not elsewhere classified. Source: Quantec EasyData. Standardised regional data. Database in electronic format. Series on value added in current and constant rand. Downloaded from <https://www.quantec.co.za/easydata/> in January 2021.

The industry remains concentrated in KwaZulu-Natal, followed by Gauteng and the Western Cape. Gauteng has tended to increase its share over the past 25 years. In 2019, CTFL accounted for 5% of value added by manufacturing in KwaZulu-Natal and 4% in the Western Cape. In Gauteng, it contributed only 2%.

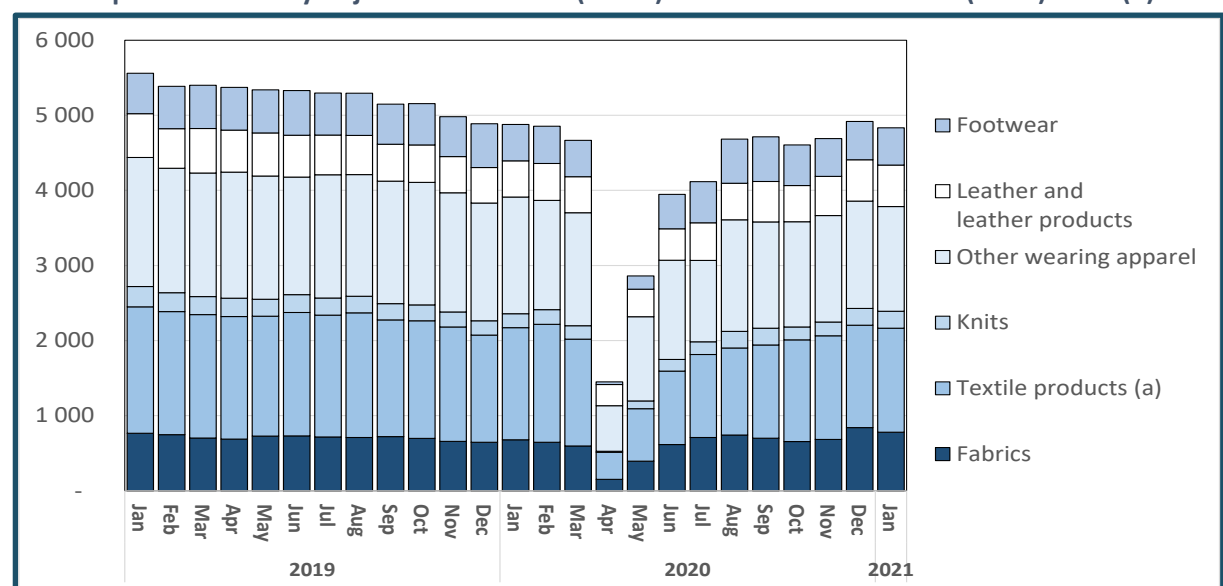
Graph 4. Distribution of value added in CTFL across provinces, 1994 to 2019



Source: Quantec EasyData. Standardised regional data. Database in electronic format. Series on value added in current and constant rand. Downloaded from <https://www.quantec.co.za/easydata/> in January 2021.

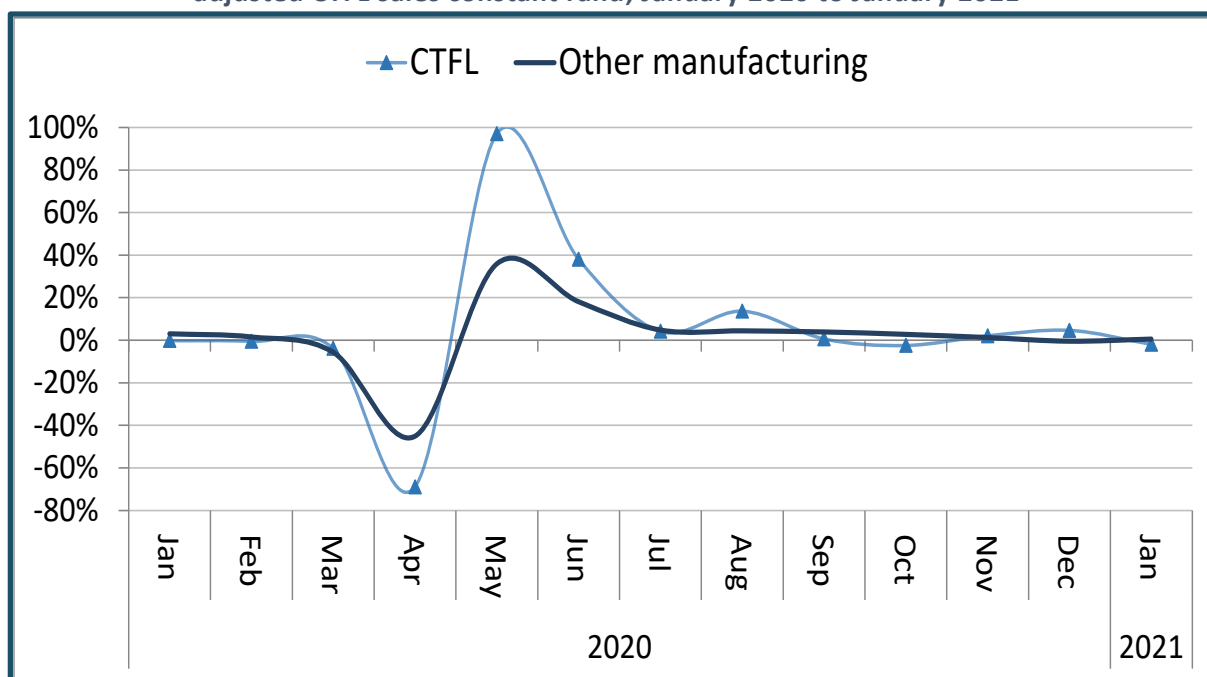
The pandemic downturn was initially more severe in CTFL than other manufacturing, although its sales had almost fully recovered by the end of 2020. According to Statistics South Africa monthly production and sales data, in April 2020 seasonally adjusted monthly sales in CTFL contracted nearly 70% over March, more than other manufacturing, which shrank 45%. CTFL production had recovered to January 2020 levels by the end of 2020.

Graph 5. Seasonally adjusted CFLF sales (value) in millions of constant (2021) rand (a)



Note: (a) Deflated with CPI rebased to January 2021. Source: Calculated from Statistics South Africa, P3041.2. Excel spreadsheet. Downloaded from www.statssa.gov.za in January 2021.

Graph 6. Month-on-month percentage change in seasonally adjusted CTFL sales constant rand, January 2020 to January 2021



Source: Calculated from Statistics South Africa, P3041.2. Excel spreadsheet. Downloaded from www.statssa.gov.za in January 2021.

2. Employment

The CTFL value chain is generally labour intensive, which means that:

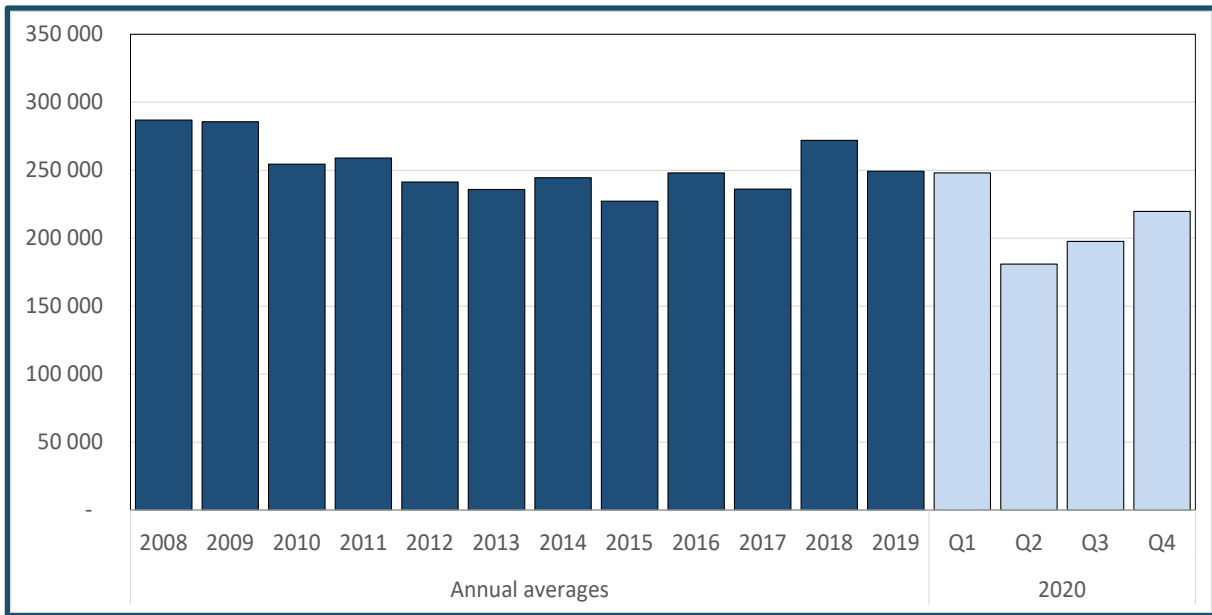
1. It provides a higher share of employment than its contribution to the GDP;
2. There are more small businesses; and
3. It typically has lower skills and pay, with fewer white and more women employees.

This section analyses the employment dynamics in CTFL from 2008 to the final quarter of 2020. The analysis is based on Statistics South Africa’s Quarterly Labour Force Survey (QLFS), a household-based survey on the dynamics of the South African labour market, introduced in 2008. The QLFS uses a sample of just over 60 000 people, which is redrawn periodically to ensure a representative sample. Its annual figures, in the Labour Market Dynamics database, are averages of the quarterly findings. It is important to note that the quarterly data are not seasonally adjusted or annualised.

Employment in CTFL fell from 330 000 in 2002¹ to 290 000 in 2008, and then to 240 000 in 2019 (despite an uptick in 2018). That is, from 2008 to 2019 it shrank an average of 2% a year. In 2020, the pandemic initially brought the loss of at least 70 000 jobs (or over 25%) from the first to the second quarter, but some 40 000 positions were regained by the fourth quarter – a far faster recovery than in the rest of manufacturing. Other manufacturing employment declined only 12% from the first to the second quarter of 2020, but by the last quarter had regained almost none of the lost jobs.

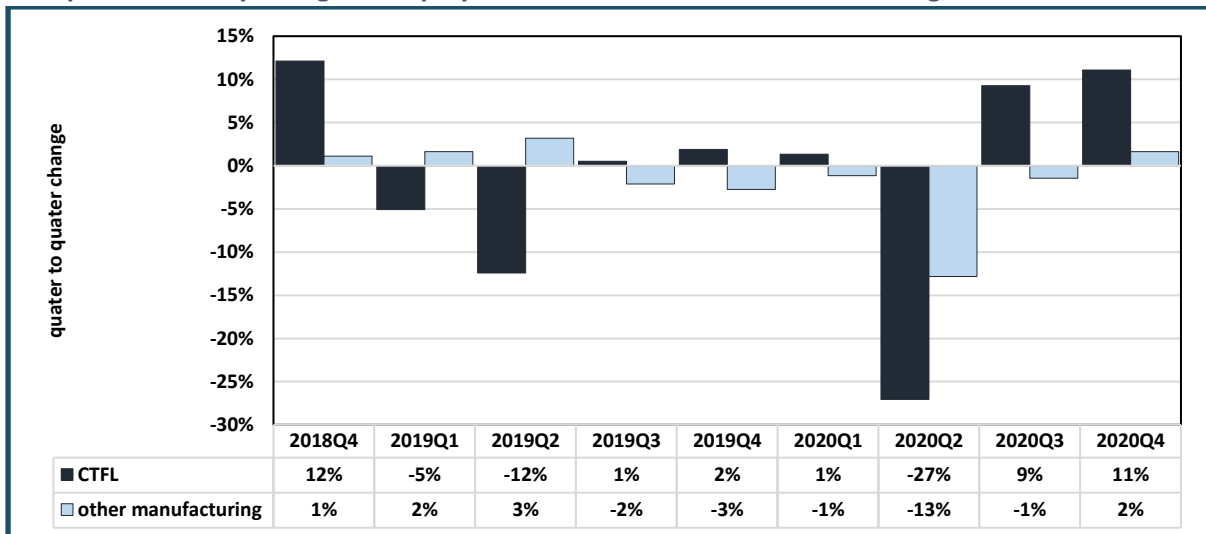
¹ Calculated from Statistics South Africa. Labour Force Survey. September 2002. Reweighted in 2014. Electronic database. Downloaded from Nesstar facility at www.statssa.gov.za in October 2020.

