



INDUSTRY STUDY

Clothing and Textiles

March 2024

TIPS industry studies aim to provide a comprehensive overview of key trends in leading industries in South Africa. For each industry covered, working papers will be published on basic economic trends, including value added, employment, investment and market structure; trade by major product and country; impact on the environment as well as threats and opportunities arising from the climate crisis; and the implications of emerging technologies. The studies aim to provide background for policymakers and researchers, and to strengthen our understanding of current challenges and opportunities in each industry as a basis for a more strategic response.

This study examines the clothing and textiles industries of the clothing, textile, footwear and leather (CTFL) subsector in South Africa by analysing the value chain.

Author

Rethabile Molala, TIPS Economist

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ABBREVIATIONS

AGOA	African Growth and Opportunity Act
CCTC	Cape Clothing and Textile Cluster
CTFL	Clothing, Textile, Footwear and Leather
CTFLGP	Clothing, Textiles, Footwear and Leather Growth Programme
dtic (the)	Department of Trade, Industry and Competition
FP&M SETA	Fibre Processing and Manufacturing Sector Education and Training Authority
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GFC	Gauteng Fashion Cluster
GFCF	Gross Fixed Capital Formation
GVA	Gross Value Added
ISCP	Retail-Driven Integrated Supply Chain Programme
KZN CTC	KwaZulu-Natal Clothing and Textile Cluster
NBC	National Bargaining Council
PPE	Personnel Protection Equipment
R-CTFL	Retail - Clothing Textile Footwear Leather (Master Plan)
SACU	South African Customs Union
SADC	Southern African Development Community
SETA	Sector Education and Training Authority
Stats SA	Statistics South Africa
QLFS	Quarterly Labour Force Survey

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EXECUTIVE SUMMARY

This report examines the clothing and textiles industries of the clothing, textile, footwear and leather (CTFL) subsector¹ in South Africa by briefly analysing the value chain, its contribution to gross domestic product (GDP), the trade patterns the subsector experienced from 2001 to 2022, employment, functional inequality in the subsector, and the main locations where clothing and textiles manufacturing is concentrated in the country. In addition, the structures and stakeholders that govern the industry are listed and discussed, as well as the main constraints these industries face, along with an accompanying SWOT analysis.

The clothing and textiles industries' share of manufacturing value added declined cumulatively from 5% in 1994 to around 3% in 2019, with a further decline to around 2% in 2022. As a share of GDP, the clothing and textiles industries declined from 0.59% in 1994, to 0.25% in 2019, and declined further to 0.22% at the end of 2022. The clothing industry employed around 164 000 people in 2010 and this number had decreased to about 143 000 at the end of the fourth quarter of 2023. In the textiles industry, employment amounted to about 59 000 people in 2010 and decreased to about 46 000 people at the end of the fourth quarter of 2022. Between 2010 and the fourth quarter of 2022, employment in the clothing and textiles industries cumulatively declined from 12% to 11% of total employment in the manufacturing sector.

South Africa mainly imports finished products, i.e clothing predominantly from China, followed by Eswatini and Madagascar. It joined the General Agreement on Tariffs and Trade (GATT) in 1993 and became a member of the World Trade Organization in 1995, resulting in trade liberalisation consisting mainly of a major cut in tariffs and subsidies. The clothing exports from South Africa are mainly non-knit men and women's suits to South African Customs Union (SACU) members Namibia, Botswana, Lesotho, and Eswatini. Raw materials such as wool and unprocessed synthetic staple fibres dominate the exports of textiles, which are mostly headed for China, Lesotho and Germany. The textiles South Africa mainly imports are synthetic filament yarn woven fabric and light rubberised fabric from China, India and Lesotho.

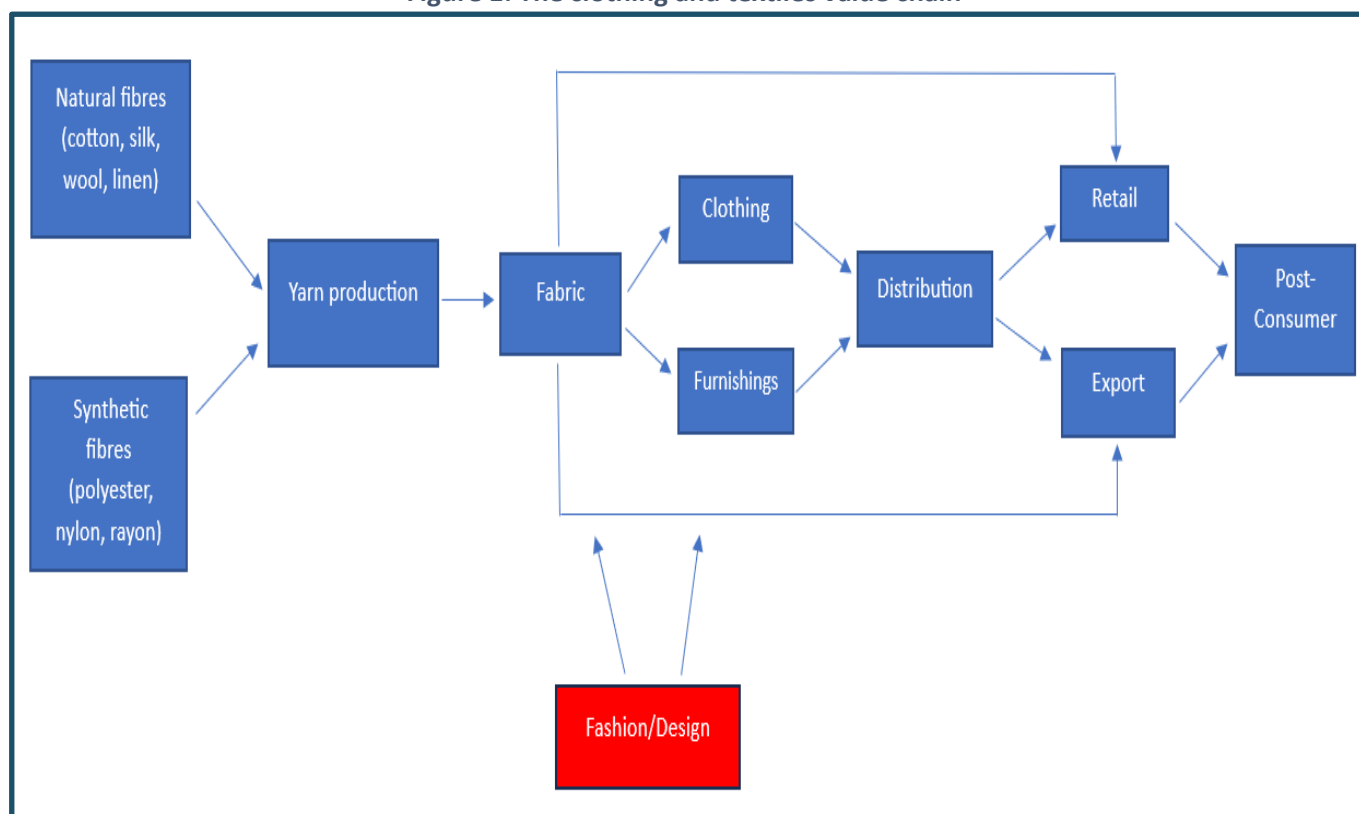
Policy initiatives such as the R-CTFL Master Plan (the dtic, 2019b) and other programmes like the CTFL Growth Plan have been initiated to grow the local clothing and textile industries by boosting local production, promoting public procurement of locally manufactured goods, and generally boosting global competitiveness amid the industry facing challenges such as the influx of cheap imports and the strain on consumers' buying power due to a decrease in their real disposable income.

The SWOT analysis highlights that South Africa's clothing and textiles industries' strengths are that the industries are long established with considerable technical capacity and skills. These industries also offer opportunities to increase employment due to the low barriers to entry and have niche markets like the mohair and cultural wear segments. These have extensive diversification and growth potential, with weaknesses including the inability to compete with industry leaders due to logistics, scale and their well-established value chains as well as a shortage of technical and managerial skills, among others.

¹ SIC Codes: 311 -312 (textiles), 313 – 314 (clothing).

HS Codes: 50 -60 (textiles), 61 -62 (apparel), 63 (other textiles).

Figure 1: The clothing and textiles value chain



Source: Adapted from TIPS, 2021, CTFL — Manufacturing subsectors. Available from www.tips.org.za.

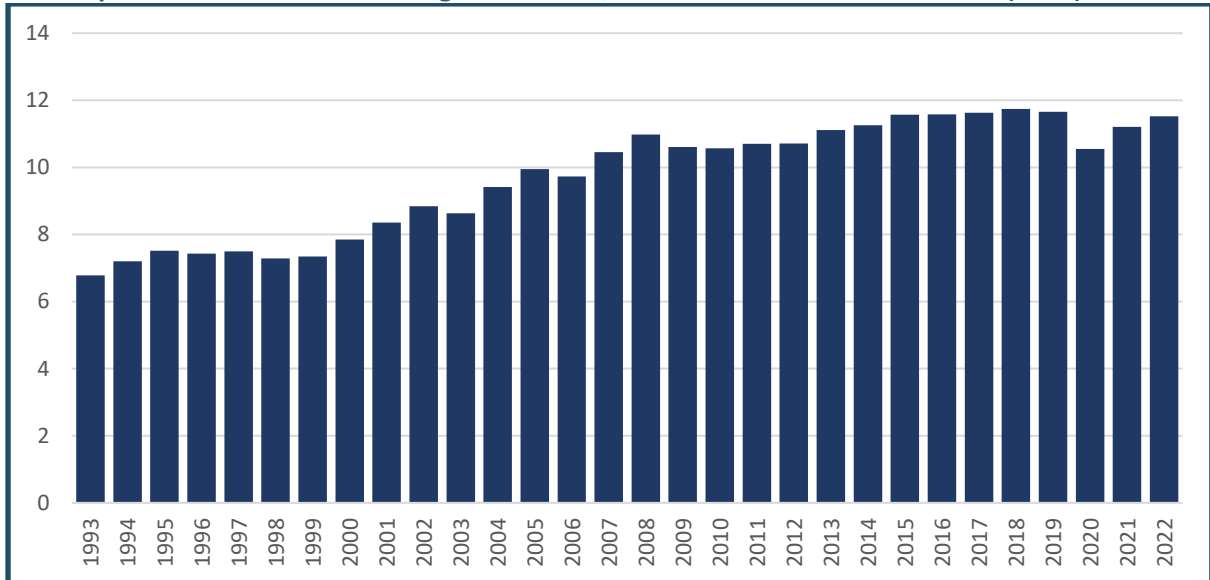
The clothing and textiles value chain begins with natural and synthetic fibres (e.g. cotton, silk, wool, polyester, nylon), which are acquired from local and international producers and manufacturers. These fibres are then processed into yarn by way of spinning the fibres then weaving, knitting, crocheting, and sewing them into various fabrics. Following the production of the fabric, it can either be sold to retailers or exported, or the fabric is then used to manufacture clothing and furnishings which are then distributed to local and international retailers and/or are exported to international markets for sale. The last stage of the value chain (post-consumer) refers to the stage after the clothing and textiles have been sold which include recycling, donation, and various other disposal methods.

1. CONTRIBUTION TO GDP

Graph 1 depicts the gross value added (GVA) of clothing and textiles which has been on an upward trajectory since 1993. Between 1993 and 2006, GVA of the subsector was below the R9 billion mark albeit with a rise of 47%. Between 2007 and 2022, the GVA in the subsector continued on an upward trajectory and was consistently above R10 billion. At its peak in 2018, GVA amounted to R11.7 billion with a slight dip to R10.5 billion in 2020 due to the COVID-19 pandemic. GVA increased thereafter, amounting to R11.2 billion and R11.5 billion in 2021 and 2022 respectively. As of the end of 2022, the clothing and textiles industries contributed around 2% to total manufacturing.

