



INDUSTRY STUDY

Clothing and Textiles International Trends

May 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 explores South Africa's global and regional trade to assess the performance of clothing and textiles in the global market.

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INTRODUCTION

South Africa has been a net importer of both clothing and textiles since the early 1990s, with clothing experiencing a positive trade balance briefly from 2000 to 2003 prior to the influx of cheap imports of clothing soon after. Despite this, the country has a reputation of being a producer of high-quality wool, cotton and mohair, which is mainly exported (TIPS, 2022a).

Regionally, South Africa stands out as one of two countries with a well-established value chain within the textiles industry. It possesses clothing manufacturing production capacity that allows it to be top exporter of textiles and the second highest exporter of clothing in the region after Madagascar (SACU, 2022). With imports, as at the end of 2022, South Africa also stood as the highest importer of both clothing and textiles in the region. Globally, the Southern African Development Community (SADC) accounts for 0.4% of total global exports of textiles and 1.2% of clothing, with South Africa leading the region in exports of both categories. The significance of the clothing and textiles industries is recognised by the South African government in the support lent to the industry because of its well-established and labour-intensive nature. Understanding South Africa's production and regional and international trade dynamics is important in analysing the opportunities the industries can exploit and the potential threats that need to be addressed.

This report explores South Africa's global and regional trade to assess the performance of clothing and textiles in the global market. It starts off by examining the supply-side trends, including the local production and unit prices of clothing and textiles along with the main global exporters. It then examines the demand-side dynamics to gain insights into consumption patterns and the main global importers. The analysis concludes with a brief discussion of Foreign Direct Investment (FDI) into the industry and opportunities and threats that exist globally and in the region.

1. PRODUCTION OF CLOTHING AND TEXTILES IN SOUTH AFRICA

Annual production of clothing and textiles has been on a general decline since 2010. Graph 1 shows the physical production index for the production of clothing and textiles, with 2019 as the base year. As seen in the graph, the production of knitted and crocheted articles has reduced significantly compared to the other categories, with a reduction of, on average, 9% year-on-year between 2010 and 2019. Production of other textiles and clothing generally decreased but only marginally compared to crocheted and knitted articles. Textiles production decreased between 2010 and 2014 and increased for the three years thereafter. It then experienced another decline in 2018 and 2019.

Graph 1: Physical production index for production of clothing and textiles, physical volume production seasonally adjusted, 2010 – 2022



Source: Calculated from Statistics South Africa. Manufacturing: Production and Sales.
Downloaded from <https://www.quantec.co.za/easydata>.

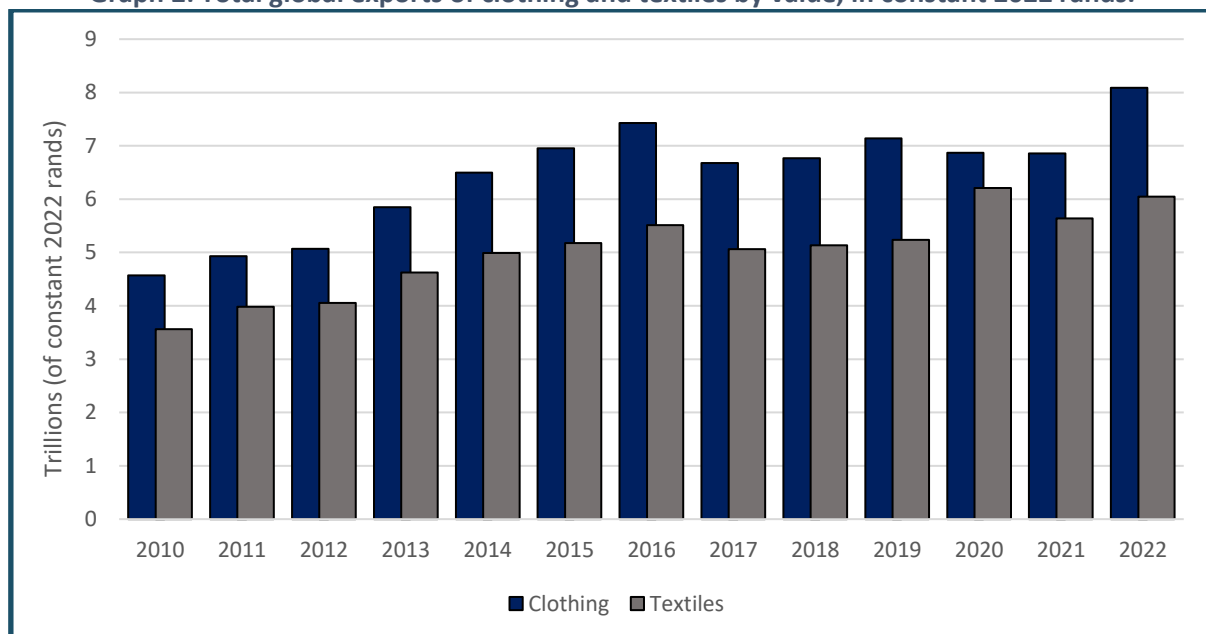
In 2020, all four clothing and textiles categories declined from 2019 with knitted and crocheted articles decreasing by 28%, other textiles declining by 27%, and clothing and textiles decreasing by 20% and 7% respectively. This is consistent with the decline in production across all subsectors due to the strict lockdown conditions during the height of the COVID-19 pandemic. In 2021 and 2022, all product categories experienced slight recoveries, with the exception of textiles decreasing by 6% in 2022.