Graph 7. Employment in CTFL, annual from 2008 to 2019 and quarterly in 2020



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in January 2020.

Graph 8. Quarterly change in employment in CTFL and other manufacturing, Q4 2018 to Q4 2020

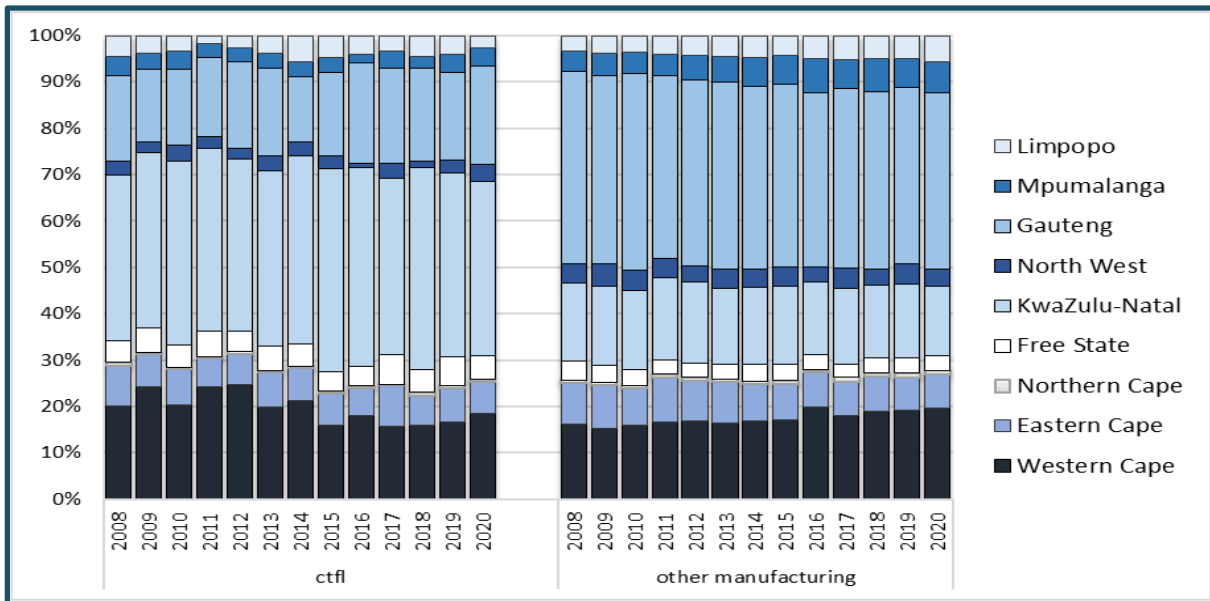


Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey. Q4 2018 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in January 2021.

As Graph 9 shows, KwaZulu-Natal was the largest employer in CTFL. Two out of five CTFL workers were in the province, compared to only a fifth of other manufacturing employees.

The second largest employer was Gauteng, which accounted for a fifth of CTFL employment – about half its share in other manufacturing. However Gauteng’s prominence in CTFL employment was driven by informal sector work.

Graph 9. Employment by province in CTFL compared to other manufacturing

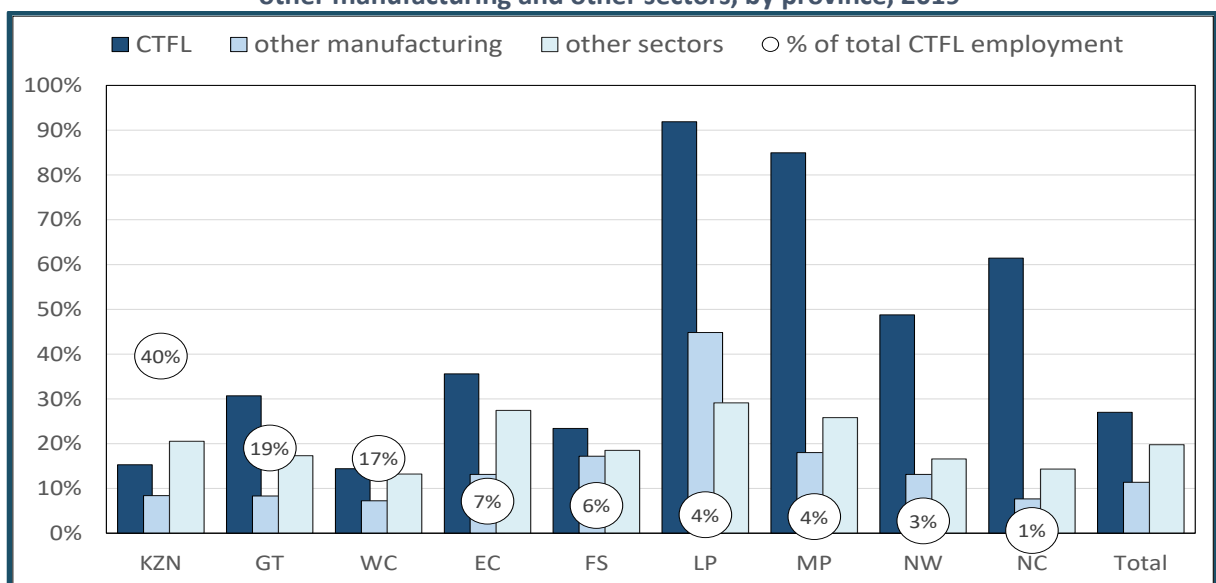


Source: Statistics South Africa. Labour Market Dynamics. Relevant years. Series on employment by industry and province. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in January 2021.

The location of manufacturing can also be understood in how it was embedded in apartheid geography. To this day, only a tenth of manufacturing employment is in historic labour-sending regions, where around a quarter of the population lives. In the case of CTFL, however, around 17% of total employment was in these areas from 2008 to 2020. In part, the relatively large share of CTFL in these areas reflects efforts by the apartheid regime to encourage investment in the industry in former so-called “border” regions.

CTFL had an unusually high share of informal workers compared to the rest of manufacturing. Around one in five CTFL workers was informal, twice the rate of the rest of manufacturing. Of the provinces that dominated CTFL employment, Kwa Zulu Natal was distinguished by relatively high levels of informality.

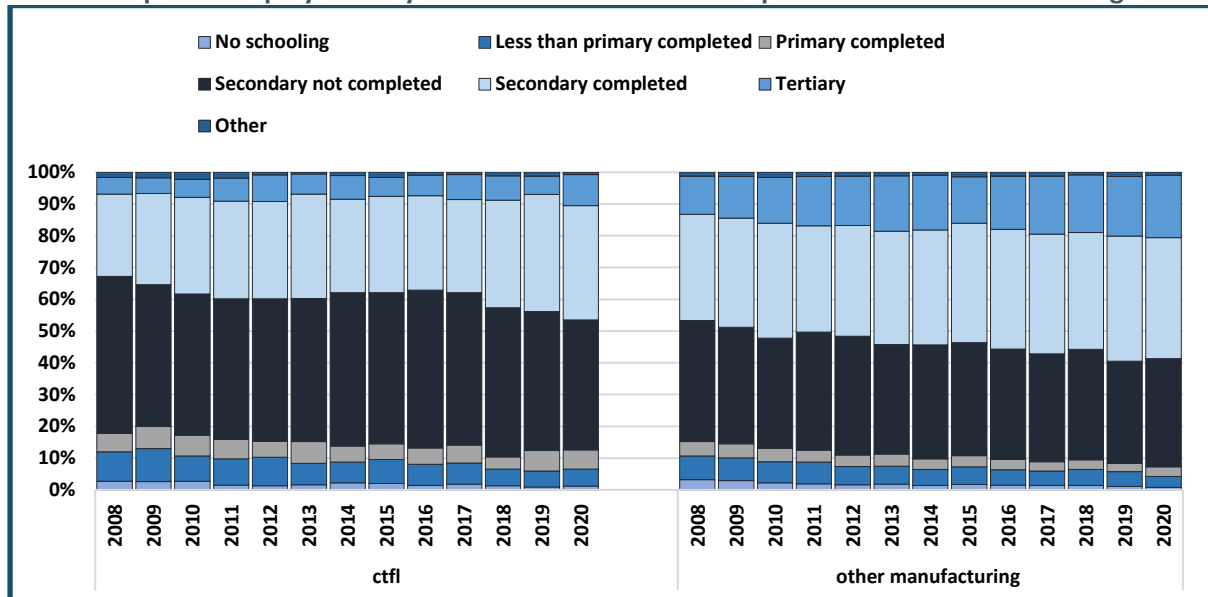
Graph 10. Share of informal workers in employment in CTFL, other manufacturing and other sectors, by province, 2019



Source: Calculated from Statistics South Africa. Labour Market Dynamics. Electronic database. Series on employment by industry. Downloaded from www.statssa.gov.za Nesstar facility in January 2021.

Graph 11 reports on manufacturing employment in CTFL by education level. The graph indicates that employees in CTFL are likely to have matric or less. The share of employees with a tertiary education stagnated at around 10% from 2010 to 2020. In contrast, in other manufacturing it grew fairly steadily from 12% in 2008 to 20% in 2020.

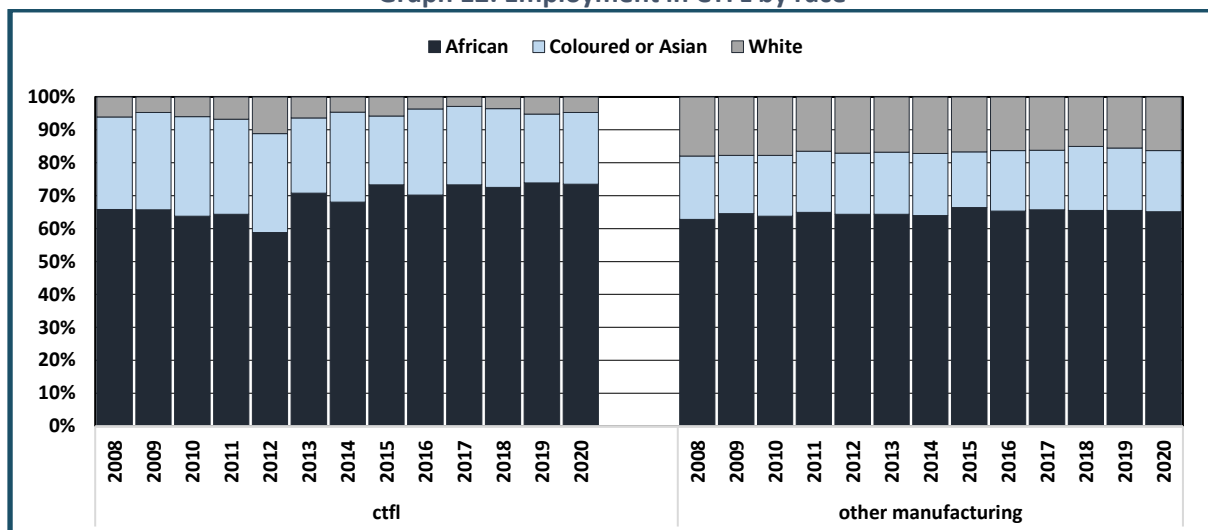
Graph 11. Employment by education level in CTFL compared to other manufacturing



Source: Calculated from Statistics South Africa. Labour Market Dynamics, 2008 to 2019, and Quarterly Labour Force Survey, Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in January 2020.