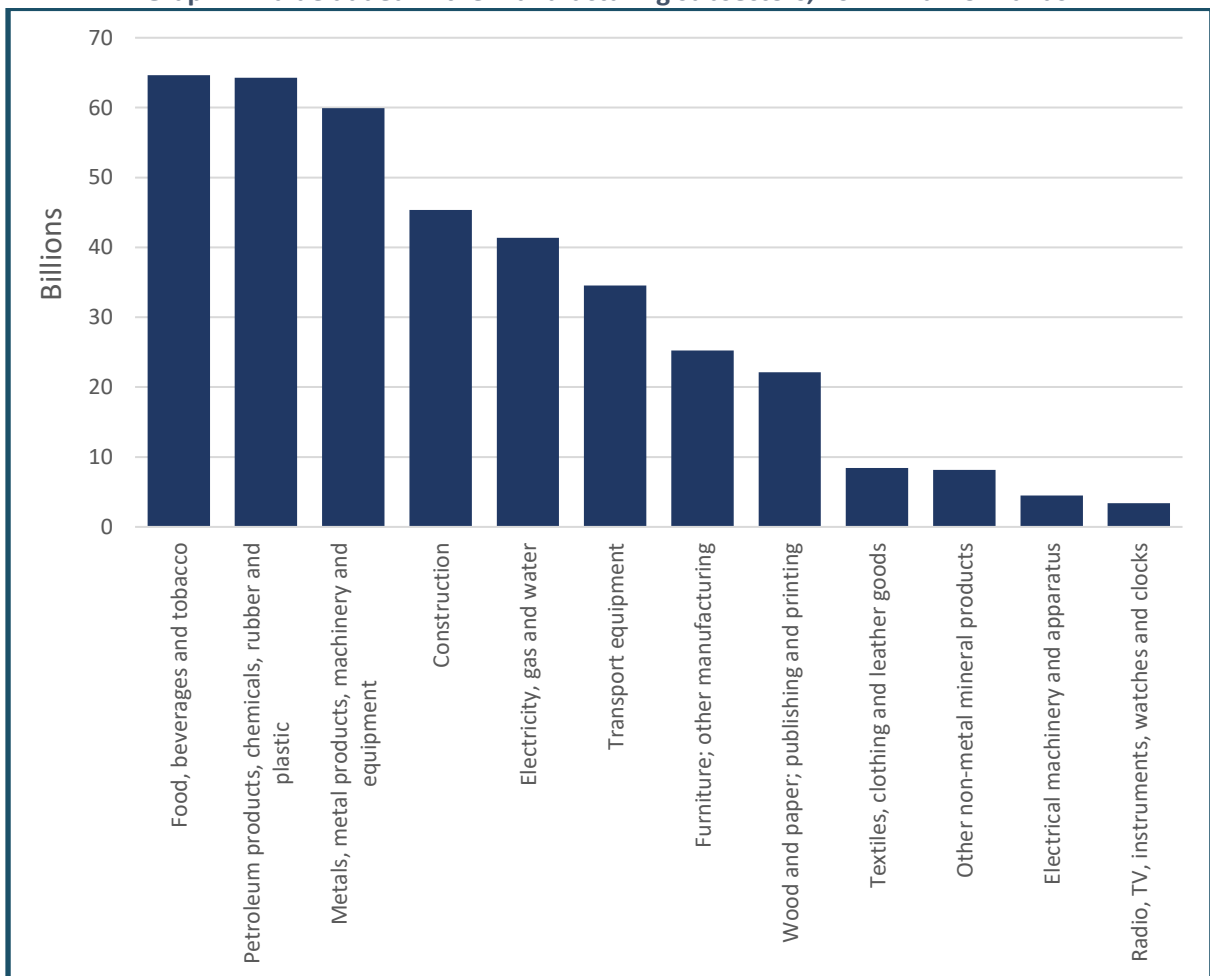
In terms of the other manufacturing subsectors, according to Quantec estimates, the subsector that contributes the highest to total manufacturing is Food, beverages and tobacco, contributing 21.9%, followed closely by Petroleum products, chemicals, rubber and plastic; and Metals, metal products, machinery and equipment,' contributing 21.8% and 20% respectively (see Graph 2).

Graph 1: Value added in clothing and textiles, 1993 to 2022 in constant billion (2022) rands.



Note: Refflated with CPI rebased to 2022. Source: Calculated from Quantec. EasyData. Interactive dataset. Standardised industrial series. Accessed at www.easydata.co.za in October 2023.

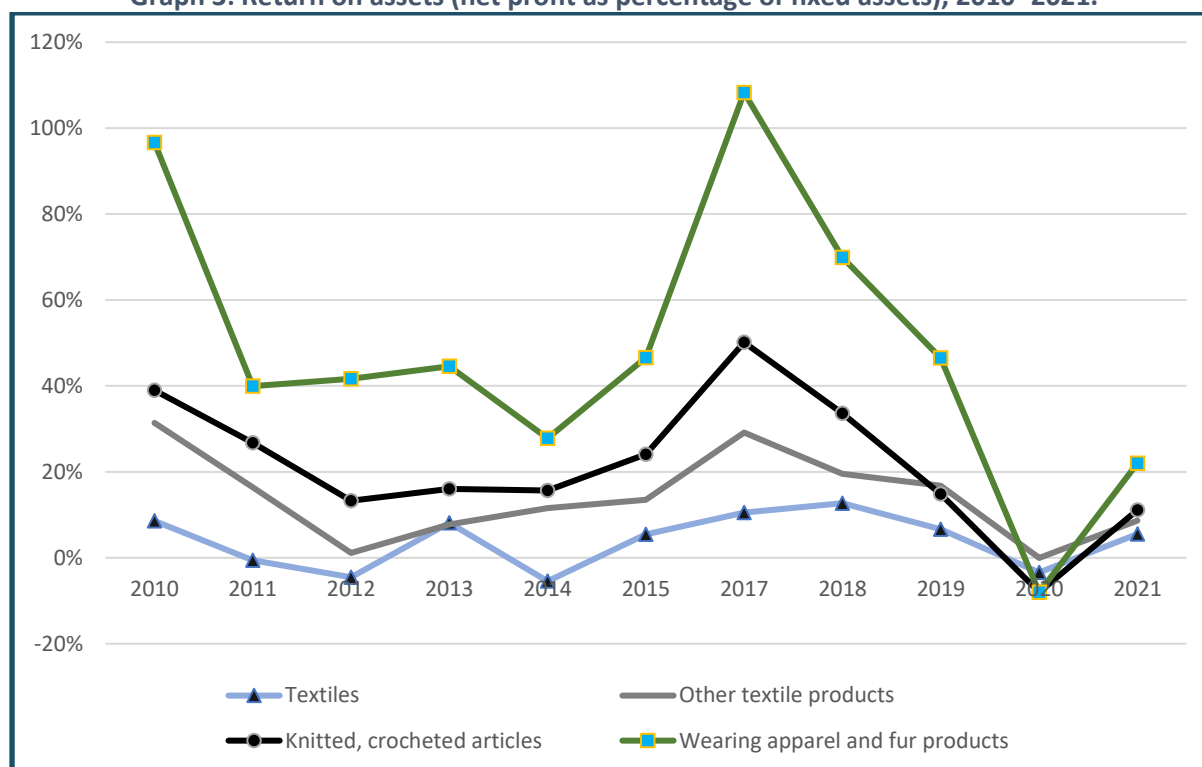
Graph 2: Value added in the manufacturing subsectors, 2022 in billion rands.



Calculated from Quantec. EasyData. Interactive dataset. Standardised Industrial Series. Accessed at www.easydata.co.za in October 2023.

Of the four clothing and textiles product categories depicted in Graph 3, wearing apparel and fur products consistently experienced the highest return on assets from 2010 to 2021, albeit varying significantly. This category experienced its highest return on assets in 2010 and 2017 at 58%. All product categories experienced their lowest returns in 2020, due to the COVID-19 pandemic. Wearing apparel and fur's return on assets was 0%, other textile products amounted to 3%, textiles amounted to -3% and knitted and crocheted articles was -8%. All product categories' return on assets increased from 2020 to 2021 but all are yet to return to their pre-pandemic levels.²

Graph 3: Return on assets (net profit as percentage of fixed assets), 2010 -2021.



Source: Calculated from Statistics South Africa. Annual Financial Statistics. Accessed through Quantec. EasyData. Interactive dataset. Accessed at www.easydata.co.za in September 2023.

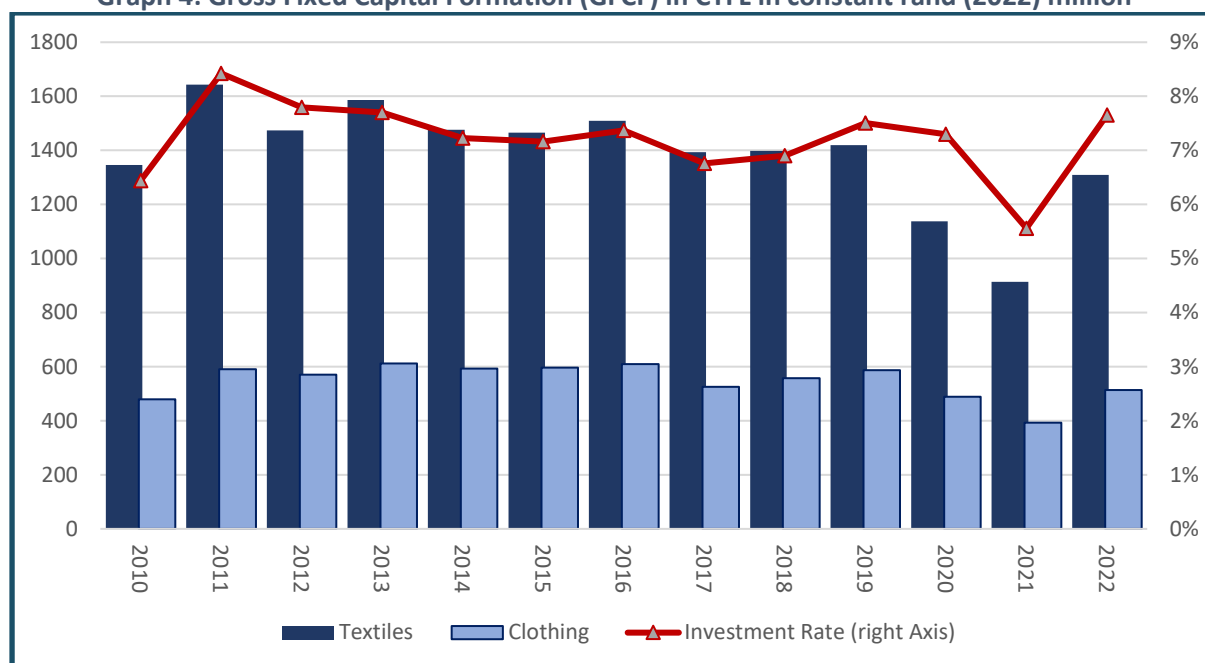
Graph 4 shows that both textiles and clothing industries have experienced fluctuations in their investment – Gross Fixed Capital formation (GFCF) – but their investment rates have remained relatively consistent at a rate of between 6% and 8% between 2010 and 2022.

In 2010, investment in textiles accounted for 65% of total investment in the CTFL subsector, while clothing comprised 24%. Within total CTFL production, textiles represented 29% and clothing 45%. As of the end of 2022, textiles investment decreased to 61% of total GFCF in the CTFL subsector, whereas clothing increased slightly to 24% with textiles contributing 37% to total CTFL production and clothing increasing slightly to 31%.

Of total investment in South Africa at the end of 2022, textiles account for 0.14% and clothing 0.05%. These values have remained relatively constant from 2010 to 2022 with slight variations.

² 2016 Return on Assets Quantec data was excluded from the analysis in Graph 2 as it exhibited irregular patterns. It may be a capturing error in the Quantec database.