2. EXPORTS

Graph 2 shows the global exports of clothing and textiles between 2010 and 2022. Exports of clothing increased from R4.6 trillion to R7.4 trillion in constant rand terms, an increase of 80% between 2010 and 2016. Exports then levelled out through 2021 when two of the top global clothing exporters, China and Bangladesh, showed a plateau in production. Exports decreased by 3% from 2019 to 2020 due to decreased demand for clothing during the COVID-19 pandemic and then levelled out through 2021. The industry then recovered. In 2022, total global exports of clothing amounted to R9 trillion, the highest value recorded in the period under analysis, and 8% higher than the previous peak in 2016.

Global exports of textiles experienced a similar trend as that of clothing. Between 2010 and 2016, exports increased by 57% from around R4 trillion to R6.2 trillion, then decreased by 9% in the following year. Unlike clothing, 2020 saw exports of textiles increase by 15% from the previous year, mainly due to an increase in the manufacturing of personal protective equipment required to fight the spread of COVID-19. The following year saw exports of textiles decrease by 5% as the pandemic became less severe. As at the end of 2022, exports of textiles amounted to R6.6 trillion.

Graph 2: Total global exports of clothing and textiles by value, in constant 2022 rands.



Source: International Trade Centre Trade Map. Interactive dataset.
 Accessed at <https://www.trademap.org> in February 2024.

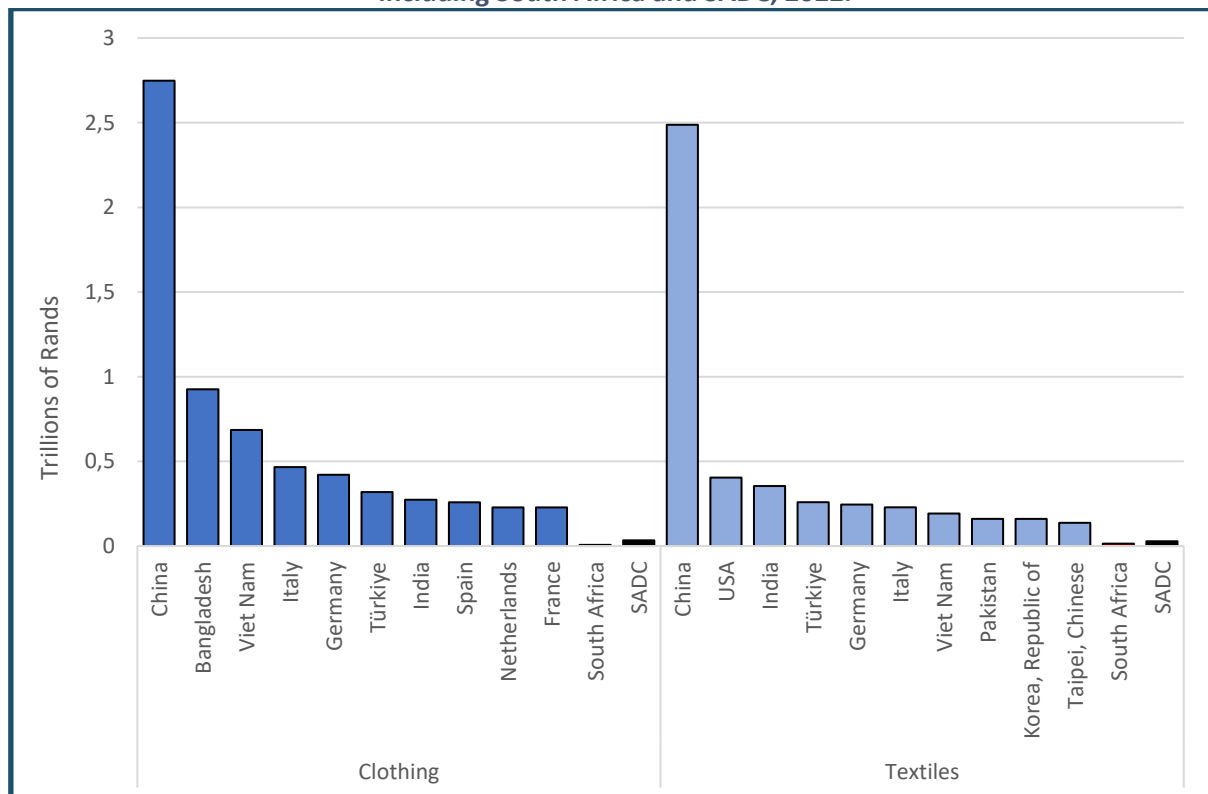
Global exports of textiles experienced a similar trend as that of clothing. Between 2010 and 2016, exports increased by 57% from around R4 trillion to R6.2 trillion, then decreased by 9% in the following year. Unlike clothing, 2020 saw exports of textiles increase by 15% from the previous year, mainly due to an increase in the manufacturing of personal protective equipment required to fight the spread of COVID-19. The following year saw exports of textiles decrease by 5% as the pandemic became less severe. As at the end of 2022, exports of textiles amounted to R6.6 trillion.