In 2019, Africans constituted slightly over two thirds of employment in CTFL, which was slightly higher than in the rest of manufacturing. Coloureds and Asians, however, comprised a quarter of the CTFL workforce, compared to a sixth in other manufacturing. In contrast, only one in 20 CTFL workers was white, compared to one out of six in other manufacturing. These figures presumably arise out of a combination of low pay and the strength of CTFL in KwaZulu-Natal and the Western Cape.

Graph 12. Employment in CTFL by race

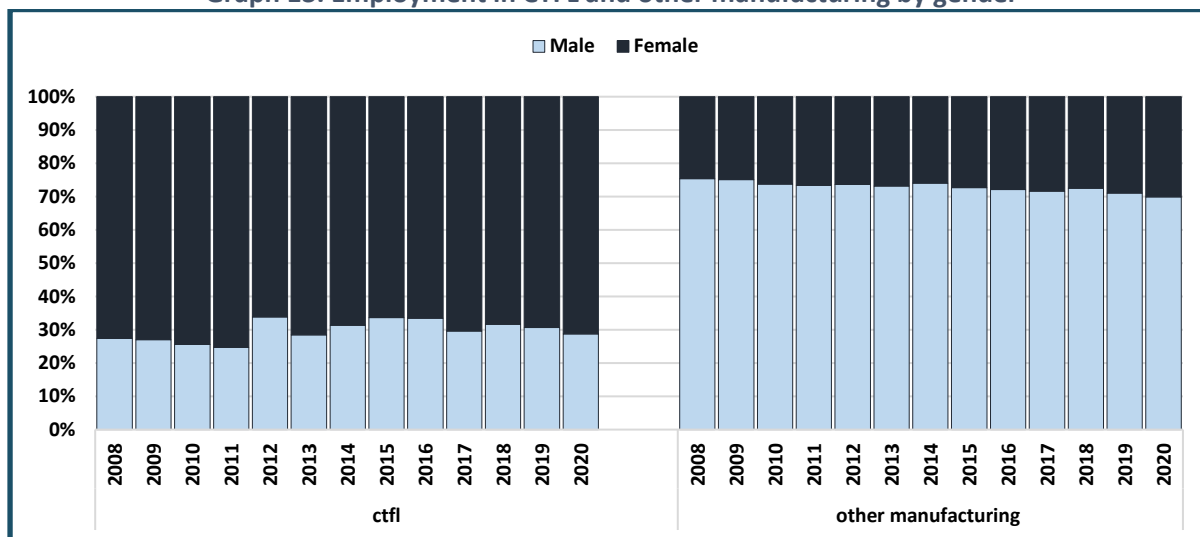


Source: Statistics South Africa. Labour Market Dynamics. Relevant years. Series on employment by industry and population group. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in January 2021.

Graph 13. shows employment in CTFL and other manufacturing by gender from 2008 to 2020. According to the QLFS, women constitute a much larger share of the labour force in CTFL than other

manufacturing. By the end of 2020, women accounted for more than 70% of the labour force in CTFL, compared to just 30% in other manufacturing.

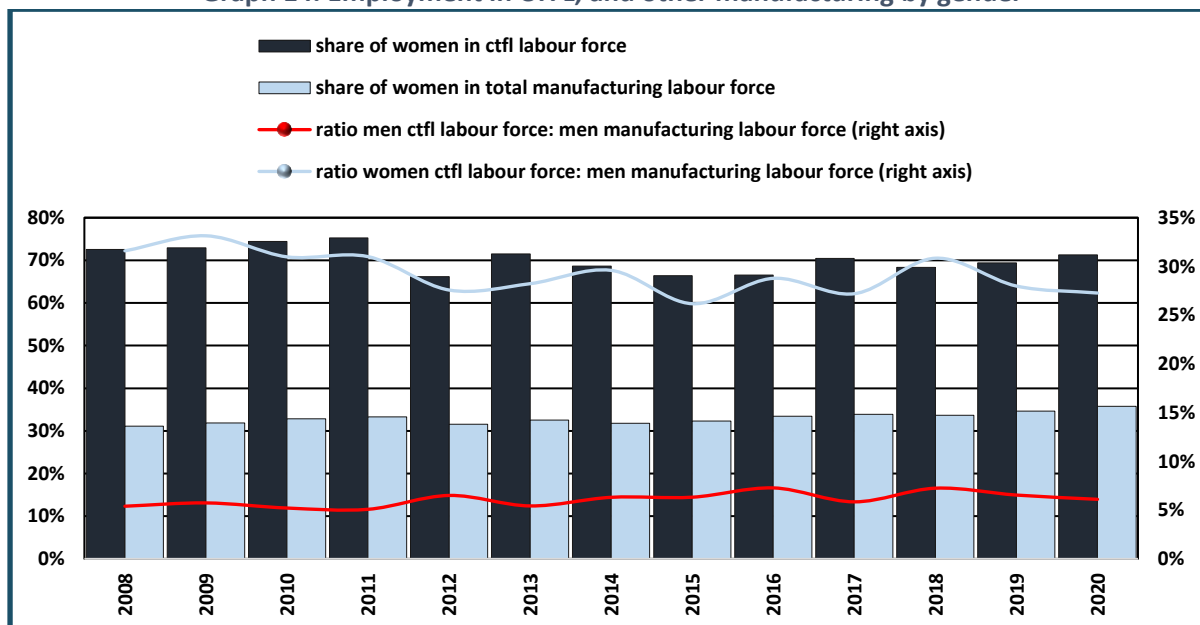
Graph 13. Employment in CTFL and other manufacturing by gender



Source: Statistics South Africa. Labour Market Dynamics. Relevant years. Series on employment by industry and gender. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in January 2020.

CTFL provided employment for over 26% of all women manufacturing workers. In contrast, it employed only just over 5% of all men in manufacturing. The importance of CTFL for women’s employment declined from 2008, however, when it accounted for over a third of women in manufacturing. The reason was presumably the relatively slow growth in employment in CTFL overall.

Graph 14. Employment in CTFL, and other manufacturing by gender



Source: Statistics South Africa. Labour Market Dynamics. Relevant years. Series on employment by industry and gender. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in January 2021.

3. Trade

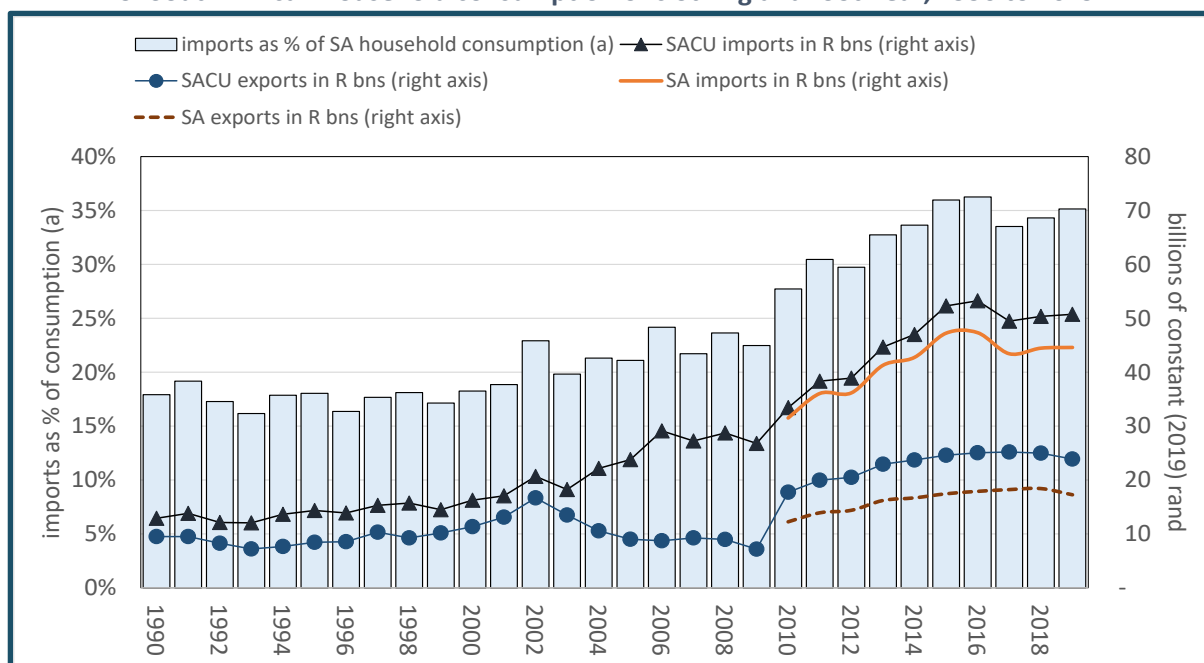
South Africa was a relatively small exporter of CTFL products, and half of the total comprised raw materials and intermediate inputs, mostly wool and leather. Its exports of finished products went mainly to neighbouring countries. In contrast, the bulk of imports comprised clothing, primarily from

China, although imports from other Southern African Development Community (SADC) members grew rapidly over the past decade. By value, imports climbed from under a fifth of household CTFL consumption in 1994 to over a third in 2019.

Before 2010, trade data are only available for SADC as a whole. The resulting picture is particularly misleading for light manufacturing industries, including CTFL, which export principally to Namibia and Botswana. This section first reviews trends in South African Customs Union (SACU) CTFL exports and imports from 1990, and then provides more detail on South African trade by product and region.

As Graph 15. shows, South African CTFL imports surged from 2001 to 2015. Part of that period coincided with the global commodity boom, which fuelled both mining exports and overall growth, including in local CTFL production. In contrast, CTFL exports declined for most of this period. As a result of the wave of imports, the share of foreign products in South African CTFL consumption climbed from under 20% between 1990 and 2001 to around a third from 2013 to 2019. In 2019, CTFL represented about 5% of South Africa’s imports of all goods.

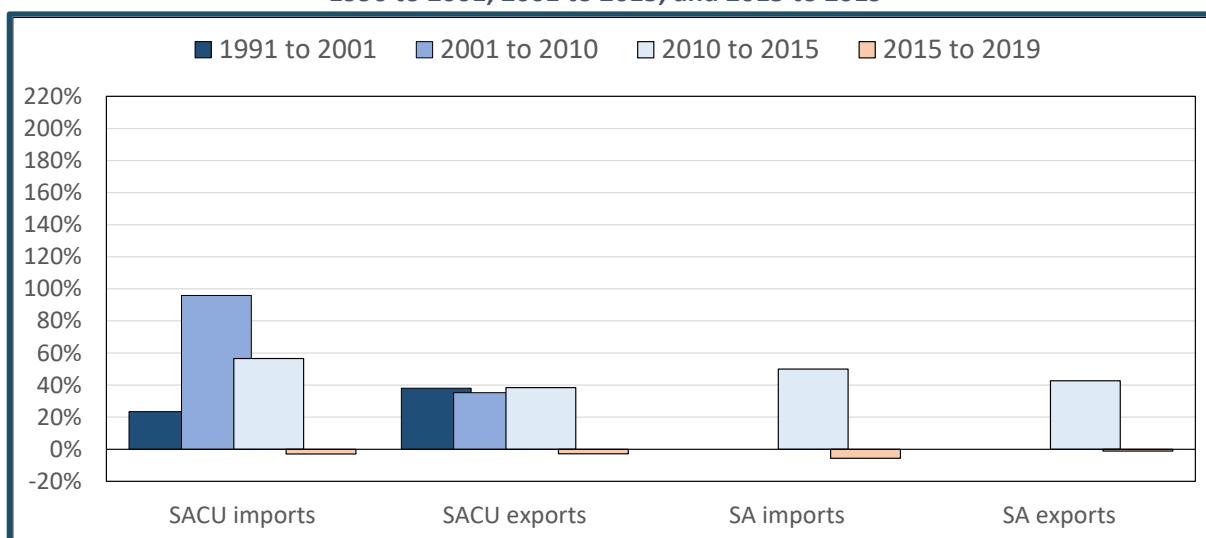
Graph 15. SACU and South African imports and exports of CTFL in billions of constant (2019) rand (a), and SACU imports as a percentage of South African household consumption of clothing and footwear, 1990 to 2019



Notes: (a) Rebased with average annual CPI rebased to 2019. (b) Data for South African trade alone is not available before 2010, but from 2010 South Africa accounted for around 90% of SACU CTFL imports. Source: SACU and South African trade calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021. Household consumption of clothing and footwear downloaded from SA Reserve Bank. Interactive data set. Series on household consumption of clothing and footwear in current rand. Downloaded from www.resbank.co.za in March 2021.