Graph 4: Gross Fixed Capital Formation (GFCF) in CTFL in constant rand (2022) million

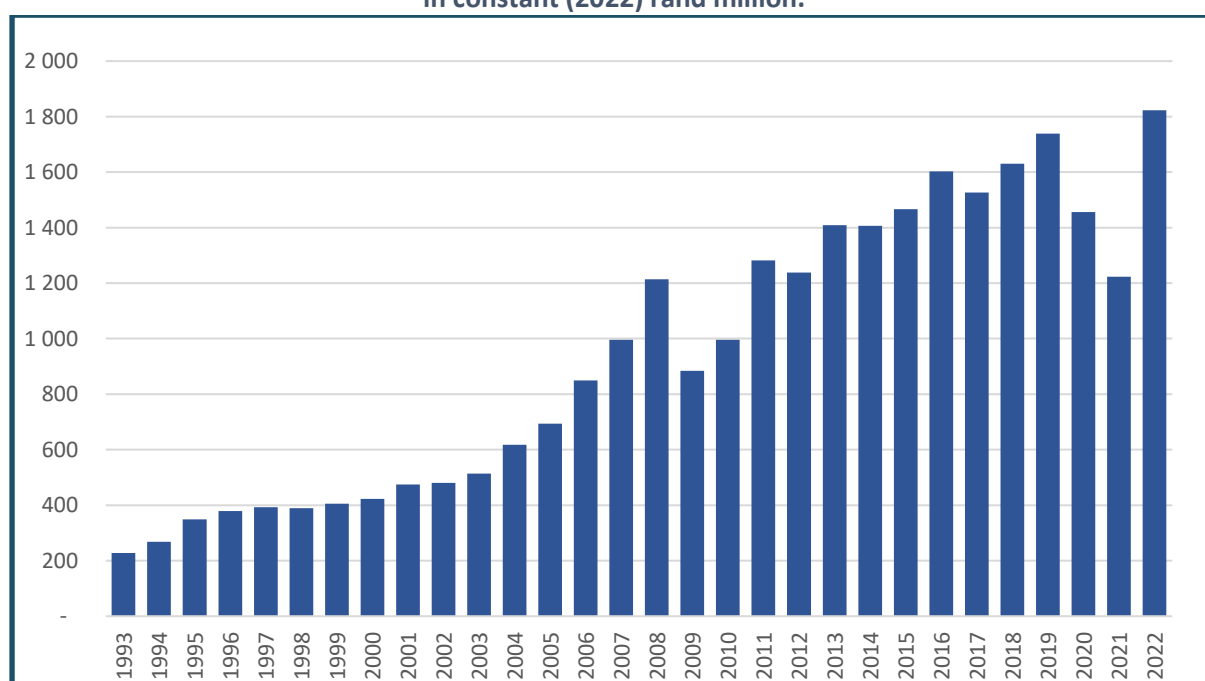


Note: Reflated with CPI rebased to 2022. Source: Calculated from Quantec. EasyData. Interactive dataset. RSA Standardised Industry. Accessed at www.easydata.co.za in October 2023.

Note: Investment rate calculation: GFCF/GVA.

Graph 5 depicts investment in the clothing and textiles industries combined. Investment in the clothing and textiles industries was generally on the upward trajectory before the pandemic, but saw a 16% drop in 2020 from 2019 and a further drop of 16% in 2021 due to the COVID-19 pandemic. Investment in these industries more than recovered in 2022, exceeding pre-pandemic levels with investment amounting to R1.8 billion.

Graph 5: Gross Fixed Capital Formation (GFCF) in clothing and textiles in constant (2022) rand million.



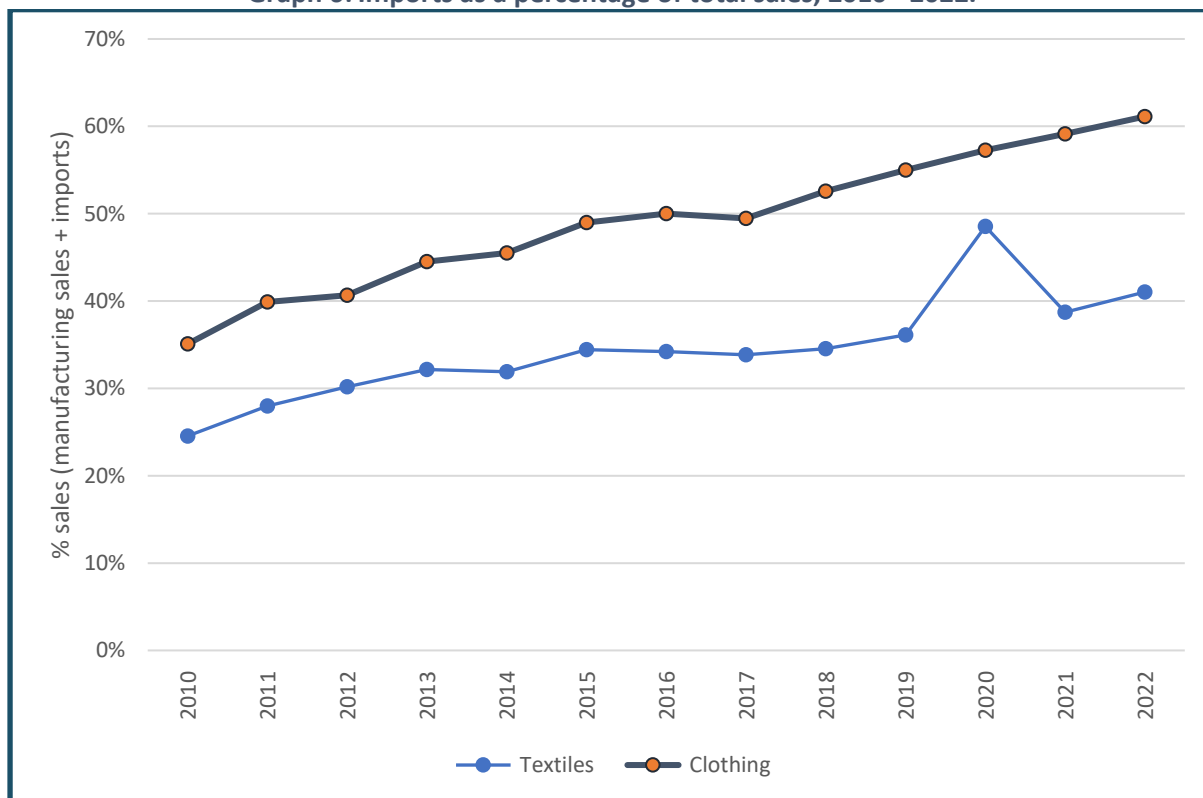
Note: Reflated with CPI rebased to 2022. Source: Calculated from Quantec. EasyData. Interactive dataset. RSA Standardised Industry. Accessed at www.easydata.co.za in September 2023.

2. IMPORTS AND EXPORTS

Since South Africa joined the World Trade Organisation in 1995 and embarked on trade liberalisation programmes, imports of clothing and textiles goods have been increasing. South Africa is a net importer of clothing and textiles, and in the last 20 years world imports of clothing and textiles into South Africa increased from about R18.7 billion in 2001 to about R60.4 billion in constant 2022 rands, an increase of about 223%. The items that South Africa mostly imports are finished products such as footwear and clothing, and exports are mainly raw materials such as wool, animal hair, horsehair, yarn and woven fabric which is of a lower value than finished products.

Graph 6 shows imports as a percentage of domestic sales. Both the clothing and textiles industries' imports as a percentage of domestic sales have been increasing from 2010 to 2022. For the textiles industry, the year-on-year average increase was about 1.2% from 2010 to 2019 with a spike of a 13% increase in 2020, only to decrease in 2021 by 10%. For the clothing industry, the average year-on-year increase amounted to about 2.2%. At the end of 2022, 61% of clothing and 41% of textiles were attributed to imported goods. An increase of 26% and 16% in clothing and textiles respectively from 2010 to 2022.

Graph 6: Imports as a percentage of total sales, 2010 - 2022.



Source: Calculated from Quantec. EasyData. Interactive dataset. RSA Economic Data. Accessed at www.easydata.co.za in September 2023.

Prior to 2022, the value of world imports peaked in 2016 at R57 billion. A decline in imports ensued thereafter for the next five years, only to peak in 2022 with imports amounting to R60 billion. The top three countries South Africa imports clothing and textiles from are China, with imports amounting to R30 billion, followed by Eswatini and Lesotho at R4 billion and R3.9 billion worth of clothing and textiles respectively in 2022 (see Graph 7).

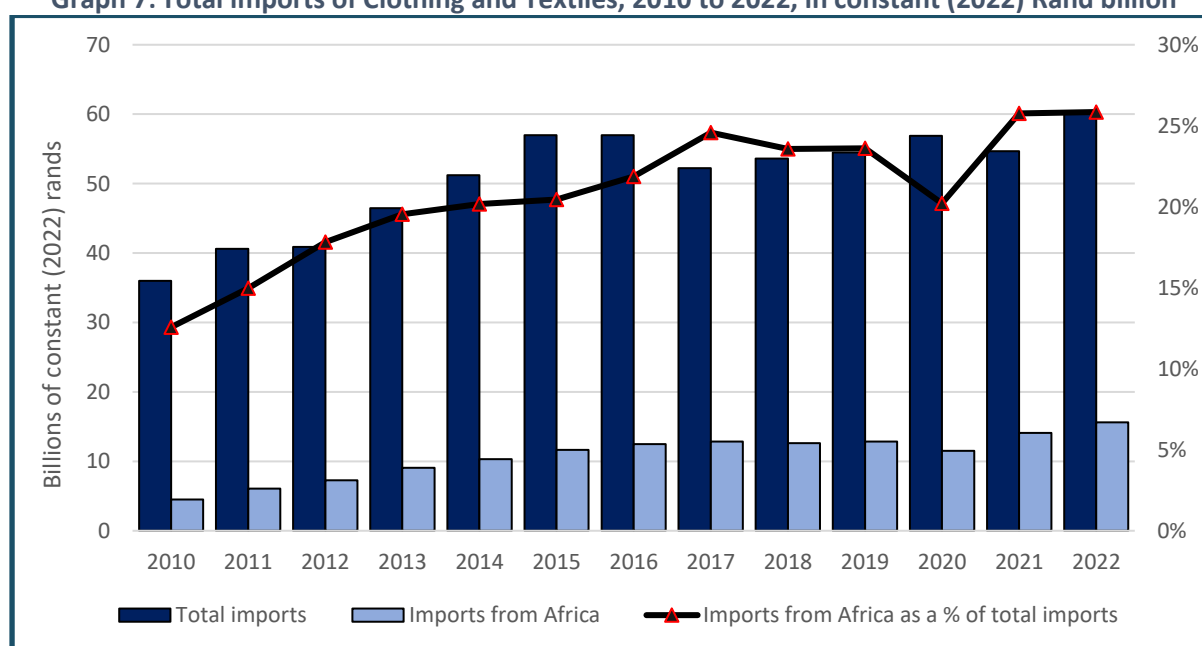
South Africa's imports of clothing and textiles from Africa have been increasing since 2006 with a slight drop in 2020 during the COVID-19 pandemic. As a percentage of total clothing imports, South Africa's imports accounted for between 12.7% in 2010 and a peak at 25.9% in 2022.

South Africa benefits from being part of multiple trade programmes and the United States legislated African Growth and Opportunity Act (AGOA), whereby South African-manufactured clothing encounter duty-free access to the United States market. As South Africa is not classified as a Least Developed Country, duty-free access is only allowed for clothing made from textiles that originate from within the country and, because South African clothing manufacturers rely heavily on imported textiles as they cannot access a wide range of textiles in the country, this hinders the industry from fully exploiting the benefits under this agreement due to the rules of origin (AGOA Info, n.d.).

South Africa imported, and still imports, a significant amount of clothing and textiles from Lesotho and Eswatini. A number of clothing and textile companies moved from South Africa to those neighbouring countries to take advantage of the AGOA agreement. As a share of imports from Africa, 20% of clothing and textiles were imported from Eswatini in 2010, which increased to 26% in 2022. From Lesotho, 16% of clothing and textiles were imported in 2010 which increased to 25% in 2022.

As of the end of 2022, South Africa's top three countries for imports of clothing and textiles were Eswatini (non-knit men and women's suits and knit women's suits), Lesotho (non-knit men's suits, wool and bedspreads) and Mauritius (non-knit men's suits, knit t-shirts and light rubberised knitted fabric).