Both exports and imports stagnated as the economy slowed from 2015 (see Graph 16). According to figures for South African trade alone, available only from 2010, South African imports fell from 94% of SACU imports in 2010 to 88% in 2019, while its exports rose from 69% to 72%.

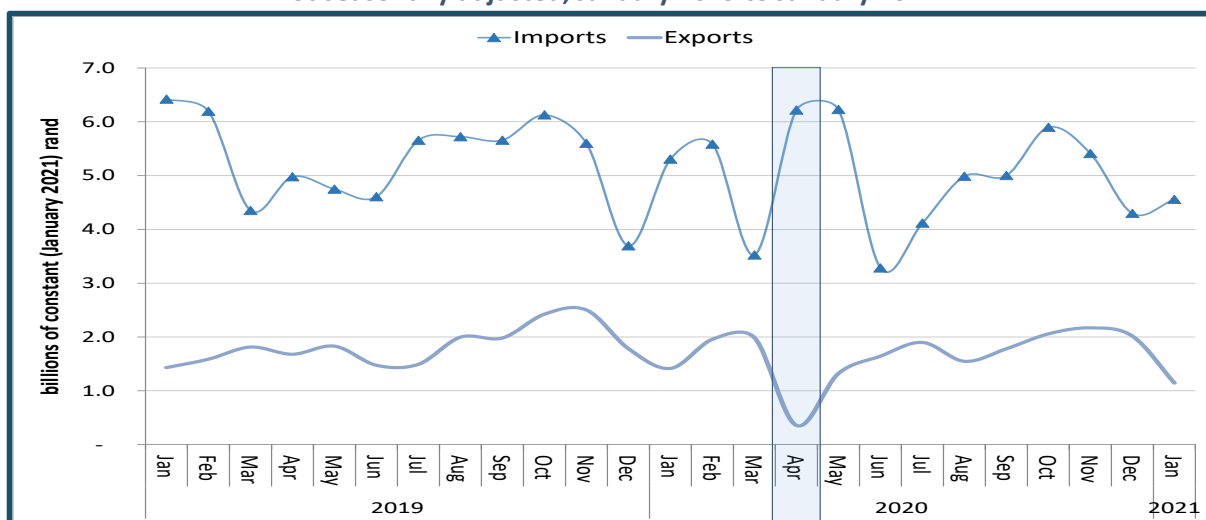
Graph 16. Change in SACU exports and imports in constant rand (a), 1990 to 2001, 2001 to 2015, and 2015 to 2019



Notes: (a) Refflated with average annual CPI. Source: SACU trade calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

The COVID-19 pandemic in 2020 hit CTFL exports particularly hard, while imports remained comparatively strong due mostly to large purchases of protective equipment (see Graph 17). In constant rand terms, the lockdown in April 2020 saw CTFL exports fall by over 80% compared to March. Other exports, which derive mostly from the mining value chain, dropped 55%. In contrast, imports of CTFL climbed 75% while other imports dropped 10%. After April, exports rebounded strongly as both South Africa and its trading partners adopted more targeted measures to limit COVID-19. Still, as of January 2021, CTFL exports were almost 20% lower than a year earlier. In contrast, other exports were 6% up, largely due to high international prices for precious metals and iron ore. CTFL imports were 14% lower than a year earlier; other imports were down by 8%.

Graph 17. Monthly CTFL imports and exports in billions of constant (2021) rand (a), not seasonally adjusted, January 2019 to January 2021



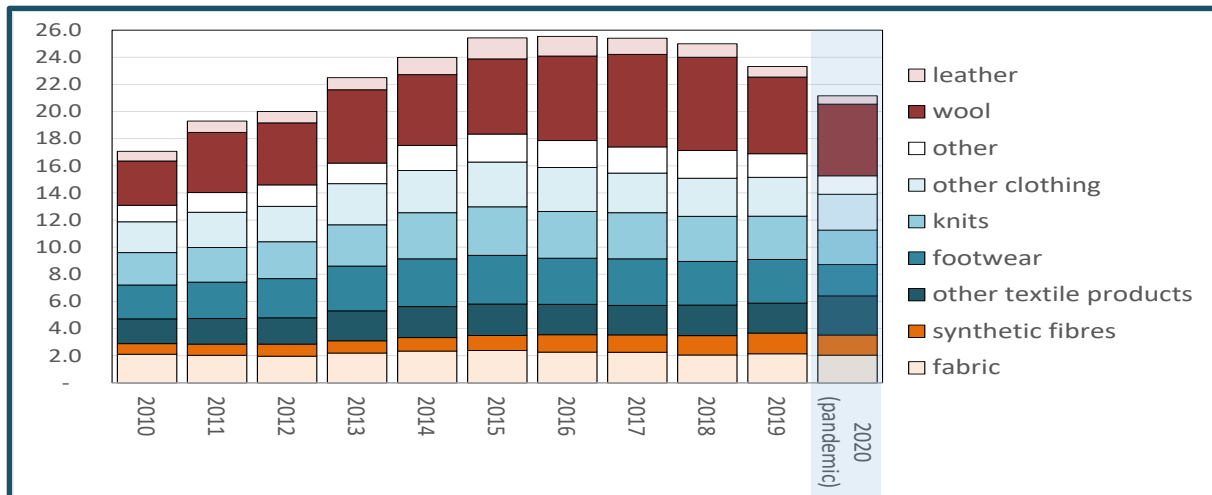
Note: (a) Refflated with monthly CPI, rebased to January 2021. Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

Longer-run trends in CTFL trade varied substantially between inputs and final manufactures.

Exports of final manufactures climbed from 1994 until 2015 then fell, in constant rand terms (deflated with CPI). Exports of raw materials rose even faster through 2015, although they also fell in recent

years. From 2010 to 2015, exports of raw materials increased by 78%, then fell 9% in 2019 and 23% in the pandemic year of 2020(see Graph 18). Exports of intermediate inputs – synthetic fibres and fabric – rose 21% from 2010 to 2015, and another 5% over the following four years, mostly because synthetic fibres climbed while fabric sales shrank. Exports of final manufactures increased 42% from 2010 to 2015, but fell 10% from 2015 to 2019, and plummeted 16% in 2020. The decline in 2020 would have been larger but exports of textile products other than clothing rose some 29%, presumably reflecting the jump in sales of protective equipment.

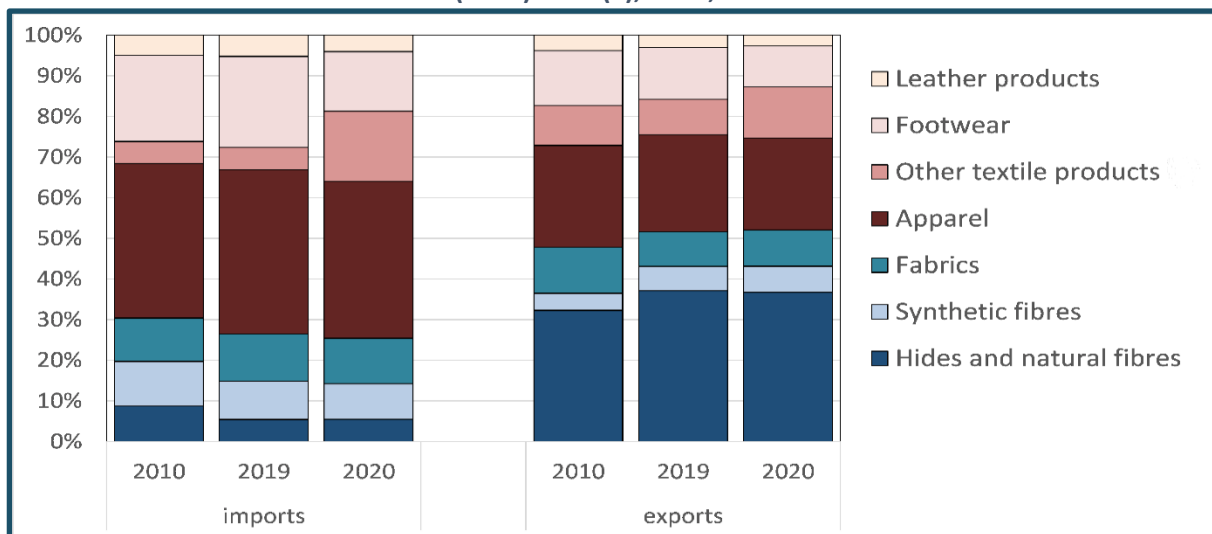
Graph 18. CTFL exports by type of product in billions of constant (2020) rand (a), 2010 to 2020



Notes: (a) Reflated using annual average CPI rebased to 2020. Source: Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

Overall, exports were split almost evenly between finished products – mostly clothing and footwear – and intermediate goods and raw materials, primarily wool (see Graph 19). Clothing dominated finished products in CTFL exports, contributing 23% of total exports in 2019. Other textile products, such as curtains and tarpaulins, accounted for 9%; footwear, 13%; and leather goods, 3%. The remaining exports comprised raw materials and intermediate inputs, mostly wool (23%) and leather (10%); synthetic fibres (6%); and fabrics (9%). The share of textile manufactures other than clothing climbed from 9% in 2019 to 13% in 2020, presumably due to increased sales of protective equipment.

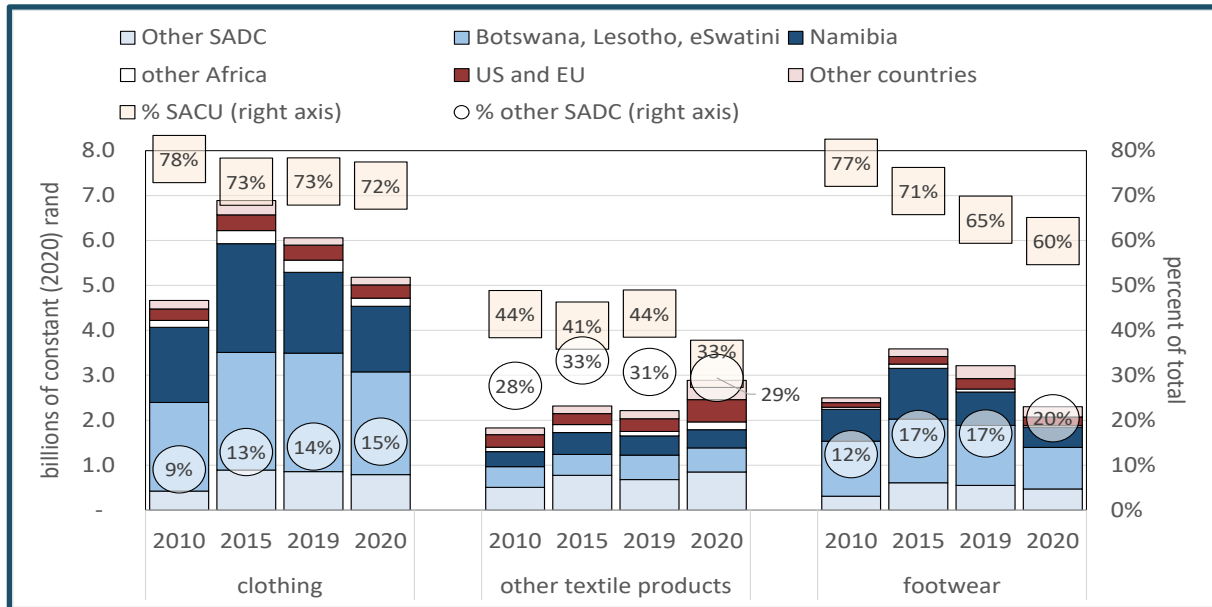
Graph 19. Imports and exports of major CTFL products in constant (2020) rand (a), 2010, 2019 and 2020



Notes: (a) Reflated using annual average CPI rebased to 2020. Source: Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

SACU constituted the biggest market for South African exports of final CTFL products, accounting for almost three quarters for clothing and two thirds for footwear in 2019. This aligns with the disproportionate importance of SACU members, and especially Namibia, for South Africa’s light manufacturing exports in general. Namibia alone accounted for most of the fall in CTFL manufactured exports from 2015 to 2019. Overseas countries saw a significant increase in sales only for footwear and, in 2020, other textile products – that is, presumably, protective equipment.

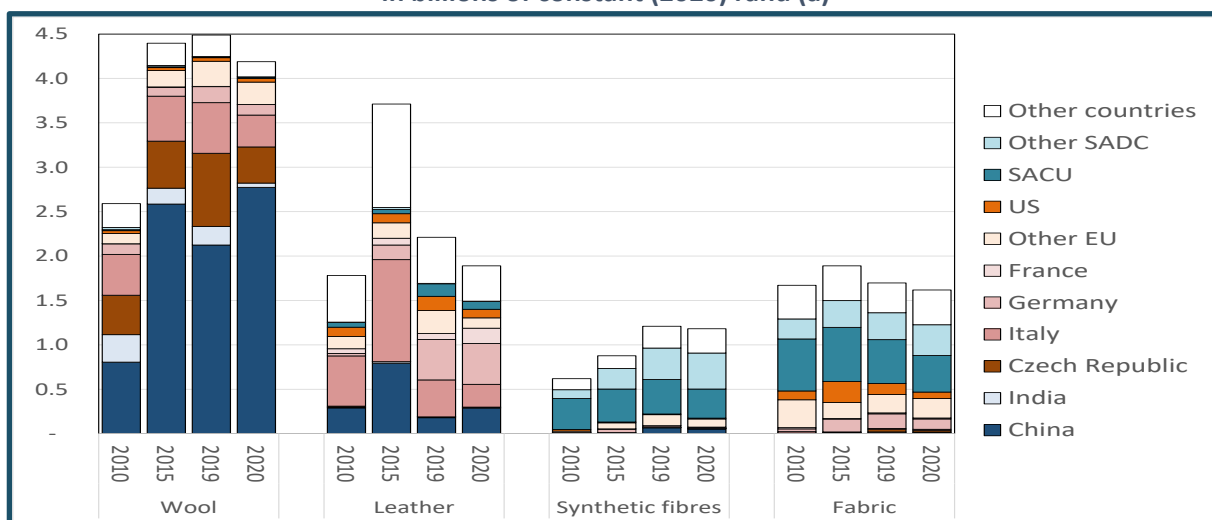
Graph 20. CTFL final manufactured exports by destination in billions of constant (2020) rand (a) and share of SADC countries, 2010, 2015, 2019 and 2020



Notes: (a) Reflated using annual average CPI rebased to 2020. Source: Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

In contrast, raw materials in the CTFL value chain went principally to overseas destinations (see Graph 21). China bought over half of South Africa’s wool exports, followed by the Czech Republic and Italy, and the EU purchased most leather exports. In contrast, for intermediate products – that is, synthetic fibres and fabrics – SADC countries, and especially SACU, were the dominant markets. They were also an important source of imports of these products

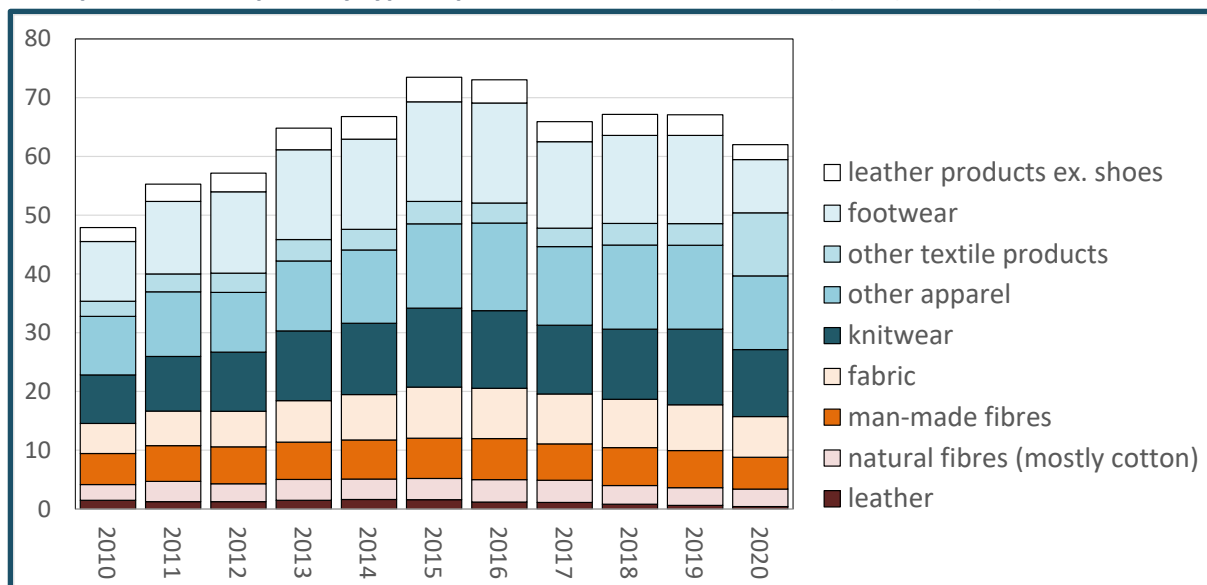
Graph 21. CTFL raw materials and intermediate exports by destination in billions of constant (2020) rand (a)



Notes: (a) Reflated using annual average CPI rebased to 2020. Source: Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

On the import side, the bulk of CTFL sales were benefited commodities, mostly clothing and footwear. Raw materials and intermediate products accounted for around a quarter of the total.

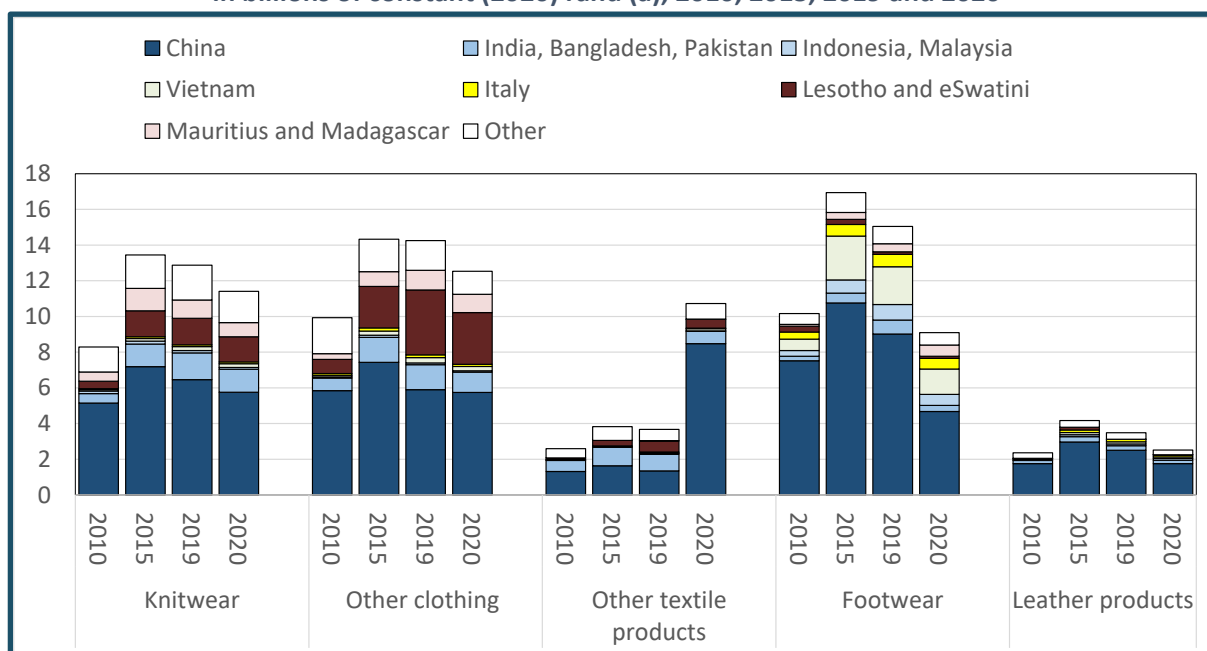
Graph 22. CTFL imports by type of product in billions of constant (2020) rand (a), 2010 to 2020



Notes: (a) Refflated using annual average CPI rebased to 2020. Source: Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

China was by far the most important source of manufactured CTFL imports in 2010, but its dominant position eroded over the decade (see Graph 23). From 2015 to 2019, South African imports of clothing and other textile manufactures shrank by 3%, but imports from China in this category dropped 11% while imports from Lesotho and eSwatini climbed over 40% and from Mauritius and Madagascar, 3%. The 2020 pandemic, however, saw a surge in imports of protective clothing, mainly from China.

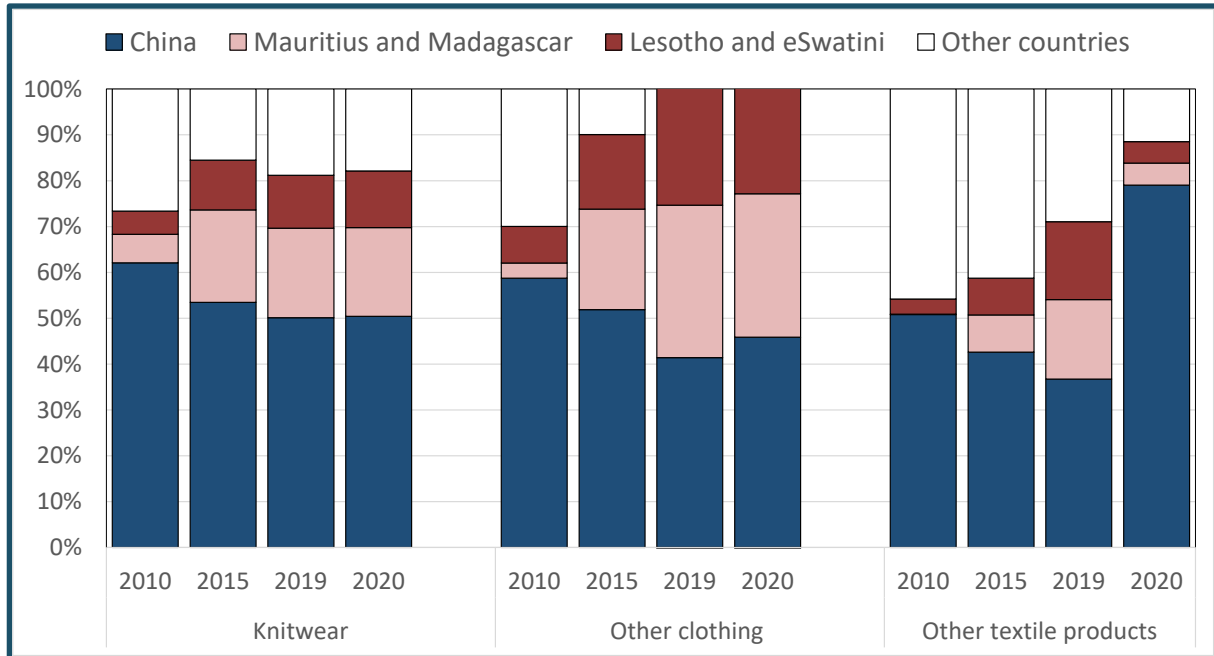
Graph 23. South African imports of manufactured CTFL products by major suppliers in billions of constant (2020) rand (a), 2010, 2015, 2019 and 2020



Notes: (a) Refflated using annual average CPI rebased to 2020. Source: Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

As Graph 24. indicates, the Chinese share in imports of clothing and other textile products fell steadily from 2010 to 2020, although it remained close to half of the total. In contrast, the share of Lesotho, eSwatini, Mauritius and Madagascar climbed from 10% to 45%.