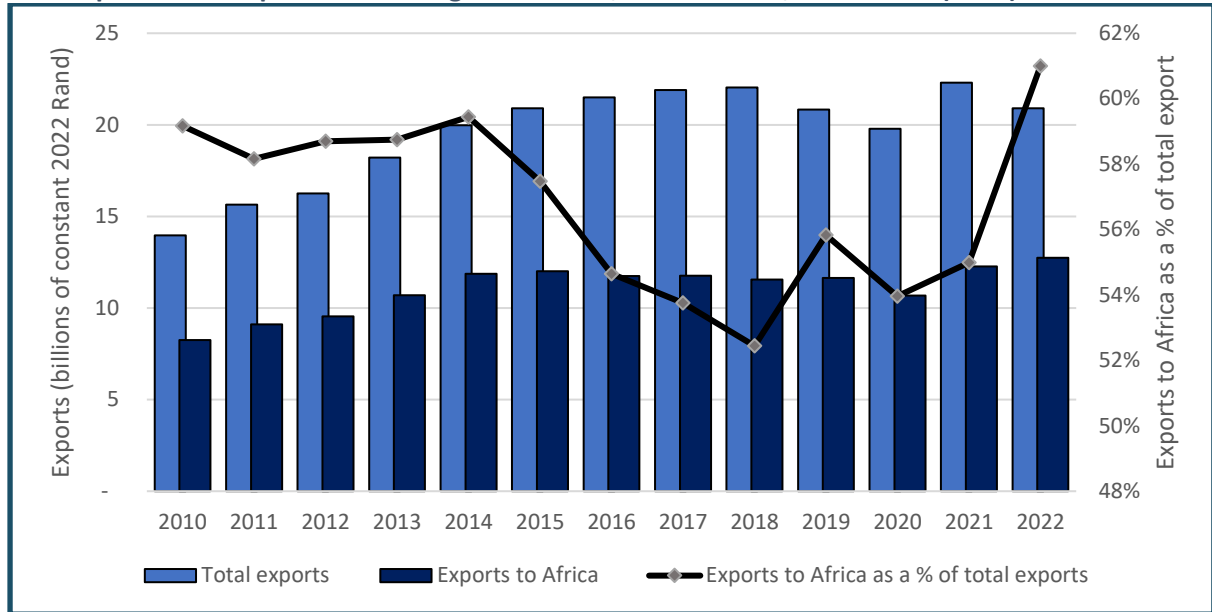
Graph 7: Total imports of Clothing and Textiles, 2010 to 2022, in constant (2022) Rand billion



Note: Reflated with CPI rebased to 2022. Source: ITC Trade Map data. Downloaded from <https://www.trademap.org> in August 2023.

Graph 8 shows that between 2010 and 2022, exports of clothing and textiles from South Africa to the world were gradually increasing. Exports declined in 2019 and further in 2020 and picked up again in 2021. Peak exports of clothing and textiles were then realised in 2021, with world exports amounting to R22 billion, and then decreased slightly to about R21 billion at the end of 2022. The top three countries South Africa exports clothing and textiles to are Namibia, with 71% of exports from these industries being clothing; China which receives 99% of exports in different forms of wool; and Botswana with 86% of total exports consisting of clothing. Exports amounted to R29 billion, R27 billion, and R20 billion respectively in 2022.

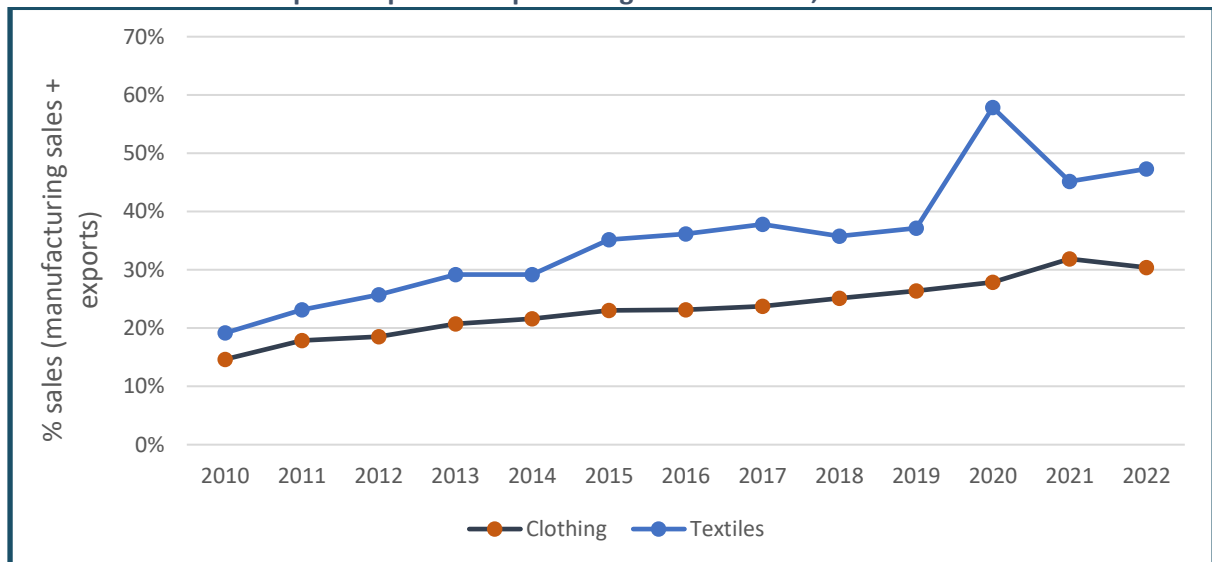
Graph 8: Total exports of Clothing and textiles, 2004 to 2022, in constant (2022) rand billion.



Note: Reflated with CPI rebased to 2022. Source: ITC Trade Map data. Downloaded from <https://www.trademap.org> in October 2023.

Graph 9 shows exports as a percentage of domestic sales. Both the clothing and textiles industries' imports as a percentage of domestic sales increased gradually between 2010 and 2022, with a sharp increase for textiles in 2020. The textile industries' average year-on-year increase was 1.9% from 2010 to 2019 with a sharp increase of 31% in 2020. This fell by 13% in 2021 and increased slightly further in 2022. For the clothing industry, the year-on-year average increase amounted to about 1.6% between 2010 and 2022. At the end of 2022, 30% of clothing and 47% of textiles were exported, an increase of 15% and 28% in clothing and textiles respectively from 2010 to 2022.

Graph 9: Exports as a percentage of total sales, 2010 - 2022.



Source: Calculated from Quantec. EasyData. Interactive dataset. RSA Economic Data. Accessed at www.easydata.co.za in September 2023.

3. EMPLOYMENT

This section of the report analyses the employment dynamics in the wearing apparel knitted/crocheted items (clothing) and textiles subsector from 2010 to the final quarter of 2022. The

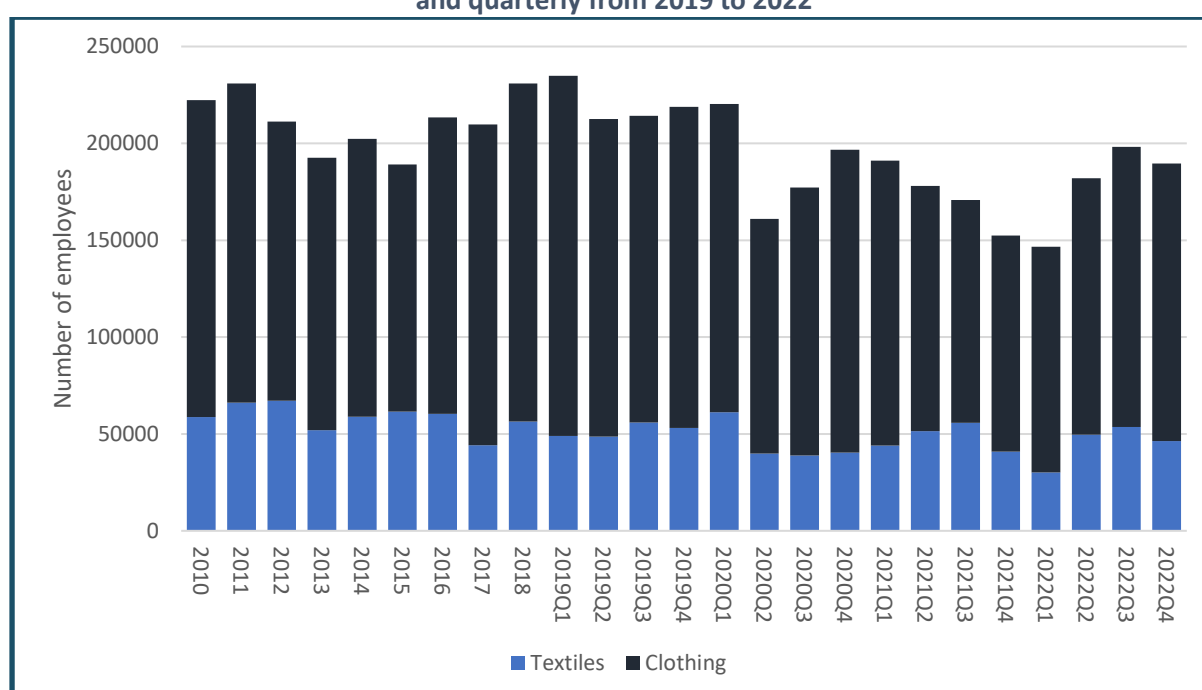
analysis is based on Statistics South Africa's (Stats SA) Quarterly Labour Force Survey (QLFS), a household-based survey on the dynamics of the South African labour market, introduced in 2008. The QLFS uses a sample of just over 60 000 people, which is redrawn periodically to ensure a representative sample. Its annual figures, in the Labour Market Dynamics database, are averages of the quarterly findings. The quarterly data are not seasonally adjusted or annualised.

Graph 10 shows total employment in the clothing and textiles manufacturing industries in South Africa. Employment in clothing and textiles manufacturing has fluctuated during the 12-year analysis period. Employment in clothing manufacturing reached its highest level in the first quarter of 2019 with about 186 000 employed in the industry, a 14% increase from 2010. Employment in the industry reached its lowest level in the fourth quarter of 2021, with about 112 000 people employed. In the fourth quarter of 2022, 143 000 people were employed in the industry, representing 60% of total employment in the CTFL subsector and 9% of total employment in manufacturing.

In textiles manufacturing, about 67 000 people were employed in the industry in 2012, marking the highest number in the 12-year period. Employment decreased and reached its lowest level in the second quarter of 2020, with just under 40 000 people employed, a 35% decrease from the previous quarter due to strict lockdown restrictions at the beginning of the COVID-19 pandemic. In the fourth quarter of 2022, 46 000 people were employed in the industry, about 7 000 jobs shy of pre-pandemic levels. Employment in textiles manufacturing represents 19% of employment in the CTFL subsector and 3% of employment in total manufacturing.

According to the Quarterly Employment Statistics, the manufacturing sector employed 1.17 million people at the end of 2019. By the end of 2020, the sector had shed 70 000 jobs as a result the COVID-19 pandemic. As at the end of 2022, 89 jobs 000 had been gained from the end of 2020. With this gain, the employment in the sector remains 1.6% lower than the pre-pandemic level.

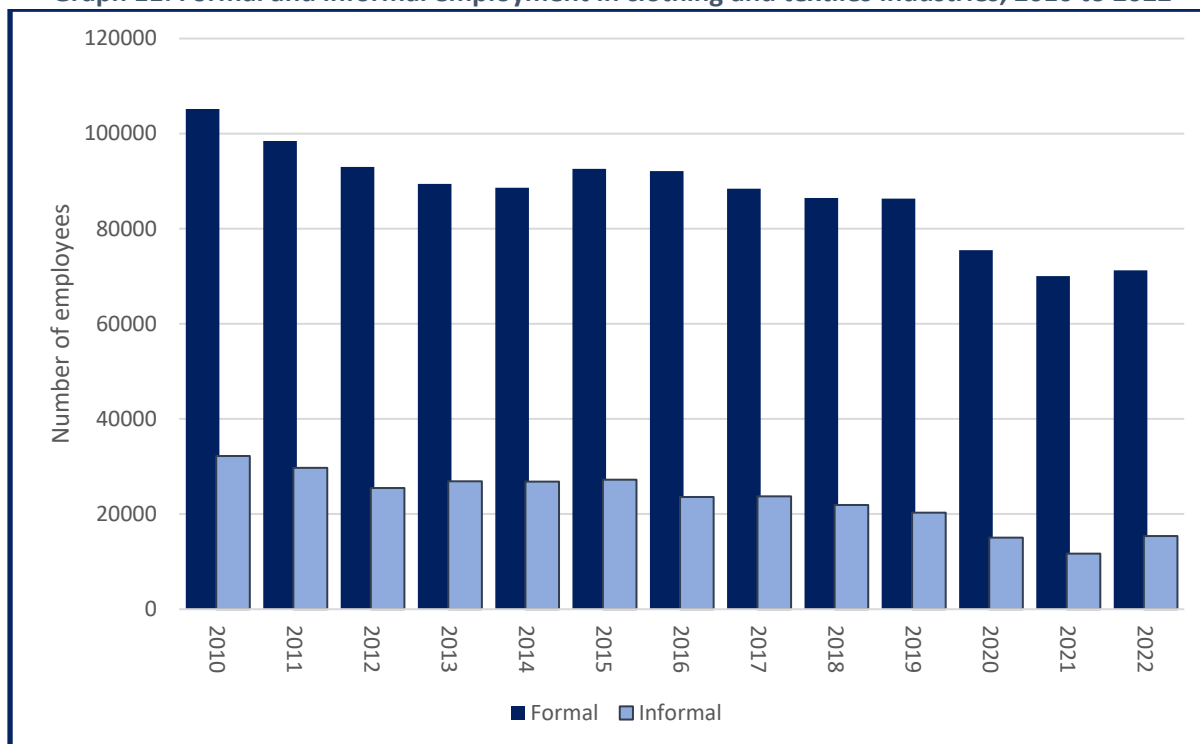
Graph 10: Employment in clothing and textiles, annual from 2010 to 2018 and quarterly from 2019 to 2022



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2010 to 2022. Series on employment by industry. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in April 2023; and Quarterly Labour Force Survey. Q1 2019 to Q4 2022. Series on employment by industry. Electronic databases. Downloaded from www.statssa.gov.za Nesstar facility in April 2023.

Both formal and informal employment in the clothing and textile industries has generally been on the decline from 2010 to 2022. In 2022, there were 71 000 formal employees in the clothing and textile industries, 4 300 less than in 2019 (pre-pandemic). People employed informally amounted to 15 000 in 2022, essentially the same as in 2019 (see Graph 11).

Graph 11: Formal and informal employment in clothing and textiles industries, 2010 to 2022

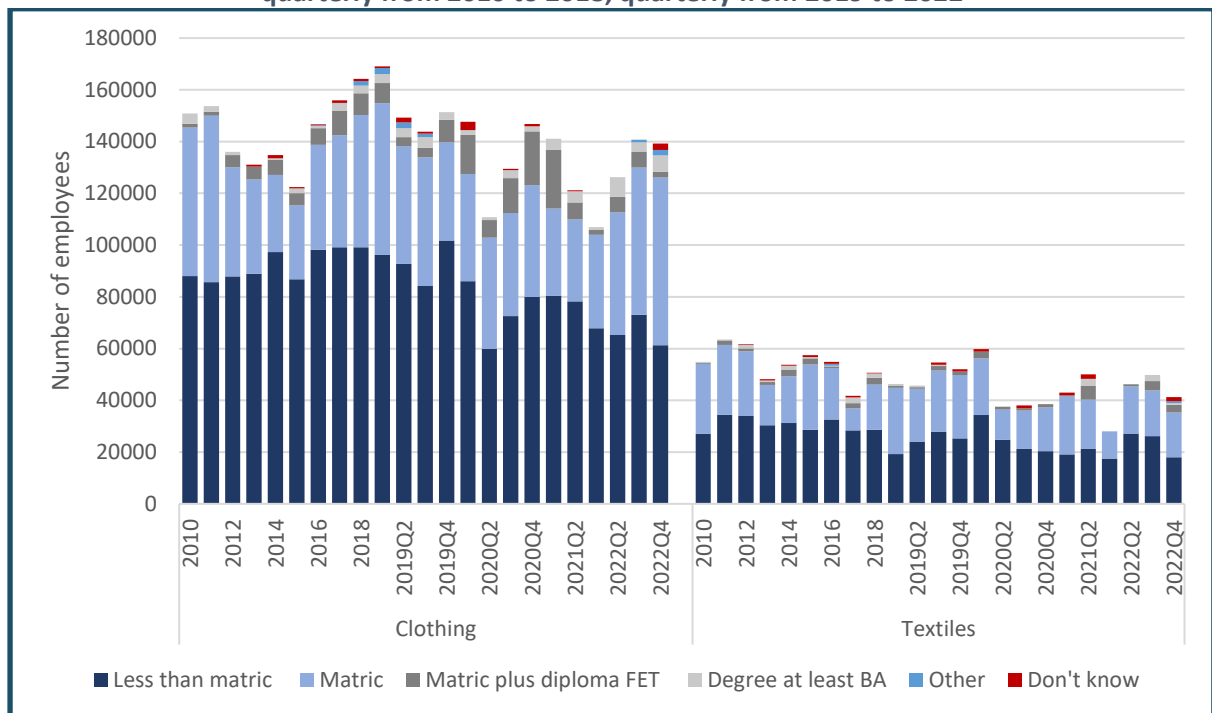


Source: Calculated from Quantec. EasyData. Interactive dataset. Quarterly RSA Regional Standardised. Accessed at www.easydata.co.za in October 2023.

Qualifications of workers in the clothing and textile industries has improved in the past decade. In the clothing manufacturing industry, 43% of employees have a qualification equivalent to less than matric (a 10% drop from 2012), 45% have a matric qualification (a 10% increase from 2012), 6% have a qualification higher than a matric (a 4% increase from 2012) and the rest either have “other” qualifications or “don’t know”. In textiles manufacturing, 39% of employees have less than a matric qualification (a drop of 10% since 2012), 37% of employees have a matric qualification (a drop of 12% since 2012), 8% have a post-matric qualification (a 5% increase from 2012) and the rest either have “other” qualifications or “don’t know”. (see Graph 12).

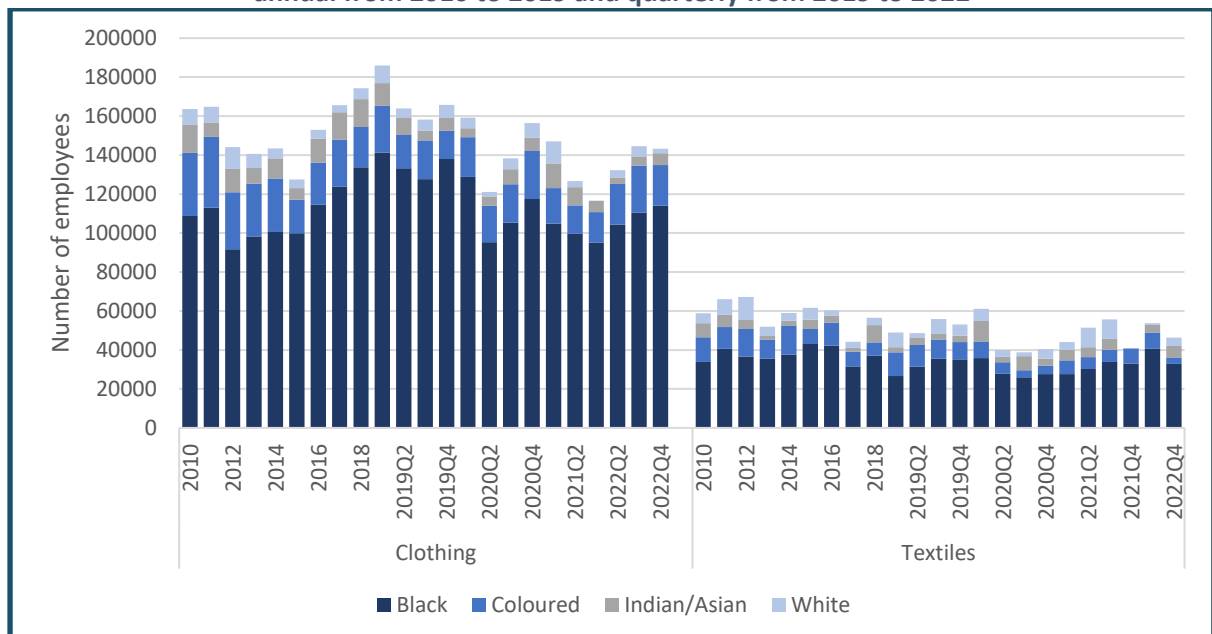
In 2010, the distribution of employees in the clothing industry was 66% Black, 20% Coloured, 9% Indian/Asian and 5% white. Twelve years later, there was an increase in the number of Black employees and a decrease in the other racial groups. As of the fourth quarter of 2022, Black employees constituted 80% of the industry’s workforce, Coloured employees 15%, and Indian/Asian and White employees accounting for 4% and 2% respectively (see Graph 13).

Graph 12: Qualifications of employees in the clothing and textiles industries, quarterly from 2010 to 2018, quarterly from 2019 to 2022



Source: Calculated from Stats SA. Labour Market Dynamics. 2010 to 2022. Series on employment by industry. Electronic databases. Downloaded www.statssa.gov.za Nesstar facility April 2023; and Quarterly Labour Force Survey. Q1 2019 to Q4 2022. Series on employment by industry. Electronic databases. Downloaded www.statssa.gov.za Nesstar facility April 2023. *Note:* The third and fourth quarters of 2019 have been excluded as the QLFS response rates were low and thus deemed unreliable.

Graph 13: Total employment by race in the clothing and textile manufacturing industries, annual from 2010 to 2019 and quarterly from 2019 to 2022

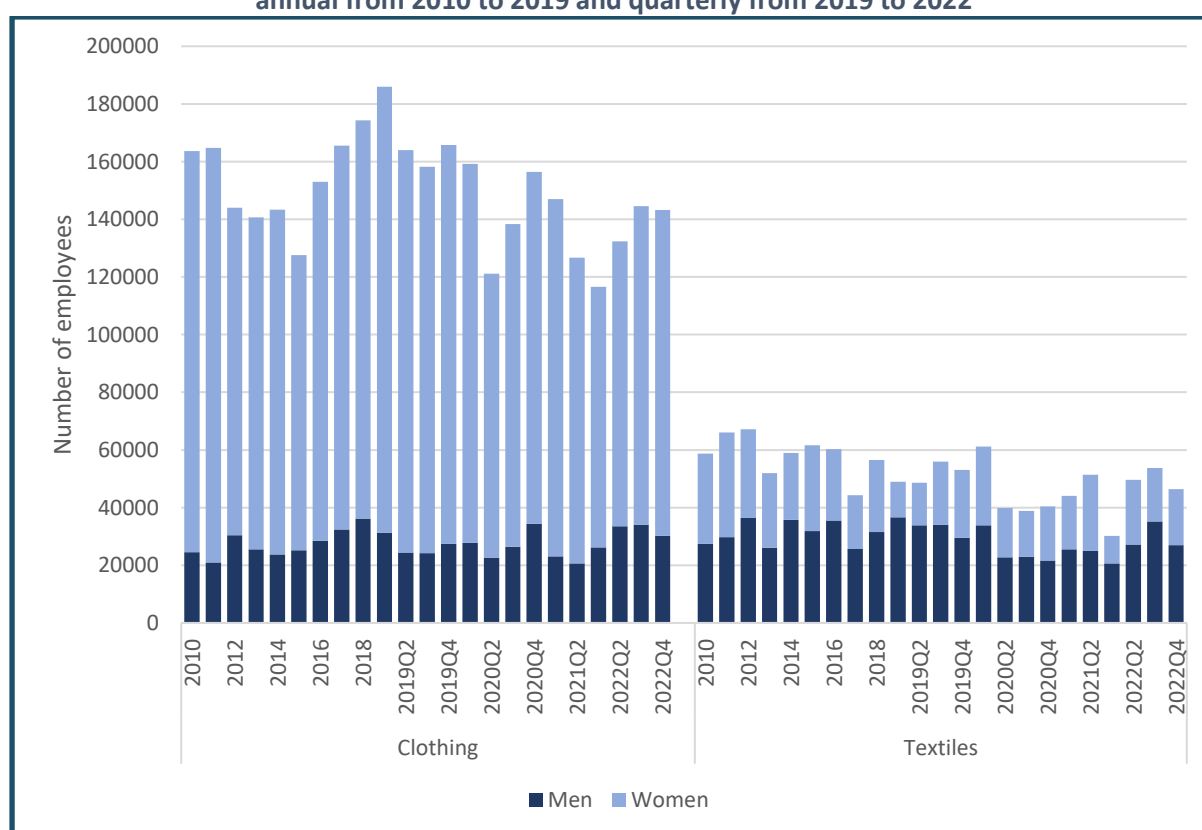


Source: Calculated from Stats SA. Labour Market Dynamics. 2010 to 2022. Series on employment by industry. Electronic databases. Downloaded www.statssa.gov.za Nesstar facility April 2023; and Quarterly Labour Force Survey. Q1 2019 to Q4 2022. Series on employment by industry. Electronic databases. Downloaded www.statssa.gov.za Nesstar facility April 2023. *Note:* The third and fourth quarters of 2019 have been excluded as the QLFS response rates were low and thus deemed unreliable.