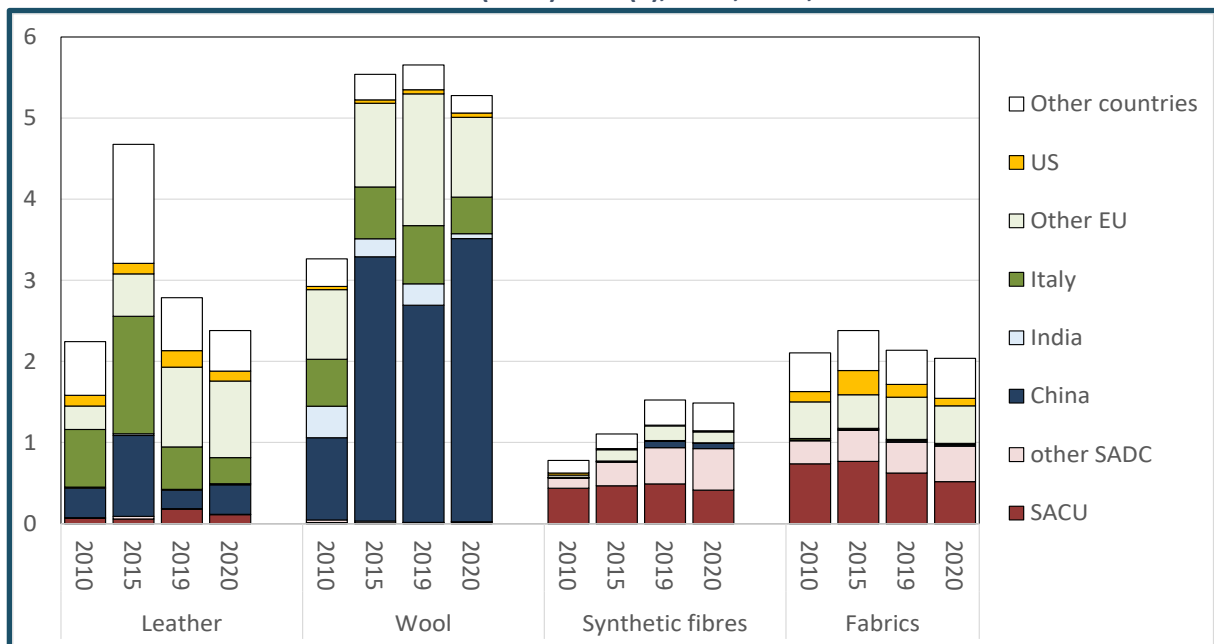
Graph 24. Imports of final CTFL products by country, in billions of constant (2020) rand (a), 2010, 2015, 2019 and 2020



Notes: (a) Reflated using annual average CPI rebased to 2020. Source: Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

South Africa’s comparatively small imports of leather and wool originated mostly in China and the European Union (EU). In contrast, the (even smaller) imports of synthetic fibres and fabrics came primarily from Southern Africa (see Graph 25).

Graph 25. Imports of raw materials and intermediate inputs by country in billions of constant (2020) rand (a), 2010, 2015, 2019 and 2020

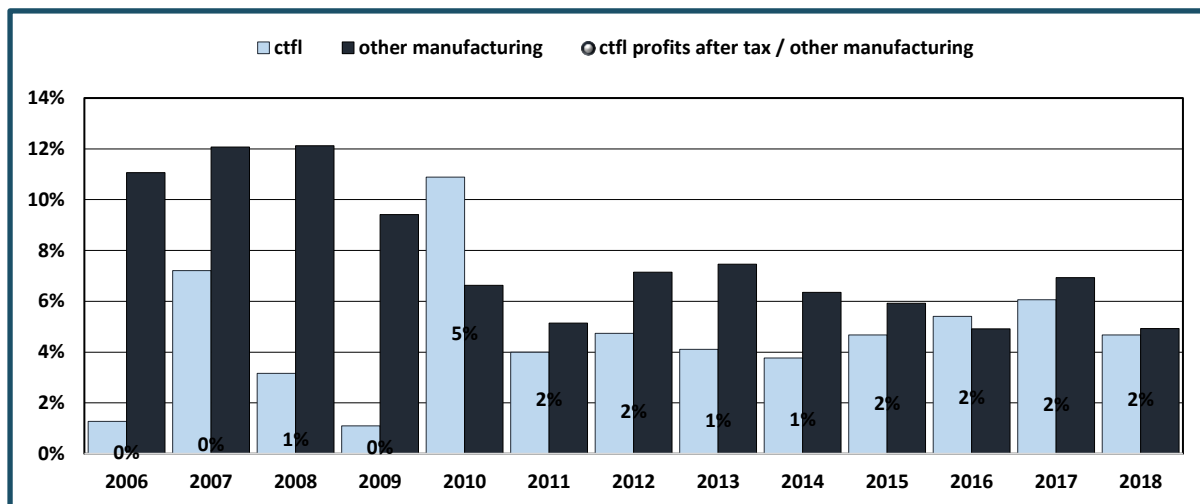


Notes: (a) Reflated using annual average CPI rebased to 2020. Source: Source: Calculated from Quantec. EasyData. RSA Trade HS 8-digit. Downloaded from www.quantec.co.za in March 2021.

4. Profitability and assets

From 2006, the after-tax return on assets in CTFL averaged 5% a year. This rate was lower than other manufacturing, where the after tax profits averaged 8% in the rest of manufacturing. In 2018, CTFL contributed to around 2% of all manufacturing profits.

Graph 26. Return on assets (a) in CTFL, and other manufacturing, and after-tax profits in CTFL as percentage of after-tax profits in manufacturing as a whole



Note: (a) Profits before taxes and dividends less company tax as percentage of total assets. Source: Calculated from Statistics South Africa. Annual Financial Statistics. Disaggregated Industry Statistics for relevant year. Excel spreadsheet. Downloaded from www.statssa.gov.za in January 2021.

As Graph 27. shows, between 2006 and 2018 employment costs (salaries and wages) averaged 80% of income in CTFL, compared to 56% in the rest of manufacturing. In the same period, after-tax profits in CTFL averaged 13%, in contrast to 29% in other manufacturing industries. Company taxes accounted for an average of 6% of income from CTFL, compared to 13% for the rest of manufacturing, in the same period.

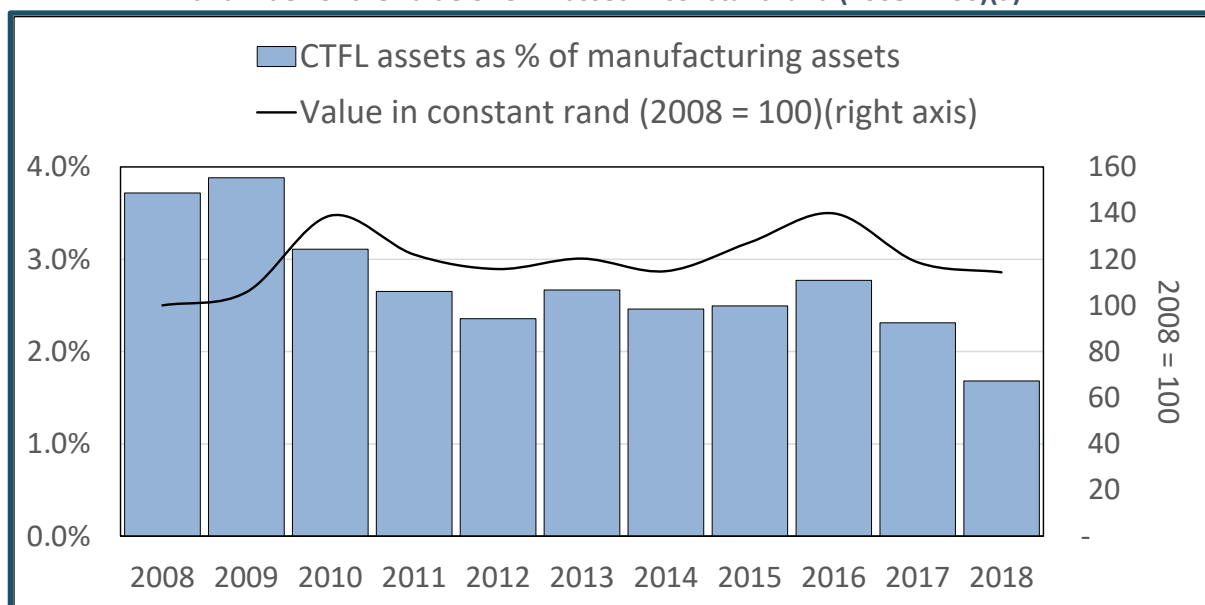
Graph 27. Share of remuneration, profits and taxation in income from CTFL compared to other manufacturing



Source: Calculated from Statistics South Africa. Disaggregated Industry Statistics for relevant year. Excel spreadsheet. Downloaded from www.statssa.gov.za in January 2021.

The value of CTFL assets climbed by 8% in real terms from 2009 to 2018, while the assets in the rest of manufacturing rose 13%. The value of assets in CTFL fell from 3.5% of total assets in manufacturing in 2008 to 1.5% in 2018 (see Graph 28).

Graph 28. Assets in CTFL as % of total manufacturing assets, and index of the value of CTFL asset in constant rand (2008 = 100)(a)

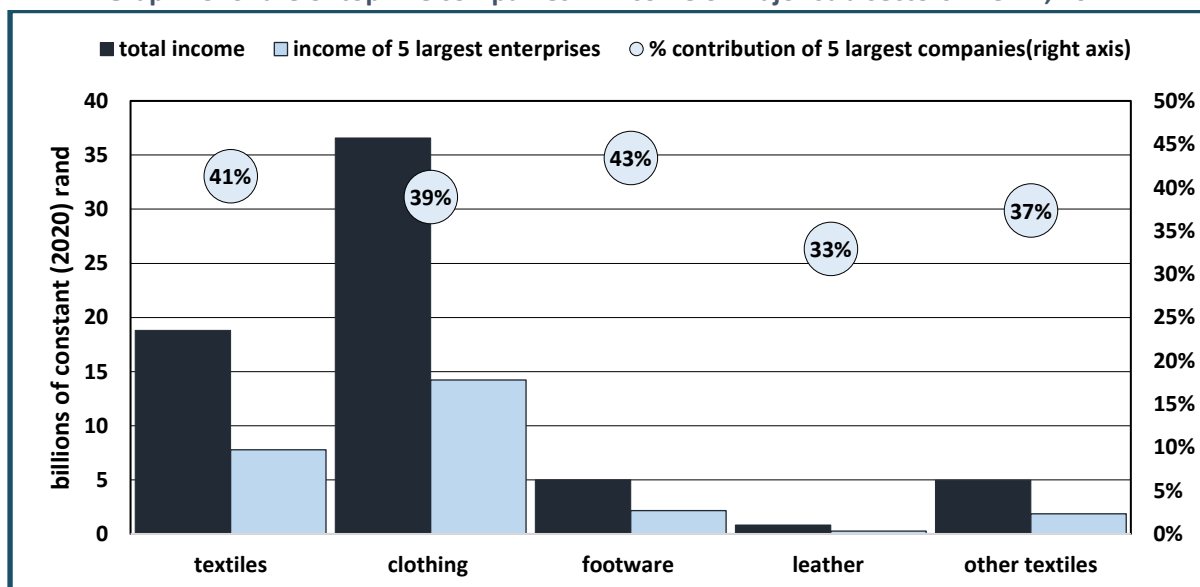


Notes: (a) Deflated with CPI. Source: Calculated from Statistics South Africa. Disaggregated Industry Statistics for relevant year. Excel spreadsheet. Downloaded from www.statssa.gov.za in January 2021.