The distribution of employees in the textiles industry in 2010 was 58% Black, 21% Coloured, 12% Indian/Asian, and 9% White. Over the next 12 years, the share of Black, and Indian/Asian employees increased with Coloured employees decreasing and no change in percentage of White employees. By the last quarter of 2022, the distribution stood at 71% Black, 7% Coloured, 13% Indian/Asian and 9% White.

Employment in the clothing industry in South Africa has consistently been dominated by women, although the numbers have fluctuated over the years. In 2011, about 114 000 women were employed in clothing and 36 000 in textiles manufacturing compared to 21 000 men in clothing and about 30 000 in textiles. By the second quarter of 2020, when 59 000 jobs were shed in these industries from the previous quarter due to the COVID-19 pandemic, 98 000 women were employed in clothing and 17 000 in textiles compared to about 22 600 men employed in clothing manufacturing and 22 800 in textiles. In the fourth quarter of 2022, both clothing and textiles industries employed 132 000 women compared to 57 000 men (see Graph 14).

Graph 14: Total employment in the clothing and textiles industries by gender, annual from 2010 to 2019 and quarterly from 2019 to 2022



Source: Calculated from Stats SA. Labour Market Dynamics. 2010 to 2022. Series on employment by industry. Electronic databases. Downloaded www.statssa.gov.za Nesstar facility April 2023; and Quarterly Labour Force Survey. Q1 2019 to Q4 2022. Series on employment by industry. Electronic databases. Downloaded www.statssa.gov.za Nesstar facility April 2023. Note: The third and fourth quarters of 2019 have been excluded as the QLFS response rates were low and thus deemed unreliable.

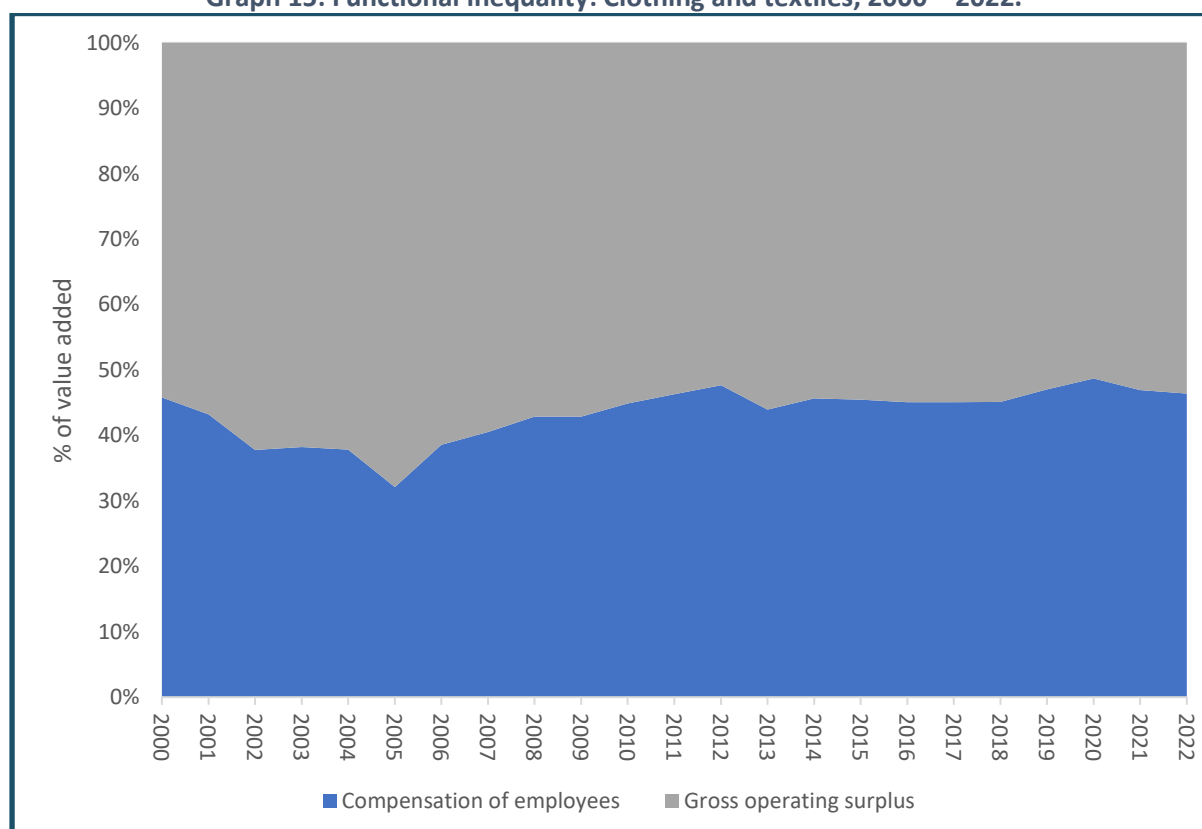
4. FUNCTIONAL INEQUALITY

The share of remuneration in value added, as depicted in Graph 15, is generally lower than the average for the economy, with a slight variation over the years. In 2010, compensation for employees accounted for 46% of value added while gross operating surplus accounted for 54%. In the four subsequent years, compensation of employees dropped to its lowest point when compensation for

employees fell to 32% of value-added while surplus accounted for 68%. Compensation of employees increased in 2006, averaging 48% between 2006 and 2022. Gross operating surplus averaged 59% in the same period.

Compared to the national norm, in 2021 compensation of employees nationally was 52.1% of value added (with clothing and textiles being 5.1% less than the national average) and gross operating surplus accounted for 47.9% (with clothing and textiles being 5.1% more than the national average).

Graph 15: Functional inequality: Clothing and textiles, 2000 – 2022.



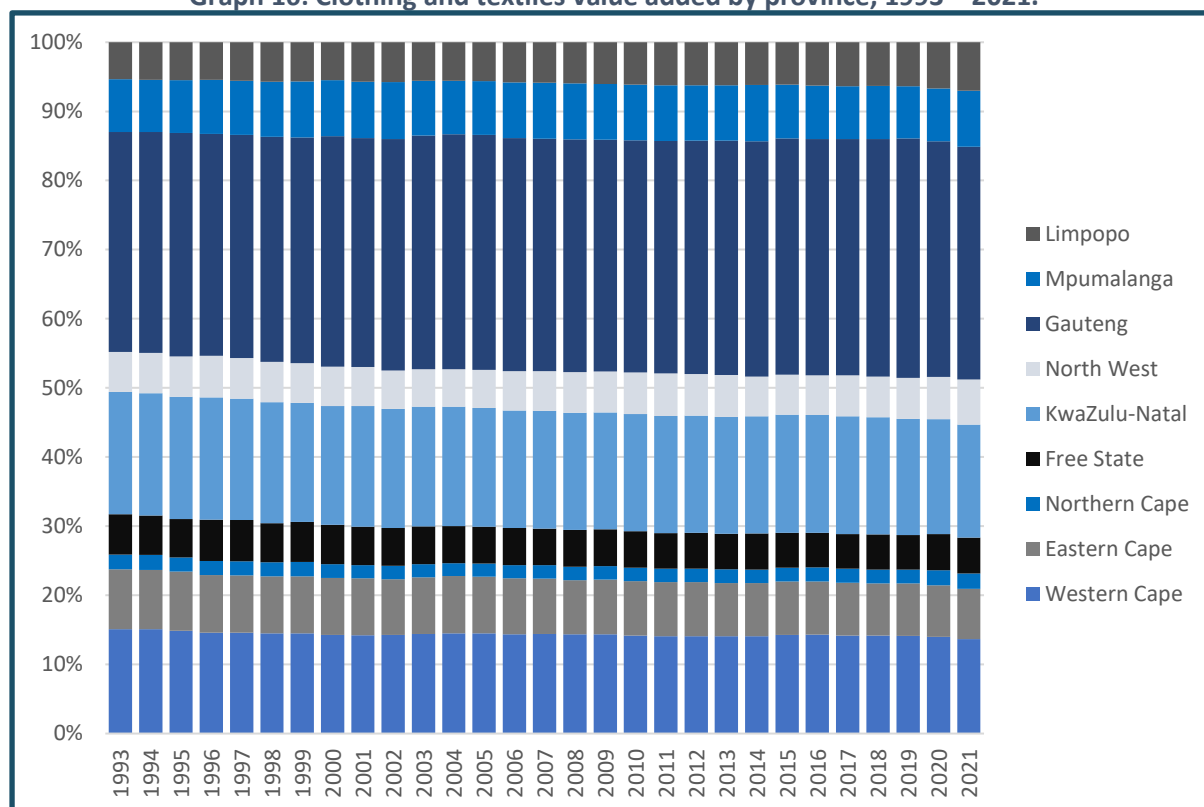
Calculated from Quantec. EasyData. Interactive dataset. Standardised industrial series. Accessed at www.easydata.co.za in October 2023.

5. MAIN LOCATIONS

The clothing and textiles manufacturing industries in South Africa are concentrated in three main provinces: Western Cape, KwaZulu-Natal, and Gauteng. Gauteng has the highest value added, increasing from 32% in 1993 to 34% in 2023, focusing on corporate/workwear and general clothing. KwaZulu-Natal's contribution declined from 18% in 1993 to 16% in 2021, specialising in textiles and mass-market apparel.³ Western Cape's contribution declined from 15% in 1993 to 14% in 2021, known for high fashion and higher value-added manufacturing. In addition, Eastern Cape is the world's leading producer of mohair, producing approximately 51% of the world's mohair (Mohair South Africa, n.d.) contributing 7% of value added in the industry in 2021 (the dtic, 2020) (see Graph 16).

³ Under apartheid rule, Kwazulu-Natal was the region with the highest subsidies due to the border area at Newcastle.

Graph 16: Clothing and textiles value added by province, 1993 – 2021.



Calculated from Quantec. EasyData. Interactive dataset. Standardised industrial series. Accessed at www.easydata.co.za in October 2023.

6. GOVERNANCE STRUCTURES AND STAKEHOLDERS

The Department of Trade, Industry and Competition (the dtic) is the government department tasked with the responsibility of formulating policies and programmes to move towards a more dynamic, inclusive, and internationally competitive economy for subsectors such as clothing and textiles. For clothing and textiles, the CTFL sector desk is mandated to be the governmental support system for the subsector. It is tasked with supporting interventions and programmes that were established to enable and spur growth in CTFL.

7. TRADE UNIONS

Table 1 lists the prominent trade unions in South Africa in the clothing and textiles industries.

TRADE UNION	AFFILIATION
South African Clothing and Textiles Workers' Union (SACTWU)	Congress of South African Trade Unions (COSATU)
South African Commercial, Catering and Allied Workers' Union (SACCWU)	COSATU
General Industries Workers Union of South Africa (GIWUSA)	South African Federation of Trade Unions (SAFTU)
National Union of Leather and Allied Workers (NULAW)	Federation of Unions of South Africa (FEDUSA)

Sources: Websites of the South African Clothing and Textiles Workers' Union, South African Commercial, Catering and Allied Workers' Union, General Industries Workers Union of South Africa, National Union of Leather and Allied Workers, Congress of South African Trade Unions, South African Federation of Trade Unions, Federation of Unions of South Africa. Accessed at <https://sactwu.org.za/>; <https://saccawu.org.za/>; <https://giwusa.org.za/>; <https://www.nulaw.co.za/>; <http://www.cosatu.org.za/>; <https://saftu.org.za/>; <https://www.fedusa.org.za/> in October 2023.