5. Market structure and major companies

According to Statistics South Africa’s Manufacturing Financial Statistics, in 2017 the share in total income of the largest five companies in CTFL as a whole was only 14%. That was substantially lower than the norm for major manufacturing industries, where the figure generally fell between 30% and 40%. Within subsectors, however, concentration was closer to the manufacturing norm.

Graph 29. Share of top five companies in income of major sub-sectors in CTFL, 2017



Source: Calculated from Statistics South Africa. Manufacturing Industry: Financial, 2019. Pretoria. Table 9, p 33, ff.

Table 1 lists the major companies in the CTFL value chain. The largest are the retailers, which both buy from domestic retailers and import finished products. The chains included in the table have between 400 and 5 000 outlets. A number of smaller chains, with anywhere from a handful to hundreds of outlets, were excluded because of lack of space. The chains import both low-cost products, mostly from Asia, and branded goods from the global North (some of which are produced in low-wage countries). Several of them have dedicated procurement subsidiaries in Asia. Two groups of chains are owned by Massmart and Steinhoff, both of which are entirely foreign-owned.

- Clothing and shoe manufacturers are mainly privately owned, often by companies or by their directors or managers. Exceptions are Levi Strauss, Bata, Falke and Glencarol, which are all foreign-owned.
- Most clothing and shoe producers have between one and four factories and employ less than 500 workers, although around 20 manufacturers have between 500 and 3 000 workers. In terms of product, they fall into three main groups: producing regular clothing; manufacturing purpose-made clothes, including protective clothing and shoes as well as work and school uniforms; and cut, make and trim (CMT) producers who contract to produce goods for designers and retailers.
- Virtually all manufacturers sell their output mostly through major retail chains, with many linked to just one or two chains. A number also have their own stores.
- The CMTs play a central, although subordinate, role in the industry, especially for small local fashion houses, by providing key production competencies. They range greatly in size and formality, from established factories, which sometimes have their own brands as well as contracting with design houses, to unregistered workshops in township houses serving mostly small, local designers. Most are not included in the table because they are too small.
- Work and uniform producers seem more likely to export overseas, but many companies sell across the region either through retail chains or directly.
- A number of clothing producers have licences to produce overseas brands. For instance, 60% of Levi products sold in South Africa are locally produced. Some foreign brands, including among others Adidas, Nike, Hi-Tec and New Balance, have outlets in South Africa where they sell only imported clothing and shoes. Several of these brands import over a million pairs of shoes annually to South Africa.
- There are far fewer textile companies than clothing firms. Some specialise in industrial products, such as filters. Most produce synthetic yarns and fabrics, although a few process local wool.

Overall, the retail chains and international brands have significant market power in the clothing industry both nationally and internationally. As a result, they are generally able to hold down prices to local producers, both by shifting to foreign suppliers and by using their dominance of local distribution networks. In addition, there is some tension between textiles and clothing producers. The textiles industry has long sought protection from imports, while clothing producers argue that to compete with imports and on foreign markets they need a wider diversity of cloth as well as lower input prices.

Table 1. Major CTFL companies

A. Clothing producers

| Company | Employment | Operations |
|----------------------------------|---|---|
| Trade Call Investments Apparel | 3 000 | Manufactures and distributes women's, men's and children's clothing for major retail chains. Owned by Southern African Clothing and Textile Workers' Union (SACTWU). |
| Jacques Hau | 336 – South Africa 1200 - Lesotho (estimate) | Operates a factory which is involved in the manufacture and import of clothing. |
| Celrose | 1 500 | Manufactures mid to high-end garments for retail chains. |
| Ninian and Lester | 1 200 | Manufactures underwear, active wear and circular knitted products. Imports raw materials from China, India and Mauritius and exports finished goods to Germany as well as supplying local retail chains. |
| Kingsgate Clothing | 1 200 | Sources, manufactures, markets and distributes men's, women's and children's clothing, school clothing and specialist uniforms for chain stores, independent retailers, companies and government. |
| Allwear | 1 100 | Manufactures school uniforms and men's wear for retail chains in South Africa and Botswana, Lesotho, Namibia and Swaziland (BLNS). |
| Gelvenor Consolidated Fabrics | 1 070 | Operates through three divisions: <ul style="list-style-type: none"> • Gelvenor Textiles produces industrial, technical and specialised textiles, such as aeronautical fabric. • Spilo is involved in the manufacture of plastic woven fabric, such as military bags supplying to the agricultural, mining and general industries as well as wholesalers. • MB Workwear is involved in the design, manufacture, marketing and distribution of protective and outerwear clothing. |
| SA Cloth CMT Specialists 1 CC | 1 001 | Manufactures women's clothing for retail chains. |
| Mathomo Manufacturing | 1000 | Manufactures protective clothing. |
| Prestige Clothing | 900 | Manufactures and supplies underwear, blouses, shirts, and intimate wear. Owned by Foschini. |
| Hanes SA | 862 | Manufactures, markets and distributes women's and men's underwear. Has rights to several international brands. |
| House of Monatic | 840 (estimate) | Designs, markets, manufactures and sells men's and women's formal, casual clothing and corporate wear as well as accessories in South Africa and Namibia. Has rights to several international brands. |
| Davinscot Tongaat | 800 | Manufactures, imports and distributes shirts for retail chains both locally and internationally. Has rights to a number of foreign brands. |
| Durban Overall | 800 | Manufactures and supplies general and specialised women's and men's workwear and uniforms, including for security, hotel, defence and other industries. Imports raw materials from China and exports finished products to the United States and African countries. |
| Glencarol | 720 | Manufactures hosiery and underwear for chain stores, with rights to several international brands. Irish owned. |
| Franz Falke Textiles | 651 | Manufactures men's and ladies' socks and hosiery. |
| Gina of Charles Street t/a Gina@ | 637 | Manufactures corporate wear, offering a full service for all uniform requirements and an online sales platform. |

| Company | Employment | Operations |
|----------------------------------|------------|--|
| Junit Manufacturing | 600 | Manufactures men's and ladies' corporate clothing, promotional and sportswear such as tracksuits, windbreakers, t-shirts and golf shirts, as well as sleepwear. |
| Twin Clothing Manufacturers | 574 | Involved in the manufacture and wholesale of boy's and girl's outerwear including casualwear, party wear and school uniforms. These are supplied to chain stores such as Ackermans, Pep Stores, Shoprite Checkers, Game and Mr Price Stores and the Edcon Group. |
| Africa Bespoke Apparel | 500 | Undertakes the manufacture of corporate wear and safety wear such as chef, hospitality, medical, military, security uniforms, office wear, as well as undertaking the manufacture of chain store fashion merchandise. |
| AJ Charnaud & Co | 470 | Manufacturer and global supplier of personal protective clothing for numerous industries dealing with elements including hot metal smelting, firefighting, shaft sinking, electrical safety (arc flash) operations, mining and live-line work (high voltage distribution lines) and specialised footwear. Additional services offered are product consulting, product aftercare and custom branding. |
| Levi Strauss South Africa | 450 | Undertakes the manufacture and wholesale of unisex denim jeans, shirts, and jackets; 60% of all Levi jeans sold in South Africa are manufactured at Levi's production facility in Epping. |
| Pals Clothing | 450 | Manufactures a range of formal wear, jackets, blazers, trousers, shorts, shirts, school uniforms, corporate wear, security uniforms and other apparel for ladies', gents and children. Major clients include the Wooltru Group, Foschini, Edgars, Pick n Pay and Polo SA. |
| Lancashire Manufacturing Company | 400 | Operates as a clothing manufacturer, specialising in school uniforms such as blazers, tunics and trousers under the name Envoy. |
| Time Clothing | 360 | Manufactures and distributes men's and ladies' clothing, including leisure wear, corporate wear, sportswear, school uniforms and security uniforms. |
| Africor Holdings | 351 | Operates as a holding company for its subsidiaries which are involved in the manufacture and supply of uniforms and protective wear, including rainwear, riot gear and ballistic products. |
| Al's Clothing CC | 351 | Involved in the manufacture of ladies' clothing, on a cut, make and trim basis. |
| 7 Trees Clothing | 300 | Manufactures fabrics for retail chains. |
| Jonsson Workwear | 300 | Designs, manufactures and distributes men's and women's work wear for retailers and its own outlets in South Africa and Namibia. |
| Nilaflex | 300 | Designs and manufactures baby clothing. |
| Sweet-Orr and Lybro | 300 | Manufactures protective clothing for mining, automotive, other manufacturing and petrochemical industries. |
| Prikell Clothing | 290 | Manufactures women's, men's and children's underwear. Licensed for an international brand. |
| Gem Schoolwear | 280 | Operates as a manufacturer, wholesaler and retailer of schoolwear, sportswear, corporate wear and accessories. |
| K-Way Manufacturers | 275 | Manufactures outdoor clothing, camping equipment, climbing gear and rucksacks, as well as casual clothing for sale through retail chains. |
| Triton Clothing Manufacturers | 270 | Manufactures men's, women's and children's underwear. Has two factories. |
| Tideway Trading | 259 | Manufactures unisex clothing exclusively for two retail chains. |
| Twilight Clothing Manufacturers | 255 | Manufactures school clothing. |

| Company | Employment | Operations |
|----------------------------|------------|---|
| Beier Envirotec | 250 | Manufactures technical textiles, non-woven felt and screen cloth, filtration materials and screens for the automotive, engineering, filtration, footwear, geotextiles, medical and protective clothing industries. |
| Blazing Fortune Trading 62 | 250 | Prints and embroiders t-shirts, caps and beanies. |
| City CMT | 250 | Cut, make and trim enterprise specialising in women's clothing. |
| Shiva Clothing | 250 | Manufactures infants' clothing for retail chains. |
| Summer Sunshine Trading 37 | 244 | Manufactures clothing. |
| Kinross Clothing | 243 | Manufactures men's and boy's clothing. |
| Ebenhaeser Breifabriek | 240 | Manufactures knitwear for schools for supply to wholesalers. |
| Market Demand Trading 597 | 235 | Manufactures clothing. |
| Bambazani Clothing | 230 | Manufactures women's fashion clothing. |
| Starfair 27 | 225 | Manufactures clothing. |
| Mclver Apparel | 220 | A cut, make and trim factory for women's and children's sleepwear and underwear for retail chains. |
| Gerli Clothing | 218 | Manufactures clothing. |
| Ni Shang Trading | 212 | Manufactures clothing. |
| Kishugu Clothing | 203 | Manufactures protective clothing. |
| Powerhouse Clothing | 202 | Designs men's and women's casual clothing such as t-shirts, track suits, caps, socks and underwear, which are manufactured through cut, make and trim factories. |
| Colbar Clothing | 200 | Involved in the manufacture of men's and ladies' corporate uniform clothing, supplying to retailers and the local trade. Clients include BP, Spar, Sasol and Saffer Warehouse. |
| Suzi Products | 111 | Manufactures and distributes ladies lingerie and sleepwear, as well as outerwear and sportswear on an order basis, supplying to major chain stores such as Woolworths, Edgars and Pep Stores. |
| Jo Borkett Fashions | 100 | Manufactures and supplies ladies' fashion clothing, handbags, wallets, scarves, hats and other accessories. The company supplies to its two retail outlets and selected Edgars stores. It also has an online store. |
| Karma Clothing | 100 | Manufactures and distributes ladies' and gents' corporate clothing and brand accessories. The company has a ready-to-wear collection range and an in-house design facility, catering for companies in the hotel, bank, airline and casino industries. |