8. INDUSTRY ASSOCIATIONS

Industry associations represent businesses, allowing members to participate in policy development and create industry relationships with other business owners, investors and stakeholders. In the clothing and textiles subsector, multiple business associations exist, as listed in Table 2.

Table 2: Clothing and textiles industry associations

Clothing and Textiles Associations	
<ul style="list-style-type: none"> • Apparel and Textile Association of South Africa • Cape Clothing and Textile Cluster • Cape Town Fashion Council • Gauteng Fashion Council • KwaZulu-Natal Clothing and Textile Cluster • National Clothing Retail Federation of South Africa • South African National Fashion Council 	
Clothing Associations <ul style="list-style-type: none"> • Apparel Manufacturers of South Africa • National Clothing Retail Federation of South Africa • Southern African Apparel Association • South African National Fashion Council 	Textiles Associations <ul style="list-style-type: none"> • Angora Ram Breeders • Better Cotton Initiative • Cape Wools SA • Cotton SA • International Cotton Advisory Committee • Mohair Empowerment Trust • Mohair South Africa • Narrow Fabric Manufacturers Association • National Association of Worsted Textile Manufacturers • National Fabric Knitters' Trade Association • National Manufactured Fibres Employers Association • National Textile Manufacturers Association • South African Blanket Manufacturers Employers Organisation • South African Carpet Manufacturing Employers Association • South African Cotton Ginners Association • South African Cotton Producers Organisation • Southern African Cotton Textile Processing Employers' Association • South African Mohair Growers Association • South African Technical Textile Manufacturers' Association • South African Wool and Mohair Processors' Employers' Association • South African Worsted Manufacturers' Trade Association • Textile Exchange • Textile Federation • The South African Home Textiles Manufacturers Employers' Organisation • Western Cape Clothing and Textile Centre • Wool and Mohair Brokers Employers Organisation of South Africa

Source: Who Owns Whom. Report generator. Clothing and textiles industry associations. Downloaded October 2023. Note: This list is not exhaustive.

8. PLATFORMS FOR STAKEHOLDER ENGAGEMENTS

Platforms for stakeholder engagements are an integral part of the clothing and textiles industries. These platforms are essential for the sharing of ideas, providing feedback, mitigating risk, and innovation in the industry between business and their stakeholders. Table 3 lists the formal platforms in the CTFL industry that facilitate these engagements in the form of clusters, a Sector Education and Training Authority (SETA), and a bargaining council.

Table 3: Platforms for stakeholder engagements

PLATFORM	BRIEF DESCRIPTION AND OBJECTIVES
Cape Clothing and Textile Cluster (CCTC)	The CCTC's objective is to enhance the competitiveness of the CTFL manufacturing industry in the Western Cape through various programmes, activities, and interventions to enable the industry to be globally competitive.
KwaZulu-Natal Clothing and Textile Cluster (KZN CTC)	The KZN CTC's objective is to enhance the competitiveness of the CTFL manufacturing industry in KwaZulu-Natal through various programmes, activities, and interventions to enable the industry to be globally competitive.
Gauteng Fashion Cluster (GFC)	The GFC supports clothing and textile designers and manufacturers in the Gauteng region. Its aims include facilitating collaboration and co-ordination, and supporting the growth of the fashion industry.
Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M SETA)	FP&M SETA supports 13 subsectors including the clothing and textile industries within the CTFL subsector. Its objective is to facilitate learning programs, plan skills development initiatives and enhance productivity and viability in the sector. The SETA also aims to expand employment opportunities in the clothing and textile industries.
National Bargaining Council for the Clothing Manufacturing Industry	The NBC for the clothing manufacturing industry is made up of five segments, namely the northern regions (Limpopo, North West, Mpumalanga and Gauteng), Western Cape, KwaZulu-Natal, Eastern Cape and Free State/Northern Cape regions. Its functions include solving labour disputes and enforcing collective agreements in the clothing manufacturing industry.

Sources: Websites of the KwaZulu-Natal Clothing and Textile Cluster, Cape Clothing and Textile Cluster, Gauteng Fashion Cluster, Fibre Processing and Manufacturing Sector Education and Training Authority, and the National Bargaining Council for the Clothing Manufacturing industry. Available at <https://kznctc.org.za/>; <https://capeclothingcluster.org.za/>; Polity, 2016; <https://www.fpmseta.org.za/>; and <https://nbc.org.za/> in October 2023.

9. MAJOR POLICY AND INFRASTRUCTURE INITIATIVES

The clothing and textiles industries within the CTFL subsector have several policy initiatives that focus on maintenance and upkeep listed in the Industrial Policy Action Plans (IPAPs) and Master Plans. Below is a list of these initiatives as well as their aims and targeted outcomes.

2030 Master Plan for South African Retail, Clothing, Textiles, Leather, and Footwear Value Chain (R-CTFL Master Plan)

The Retail - Clothing Textile Footwear Leather (R-CTFL) Master Plan's vision, which was finalised in 2019, was to bring together retailers, manufacturers, government, and labour to create a "competitive, sustainable, and dynamic R-CTFL value chain that provides its customers with compelling products and is invested in growing employment and advancing inclusion and transformation". By 2030, the Master Plan aims to grow the number of jobs in the R-CTFL subsector to 330 000 by increasing the sales of local CTFL goods to R20 billion, expanding the procurement of local CTFL products from 45% to 65%, and by improving equipment and other technologies, increasing competitiveness of the industry and developing the skills of employees (the dtic, 2019b).

The Master Plan's key initiatives lie with the task teams that have been set up to drive the activities to grow the industry. These include:

- The formation of a task team aimed at limiting illegal imports and collaborating with the South African Revenue Services and other stakeholders to reassess tariff structures.
- The formation of a task team consisting of the dtic and representatives from business exploring making trading licences contingent with the Master Plan and promoting the sourcing of domestic clothing and footwear by international retailers operating in South Africa.
- The formation of task teams to evaluate supply-side incentives, enhance training, promote exports, emphasize niche products, and address government procurement matters.

The designation of clothing and textiles under the Preferential Procurement Policy Framework Act

Clothing and textiles were designated a 100% minimum threshold for local content in 2012/13. The dtic conducted research which indicated that clothing and textiles, among other products, were under distress caused by competition from cheap imports of these goods putting a strain on the local industry. Designating these products, meaning public entities having to procure these products from local manufacturers and producers, would result in the subsector benefitting from public procurement opportunities thus stimulating the subsector's growth.

Cotton subsector development strategy

The National Cotton Sector Strategy was developed to give additional structure to implementation activities in the cotton industry for activities such as cotton spinning, weft-knitting, dyeing and finishing. This strategy was completed in 2016 and is said to have the potential to create jobs, fill manufacturing gaps and reduce imports in the retail sector within this segment of the industry. These targeted outcome strategies were to guide development and capitalisation of the cotton industry value chain.

An extension to this strategy was approved in the second quarter of 2018/19 titled Regional Cotton Textiles Development with the Southern African Development Community (SADC) and SACU protocols finalised in the fourth quarter of 2018/19. The extension is a guide for the bilateral industry value chain capacity development initiatives for both SADC and SACU countries. The outcome of the extension is

a formal position on regional cotton textiles and clothing industries value chain development which forms a basis for development and bilateral trade with other regional countries (the dtic, 2019a).

Clothing, Textiles, Footwear and Leather Growth Programme (CTFLGP)

Previously named the Clothing and Textile Competitiveness Programme, the CTFLGP is a programme of the dtic which aims to grow employment, improve overall competitiveness and to grow the CTFL manufacturing industries in South Africa. This programme, along with providing subsidies, interest-free and concessional loans, and grants to companies in the subsector, consists of four programmes which aim to meet the needs of the industry. This program is administered by the CTFLGP desk at the Industrial Development Corporation.

- **Programme A: Competitiveness Improvement**

The aim is to increase job creation, production output, transformation and sustainability in the industry.

- **Programme B: Expansionary Working Capital**

This programme aims to support product localisation, growth and expansion of companies.

- **Programme C: Start-up Funding**

The aim is to support fashion designers that are starting out to drive transformation in the sector as well as companies in the development stages.

- **Programme D: Cluster Funding**

The aim of this programme is to improve global competitiveness of South African-based CTFL goods manufacturers and designers for their goods to be sold locally and globally. In this programme, groups of globally competitive companies are clustered together and issues of cost, quality, flexibility, competitiveness, greening and digitalisation are addressed (the dtic, 2023).

Mohair value-addition to transform locally manufactured quality tops, yarn and finished products for both local and export markets

This strategy aims to create a strong mohair sector by developing sustainable practices to improve the quality of mohair fibre and value-addition. This was to be done through engagements with the broader mohair industry with measures such as ongoing innovation of technology used in the mohair industry, development of raw mohair fibre yield, fibre quality and fibre availability. This was based on the industry's best practices and procedures, to establish South Africa as a significant contributor and preferred supplier to the global mohair value chain (the dtic 2019a).

Retail-Driven Integrated Supply Chain Programme (ISCP) – Phase 2

The aim of the retail-driven ISCP is to be a channel for retailers to replace imports with clothing and textiles manufactured through South African value chains. The targeted outcome of this programme was to implement this with 84 local manufacturers and the leading clothing retailers in the country (the dtic, 2019a).⁴

⁴ The Cotton Subsector Development Strategy, Mohair Value-Addition Programme, and Retail-Driven Integrated Supply Chain Programme are listed in the IPAP 2018/19 – 2020/21 and have been concluded.

10. MAIN POLICY DEBATES

The role of the clothing and textile industries in South Africa's industrialisation

Historically, industrialisation generally started with apparel production. Countries like Japan, South Korea, China, Indonesia, Malaysia and the Philippines starting off their industrialisation efforts by manufacturing nondurable consumer goods like clothing, then gained experience and moved to manufacturing durable consumer goods, and then to capital goods of a higher value (D'Souza, 2016).

As reflected on in Whitfield et al. (2021), there are two arguments on the role that the clothing and textiles industries should play in South Africa's industrialisation. It is first argued that South Africa should employ export-led industrialisation strategies which have been dominant internationally in the last few decades. This strategy encourages countries to open up to international trade, enter global value chains at low-value segments, and then gain knowledge, build capabilities, and employ technologies from their trading partners.

Second, some experts argue that export-oriented strategies are no longer relevant as industrialisation occurs differently in today's global economy where vertical specialisation industrialisation in global value chains is the new norm. This perspective suggests that vertical specialisation industrialisation will limit countries like South Africa's capabilities. Instead, they advocate for local firms to build capabilities domestically, focus on supplying domestic and regional markets, and then gradually enter global value chains in higher value segments.

Industrial development and competition from cheap clothing and textile imports

The clothing and textile industries in South Africa face challenges regarding industrial development and competitiveness. To begin with, there are ongoing discussions which revolve around strategies to enhance the industries' competitiveness through programmes and policies by the dtic and other bodies in an effort to attract more investment and foster innovation. The best approach to achieving these goals is a topic of debate.

It is commonly known that these industries find it difficult to compete with cheap imports, which has led to discussions around how to best protect the local clothing and textile industries while promoting global competitiveness. Proposals to the R-CTFL Master Plan suggest that the causes for the influx of cheap imports, which started increasing after 1994 and intensified in the 2010s, were largely due to weak enforcement of tariffs which were instituted to protect local producers (Invest Cape Town, n.d.). A more recent example of poor enforcement of tariffs, as argued by local producers, is the Chinese company Shein, which ships clothes into the country in large volumes to avoid paying import taxes because items are shipped individually through the international postal system and couriers. In this way, the sellers are able to keep their prices uncompetitively low to the detriment of the local clothing industry (Peyper, 2023).