B. Textiles and yarns

| Company | Employment | Operations |
|--------------------|----------------|--|
| KAP | 19 000 (group) | Produces carpets and other textiles for vehicles as well as manufacturing knitted and woven jacquard fabrics for the mattress industry. Also weaves, dyes and finishes yarn into textiles, and then manufactures bath towels, linen and nappies for retail chains and government institutions. |
| SA Bias Industries | 2 250 (group) | Operates through subsidiaries that manufacture printed and woven labels, narrow fabric products and trimmings for South African clothing producers. |

| Company | Employment | Operations |
|------------------------------------|-------------------|---|
| Gelvenor Consolidated Fabrics | 1 070 | Manufactures high-technology industrial, technical and specialised textiles; plastic woven fabric for agriculture, mining and manufacturing; and protective work wear and uniforms, which it designs, manufactures and distributes. |
| Ninian and Lester | 1000 | Manufactures and wholesales underwear, active wear and circular knitted products. The company imports raw materials from China, India and Mauritius and exports finished goods to Germany. |
| Tai Yuen Textile Co SA | 800 | Manufactures cotton and polyester textiles used by cut, make and trim enterprises. |
| Good Hope Textile (Da Gama) | 650 | Weaves, dyes, prints and finishes fabric, including seShweshwe, for work wear, government tenders, contracts, home sewing, fashion clothing, curtaining and upholstery industries. Imports around 20% of fabrics from Pakistan and China, and exports about 5% of its products to other African countries. |
| Belgotex Floorcoverings | 595 | Manufactures flooring including carpeting for the domestic and international markets, including in Middle East, Europe, Australia and across Africa. |
| Aranda Textile Mills | 500 | Manufactures yarn, blankets and throws from wool and acrylic for chain stores and independent retailers throughout Southern Africa, United States and Europe. Blankets go mostly to informal retail. |
| Standerton Mills | 500 | Manufactures yarn and woven industrial fabrics and furnishings; dyes raw cotton; supplies yarn to the textile industry. |
| Old Nick Fabrics t/a Mungo Designs | 480 | Involved in the manufacturing and finishing of homeware textile. The company has its own mill and uses four different types of looms in the production process, which are Lancashire Looms, Dornier Machines, Ruti Looms and Hattersley Looms. Natural fibres such as cotton, organic cotton, linen and bamboo are used in production. It supplies to local wholesale clients as well as international clients. |
| South African Fine Worsteds | 450 | Manufactures fine-worsted yarn and cloth made from wool for clothing manufacturers and retailers locally and internationally. |
| Alnet | 430 | Manufactures, distributes, and markets polyethylene, nylon, polyester, and cotton netting and cordage for the fishing, agricultural, mining, retail, military and other industries. |
| Spring Romance Properties 34 | 360 | Manufactures fabrics and trims and offers branding services including embroidery, sublimation, heat transfers and screen printing as well as producing sports and lifestyle clothing and socks. Most products are sold in South Africa, but it exports fabric to Namibia and occasionally to Europe and the United States. |
| Associated Spinners | 350 | Manufactures acrylic, open-end yarns for blankets, fine weaving yarns for upholstery and outdoor furnishings, and chenille yarns. |
| Pres Les | 300 | Manufactures linen, comforters, bedding accessories, curtains and bathroom accessories. |
| Rotex Fabrics | 300 | Involved in the manufacture of knitted circular fabrics as well as the dyeing and finishing thereof. The fabric is sold to clothing manufacturers and wholesale fabric houses countrywide |
| Coralline Investments | 270 | Manufactures polypropylene yarn and fibre for shade cloth, netting and high-density polyethylene ski-ropes mainly for industry and agriculture. |
| Yarntex | 260 | Manufactures yarns for home and industrial use locally and for export to the United Kingdom, Australia, New Zealand, Canada, Mauritius, the United States and neighbouring countries. |

| Company | Employment | Operations |
|--|------------|--|
| Prilla 2000 | 251 | Manufactures yarns for knitters, weavers and other textile manufacturers in Southern Africa, Europe, Mauritius and Madagascar. Owned by the Industrial Development Corporation (IDC). |
| Ahlesa Blankets | 250 | Involved in the manufacture of fur pile acrylic blankets woven from micro fibres. The company operates a dye house, spinning mill, weaving department and design studio as well as offering custom designs, supplying to wholesalers and factory shops. |
| Beier Envirotec | 250 | Operates as a manufacturer of technical textiles, non-woven felt and screen cloth, filtration materials and screens mainly used for extractors. Products are utilised in the automotive, engineering, filtration, footwear, geotextiles, medical and protective clothing industries. |
| Nettex | 250 | Manufactures curtaining, knitted curtaining and upholstery textiles, including dyeing and printing. |
| Svenmill | 230 | Manufactures woven and warp-knitted fabric for home furnishings, clothing and industrial uses. |
| SA Polypropylene Yarns | 220 | Manufactures and distributes of polypropylene yarns for textile manufacturers. |
| South African Polypropylene Yarns t/a SAPY | 220 | Involved in the manufacture, marketing and distribution of polypropylene yarns, supplying textile manufacturers. |
| Glodina Towelling | 210 | Operates as a towelling textile manufacturer, involved in the weaving of towels supplying to the home and retail industry. The company also manufactures warp knit towels for the hospitality industry. It operates one textile mill. Colibri Towelling Western Cape, a subsidiary company, is involved in the spinning, weaving and dyeing of terry towelling. |
| Stucken and Company | 210 | Processes, dyes, spins and trades wool and mohair, and, on a small scale, karakul. Has a boutique weaving mill for premium natural fibres. |
| Integrated Polypropylene Products | 200 | Manufactures a wide range of polypropylene tapes and woven fabrics. |
| Samil Natural Fibres | 166 | Involved in the production, processing, wholesaling and exporting of natural fibres as well as speciality spun yarns which are supplied to spinning mills. Products are manufactured at the factory, covering a number of natural fibres, processing wool, acrylic, alpaca, nylon, cotton, viscose and mohair, including worsted yarns, fancy yarns and a range of end consumer products. The company has a worsted-spinning plant as well as its own dyeing facilities for both knitting and weaving yarns. |
| Sesli Textiles t/a Sesli Blankets & Home | 150 | Manufactures 100% acrylic blankets, mink blankets, assorted scatter cushions and chenille throws which are all manufactured from imported and locally supplied materials, which are spun by the company. It supplies to the public, wholesalers and retail markets in Africa. There is one factory. |
| DesleeMattex | 135 | Specialises in the manufacture and finishing of woven and knitted fabric for the mattress industry. The company also manufactures polypropylene yarn for various industries. |
| Resource Link Coatings | 34 | Operates a weaving plant and manufactures speciality coated technical textiles, including printable fabric, outdoor fabric and ripstop canvas. Finishing coatings are also applied. |

C. Footwear

| Company | Employment | Operations |
|----------------------------------|----------------|---|
| Bolton Footwear | 1 500 | Manufactures and imports footwear for retail chains, including both Men's and women's shoes. Has four manufacturing plants. |
| BBF Safety Group | 1 100 | Manufactures and sells safety footwear. Has four factories. |
| Bata South Africa | 984 | Manufactures and imports men's, women's and children's footwear and bags for sale in South Africa and export to other African countries. Sells to retail chains and has 62 outlets. |
| Palm Footwear Manufacturers | 798 | Manufactures school shoes for retail chains. Has one factory. |
| Eddels Shoes | 610 | Manufactures and markets men's and women's footwear. |
| Green Cross Manufacturers | 600 | Manufactures, imports and retails women's, men's and children's footwear and accessories as well as shoe-care and foot-care products in South Africa and Southern Africa. Has a factory and 30 retail outlets in South Africa. |
| AJ Charnaud & Co | 470 | Operates as a manufacturer and global supplier of personal protective clothing for numerous industries dealing with elements, including hot metal smelting, firefighting, shaft sinking, electrical safety (arc flash) operations, mining and live-line work (high voltage distribution lines) and specialised footwear. Additional services offered are product consulting, product aftercare and custom branding. |
| Dick Whittington Shoes | 410 | Manufactures and imports footwear for wholesalers, retailers and government. |
| Fast Fox Footwear | 403 | Manufactures women's and children's slippers and leather shoes mainly for Woolworths. Also has 11 retail outlets. |
| Rexview Investments | 400 | Manufactures school shoes, with recycled material for soles. |
| Labora Shoes | 300 (estimate) | Manufactures synthetic women's and men's casual shoes for retailers. Has two factories. |
| Onshelf Investment Seventy Three | 267 | Manufactures safety boots and school shoes for sale through retail chains. |
| Michelle Footwear | 244 | Manufactures women's and children's leather shoes for retail chains as well as its own outlets. |
| Corrida Shoes | 200 | Manufactures leather shoes, handbags and accessories for retail chains and its own shops. |
| Shezi Industrial Holdings | 180 | Manufactures gum boots, dual density safety boots and combat boots for the agriculture, general, mining, forestry and food processing industries. |
| Smiley's Footwear | 178 | Involved in the manufacture and wholesaler of ladies' and children's footwear, supplying chain stores including Foschini, Edgars and Mr Price. The company imports leather from India. |
| Caprini Footwear | 165 | Operates as a manufacturer of ladies' and girls synthetic shoes, primarily for the local market and for supply to wholesalers and retailers. |

D. Retail

| Company | Employees | Operations |
|-------------------|----------------|--|
| Massmart Holdings | 51 000 (Group) | Through various chains, involved in the wholesale and retail of food, clothing, furniture, liquor, medication, cosmetics, stationery, books, CDs, DVDs, audio equipment, entertainment and home improvement products and general consumer goods, as well as offering an accessible platform for retail and wholesale online purchases. |

| Company | Employees | Operations |
|--|-------------------|--|
| Pepkor Holdings | 48 000 (Group) | Holding company for a group of branded non-grocery retailers focused on discount, value and specialised goods. Retail products include clothing, general merchandise, household goods, furniture, appliances, consumer electronics, building materials, cellular products and services and financial services. |
| Foschini Retail Group | 22 755 (Africa) | Operates through its divisions, retailing and importing clothing, jewellery, accessories, cosmetics, homeware and sporting goods, countrywide. |
| Mr Price Group | 18 605 (group) | Retails clothing and furnishings through 1 200 MRP, Miladys and Sheet Street outlets, mostly in South Africa but also in other parts of Africa and Australia. |
| Truworhs International | 12 000 (group) | Retails clothing and footwear through 723 outlets in South Africa and around 50 in other African countries, mostly Truworhs, Identity and smaller specialist chains such as Naartjie. Also retails branded and other shoes through 108 stores and concessions in department stores in the United Kingdom, Ireland and Germany. |
| Cape Union Mart International | 3 500 | Retails clothing and footwear as well as other hiking and camping accessories through almost 300 Cape Union Mart, Old Khaki and Poetry outlets in South Africa, Botswana and Namibia. |
| Retailability | 2 991 | Retails men's, children's and women's clothing, shoes and accessories through 450 outlets, including Legit, in South Africa and other Southern African countries. |
| Rage Distribution | 2 900 | Retails footwear, clothing, bags and accessories for men, women and children through 520 outlets. |
| Holdsport | 2 214 | Involved in the manufacture, import, wholesale and distribution of sport, leisure and recreational merchandise. |
| Blue Falcon 188 Trading | 2 500 | Operates a total of 497 outlets in South Africa and neighbouring countries for branded clothing and footwear, mostly imported, including Adidas, Linea Italiana and Nike. |
| City Express Stores t/a Express Stores | 853 | Retails smart and casual clothing and footwear for men, ladies' and children from its 180 stores located countrywide. The company imports footwear and clothing from China, India and Indonesia |

Source: *Who Owns Whom. Report generator. Companies in CTFL. Downloaded in January 2020.*

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