However, local retailers state their preference for cheap imported textiles in order to reduce production costs, despite the fact that these tariffs are in place to protect the local industries. This preference's consequences, though, include the inability to exploit the benefits of AGOA and increased job losses in the textiles industry.

South Africa's clothing and textiles industries' competitiveness strategy: mass fast fashion or niche products

To gain a global competitive edge, there are debates in the industry on whether South African clothing and textiles industries should prioritise competing in the mass fast fashion market or in expanding and further developing its niche markets.

Mass fast fashion involves quickly manufacturing stylish clothes at large scale to meet changing trends. These items are low-priced as, often, low-quality materials are used to accommodate trend-conscious consumers who buy many cheap new clothing items rather than a few higher-priced ones. For South Africa to compete and succeed in this market, sophisticated machinery and efficient production lines are required. In contrast, it is often said that the equipment and machinery used in these industries in the country are outdated.

Another cause for concern is the country's geographical position which is far from markets. This challenge is aggravated by growing concerns about the environmental impacts of fast fashion from the production process, freight and the short use of products before they are thrown out. In addition, South Africa has to compete with fast fashion production leaders like China, Bangladesh and Vietnam which have established supply chains and global trade relationships. Finally, competing in mass fast fashion requires access to cheap and cutting-edge textiles, which are not produced locally but are largely subject to substantial tariffs.

Conversely, some stakeholders argue that the South African clothing and textiles industries should rather focus on leveraging existing strengths, namely the manufacturing of workwear and protective clothing, more unique South Africa fashions, and furnishings. These products have limited markets compared to fast fashion, but, in this view, promise a higher likelihood of success for South African manufacturers.

Some businesses have lobbied for a focus on mohair, as South Africa is the global leading producer of the natural fibre. Investing in the relevant machinery and technology to produce clothing and other goods from mohair, rather than only exporting the raw material, could be beneficial for the industry. These existing strengths benefit from having existing production capacity, are not bound to quick turnaround times, and are aligned to South Africa's geographical location. The market for mohair is, however, far more limited than the market for other clothing and furnishings.

South African labour costs

Some business owners and observers argue strongly that the high prices of South African-manufactured clothing and textiles stem from high labour costs, hindering these industries from being globally competitive. They believe that the high wages in these industries will lead to continued job losses, and perhaps relocation of businesses. By extension, if labour costs are reduced, South Africa's clothing and textile industries would be more competitive in the global clothing market.

The available data suggest that the compensation of South African clothing and textile workers is at the higher end for developing countries, but not substantially outside of the normal range. According to Lu (2020), the minimum wage for clothing workers in low- and middle-income countries ranged from US\$26 a month in Ethiopia to US\$310 a month in Jordan. It was US\$217 a month in China and US\$246 a month in Brazil. In South Africa, the legal minimum for unskilled and semiskilled workers in 2021 was around R1050 a week, which was then equivalent to US\$290. (National Bargaining Council, 2023:I-15) Surveys found that the 10th percentile of formal workers in CTFL actually earned

significantly less, at R1850 a month in 2020, or US\$112, with median pay at R3900 or US\$236 a month (Calculated from Statistics South Africa, 2020).

For employers, the level of pay has to be offset against productivity, which is in turn a function of the level of technology, the efficiency of work organisation, and the costs of other inputs. Still, the available data suggest that South Africa's labour costs are not substantially higher than those of leading clothing and textile manufacturing countries.

11. NOTABLE PLAYERS

Clothing Manufacturing

COMPANY	NUMBER OF EMPLOYEES	SHORT DESCRIPTION
The Foschini Group (TFG) (Pty) Ltd	6 000 (clothing production only) (Cape Business News, 2023)	Operates a number of retail brands across different segments including fashion, lifestyle and homeware. The company has operations in South Africa, Australia and the United Kingdom.
Prestige Clothing (Pty) Ltd	2 470	Prestige Clothing is a manufacturing subsidiary of the Foschini Group and manufactures men and women's formal wear, work wear/corporate wear and casual wear and intimate wear under various brands.
Trade Call Investments (Pty) Ltd	2 000	Manufactures general clothing for men, women and children. The company also manufactures lingerie and personnel protection equipment (PPE). Trade Call Investments supplies major South African retailers, namely Truworths, Woolworths and Queenspark.
Pep Clothing (PepClo) Ltd	2 000	Manufactures undergarments and school uniforms for the Student Prince brand. The garments manufactured under this brand include dresses, shirts, shorts, and trousers. PepClo is a division of PepKor (Pty) Ltd.
Twin Clothing Manufacturers (Pty) Ltd	800	Manufactures and is a wholesaler for a range of clothing for retail businesses. This includes boys' and girls' casual clothing, school uniforms, and women's clothing, among others. This manufacturer houses local in-house brands, manufacturers made-to-order clothing, and imports international clothing brands as well.
Kingsgate Clothing (Pty) Ltd	700	Manufactures and is a wholesaler of clothing items which include workwear, school uniforms and sportswear.
Zenzeleni Clothing (Pty) Ltd	380	A subsidiary of Trade Call Investments, Zenzeleni manufactures workwear and uniforms for the South African Police Service, the South African National Defence Force, and the South African Airways, among other public entities.
Time Clothing (Pty) Ltd	360	Ashwood Holdings (Pty) Ltd, trading as Time Clothing (Pty) Ltd manufactures and distributes leisurewear, corporate wear, sportswear, school and security uniforms for both men and women.
K-Way Manufacturers (Pty) Ltd	338	A manufacturer of outdoor clothing, camping and climbing gear, as well as casual clothing through various retail chains.
Sparks and Ellis (Pty) Ltd	38	Specialises in firefighting, traffic, military and security uniform manufacturer and supplier. This includes ballistic

		clothing and riot gear. Sparks and Ellis is owned by Cape Union Mart and Thebe Investment Corporation.
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Source: Who Owns Whom. Report generator. Companies in clothing and textile manufacturing.
Downloaded in October 2023. Note: This list is not exhaustive.

Textile Manufacturing

COMPANY	NUMBER OF EMPLOYEES	SHORT DESCRIPTION
Beier Group (Pty) Ltd	2 000 (Group)	Manufacturers of PPE and technical textiles used in automotive components, filtration and lining, geotextiles, wound care textiles and dressings and fabrics for various types of industrial use.
Multiknit Group (Pty) Ltd	800	Manufactures knitted synthetic shade netting and produces bags and nets, catering to the agricultural, industrial, commercial, civil, and mining sectors.
Ninian and Lester Group (Pty) Ltd	800	Manufactures clothing, textiles, knitted fabrics and yarn. The company also produces and supplies polypropylene yarns and masterbatch, fabric dyeing, and other finishing services.
Aranda Textile Mills (Pty) Ltd	500	Aranda is a blankets, throws and other related fabrics manufacturer.
Da Gama Textiles	500	A spinning, weaving, dyeing, orienting, finishing company for cotton-based textiles. It produces furnishings and is a manufacturer of traditional wear and original shweshwe material, among others.
Standerton Mills (Pty) Ltd	500	Weaving and spinning company that produces cotton and synthetic yarns for knitting, weaving, sewing, mop yarns and for craft markets.
Prilla 2000 (Pty) Ltd	269	Operates as both a cotton yarn manufacturing mill and distributor, supplying raw materials such as cotton, recycled and specialised yarn to its various operations in Africa.
Gelvenor Africa	250	A technical fabrics producer for various industries including workwear, school uniforms, corporate, and performance.
Sven Mill (Pty) Ltd	250	Sven Mill offers a range of textiles and fabrics for home decor, technical applications, and clothing. Their products cater to the decor and furnishings.
Yarntex (Pty) Ltd	245	Specialises in the manufacturing, developing, and marketing of domestically spun wool yarn, viscose yarn, and dyed yarn. The company also offers a range of synthetic cotton and mohair yarns.
Glodina Towelling (Pty) Ltd	210	Produces a range of towels for the hospitality industry and daily use.
Stucken and Company (Pty) Ltd	210	A vertically integrated company involved in the processing and trading of South African wool and mohair. They also specialise in spinning, dyeing and weaving mohair yarns, wool and other natural fibres.
SA Mohair Industries Limited (SAMIL)	166	SAMIL plays a role in every facet of the mohair industry, starting from farming, combing, spinning and dyeing through its various subsidiaries. The company also produces products made from hand knitting, machine knitting and weaving materials, hosiery and synthetic fibres.

Source: Who Owns Whom. Report generator. Companies in textile manufacturing.
Downloaded in October 2023. Note: This list is not exhaustive

12. MAIN CONSTRAINTS

New entrant into the global CTFL market

South Africa is a fairly new entrant into the global clothing and textile manufacturing market, and is therefore experiencing several difficulties in realising inclusive industrialisation compared to its peers and the main global players. As a new entrant, access to markets is a challenge as other players have already formed inroads and strong relationships with customers and suppliers. These longstanding relationships and experience in the industry also allow industries that have been operating for longer to benefit from economies of scale due to their ability to produce larger volumes. South Africa, unfortunately, is unable to reap these benefits at the moment, resulting in high production costs and rendering the industry difficult to compete in on a global scale.

South Africa's geographic position

South Africa's geographic position, a country on the Southern tip of Africa, is far from markets. Markets can be reached by air and sea – but because of its distance from non-African clothing and textiles markets, this gives rise to increased logistical and transportation costs to get South African-produced clothing and textiles to the rest of the world, thus adding to overall production costs. South Africa is unlike Asian countries South Korea, Taiwan and most recently China and Vietnam, which are able to leverage from a 50-year history of exporting to the US and Europe, can rely on networks that were built up by other countries in the region.

Access to funding for small and informal businesses

In terms of investment and growth, the large number of small and informal businesses in the clothing and textile industry makes it challenging for businesses to attain affordable funding and financing to grow their businesses. Funding, for any business, is necessary for its growth as it is needed to upgrade machinery and equipment and foster innovation, in addition to sustaining the day-to-day business operations. Small businesses are then unable to grow as funding is either too expensive to repay or business owners do not have access to information on how to source affordable funding or exploit government programmes that are in place to assist with growing their respective businesses.

13. SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ○ Longstanding industry with considerable technical capacity and skills ○ Strong capacity to manufacture protective clothing and furnishings, and growing capacity in fashion design. ○ Well-established distribution channels. ○ Multiple support programmes from government institutions to assist in enhancing competitiveness of the industry. ○ Being part of trade preference programmes such as AGOA, which gives the clothing manufacturing industry duty-free access to US markets. ○ Low barriers to entry due to low overhead costs and the ability for the manufacturing of clothes to work as a home industry. 	<ul style="list-style-type: none"> ○ South African businesses cannot easily compete on price and in fast-fashion export markets due to scale, logistics issues and competitors' well-established relationships and value chains. ○ South African textile industry is limited and protected. As a result, local clothing manufacturers argue they cannot access adequate diversity in textiles. ○ AGOA effectively favours manufacturing in other African countries, which has led to a movement of manufacturers to neighbouring countries, with some of the product being re-imported back to South Africa. The use of dated machinery in the sector results in comparatively low productivity and little product innovation. ○ There is a shortage of managerial and technical skills amongst employees. ○ Labour costs in US dollar terms are on the high end for middle-income economies.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ○ Low capital-intensity favours small business. ○ The weakening of the Rand allows for South African clothing and textiles to be more competitive in the global market. ○ The development of niche markets for products like mohair where South Africa is the leading producer of the fibre globally and is in high demand internationally. ○ Growth in exports based on strengths in protective clothing, furnishings and design ○ As online commerce becomes increasingly accessible, clothing and textile business can move their product offering online to reach more potential customers, locally and globally. 	<ul style="list-style-type: none"> ○ Increasing competition from cheap imports of clothing and textiles. ○ Decrease in real disposable income of consumers due to the state of the local and global economy puts a strain on consumers' buying power. ○ Difficulty of getting into mass fast fashion market as latecomer distant from key markets. ○ The possibility of South Africa being excluded from AGOA would result in the hindering of the growth of multiple industries in South Africa including that of the clothing industry. ○ South Africa's electricity generation challenges pose a threat to the industry due to loss of manufacturing time and/or increase in costs of manufacturing due to the need to procure alternative sources of energy.

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info@tips.org.za | +27 12 433 9340 | www.tips.org.za