Collectively, the Top 10 global exporters of clothing contributed 70.5% of total global clothing exports and 70% of total global textile exports.

China, Bangladesh, and Vietnam were the top three exporters of clothing, by value, at the end of 2022. China, alone, exported 30% of total global clothing exports valued at R2.7 trillion exporting primarily non-knit women’s suits and knit sweaters. The United States (US) followed China exporting 10%, and India exported 5% exporting R925 billion and R686 billion respectively. SADC collectively exported R335 billion, 0.4% of total global exports of clothing, with Madagascar exporting the highest share of 28% and South Africa exporting 20% of that share (see Graph 3).

China also topped the list of Top 10 global exporters of textiles by value, exporting 38% of total global exports of textiles. The US and India followed behind China and exported 6% and 5% respectively. SADC countries exported 1.2% of total global exports of textiles, with South Africa exporting the largest share with 30% of total SADC exports.

Graph 3: Top 10 global exporters of clothing and textiles by rand value, including South Africa and SADC, 2022.



Source: ITC Trade Map. Interactive dataset. Accessed at <https://www.trademap.org> in February 2024.

Table 1 shows the Top 10 global exporters of clothing and textiles, including South Africa and SADC, along with their share in total global exports in 2010, 2016, 2020 and 2022. The data on clothing exports shows that China has been the top global exporter of clothing, although with a declining share, starting at 35% of total exports in 2010 which decreased to 30% in 2022. Notably, Bangladesh’s share of total global exports increased dramatically from 4% in 2010 to 10% in 2022. South Africa and the entire SADC’s share has remained low compared to the Top 10 global exporters of clothing, with a declining share from 2010 to 2022.

Regarding textiles, as with clothing, China dominated textile exports with an increasing share of total global exports from 26% in 2010 to 38% in 2022. Noticeably, China experienced an unprecedented surge of exports in 2020, amounting to 43% of total global textiles exported, significantly attributed

to an 888% spike in exports of ‘made-up articles of textile materials, incl. dress patterns, n.e.s.’ which include felt, ‘single use drapes used during surgical procedures made up of nonwovens’ filtering face pipes, and protective face masks which were exported globally for medical personnel and ordinary citizens in the fight of the spread of the COVID-19 virus in 2020. South Africa’s share remained low although with a slightly declining share and so was SADC’s share with a slightly increasing share.

Table 1: Top 10 exporters of clothing and textiles including South Africa and SADC, their share of total global imports, 2010, 2016, 2020 and 2022.

	Clothing				Textiles			
	2010	2016	2020	2022	2010	2016	2020	2022
Total global exports	R2.5 trillion	R6.3 trillion	R6.8 trillion	R9 trillion	R2.1 trillion	R4.7 trillion	R6 trillion	R6.6 trillion
China	35%	34%	30%	30%	26%	34%	43%	38%
Bangladesh	4%	8%	9%	10%	7%	6%	5%	6%
Vietnam	3%	5%	6%	5%	6%	6%	5%	5%
Italy	5%	5%	5%	5%	3%	4%	3%	4%
Germany	5%	4%	5%	5%	5%	4%	4%	4%
Türkiye	4%	3%	4%	4%	5%	4%	3%	3%
India	3%	4%	3%	3%	1%	2%	3%	3%
Spain	2%	3%	3%	3%	3%	2%	2%	2%
Netherlands	2%	2%	3%	3%	4%	4%	2%	2%
France	3%	2%	2%	3%	4%	3%	2%	2%
South Africa	0.11%	0.09%	0.08%	0.08%	0.24%	0.23%	0.21%	0.21%
SADC	1%	0.49%	0.40%	0.37%	0.48%	0.41%	0.37%	0.41%

Source: ITC Trade Map. Interactive dataset. Accessed at <https://www.trademap.org> in February 2024.

Note: Total global exports values were deflated by CPI constant 2022 rands. These values have been rounded off.

Total exports of clothing and textiles from South Africa amounted to R21 billion at the end of 2022, a decrease of 0.1% from the end of 2021. Graph 3 shows that ‘wool, fine or coarse animal hair’ accounts for the largest share of clothing and textile articles exported out of the country, with exports amounting to 26.7% of total clothing and textiles exports, followed by exports of ‘clothing and accessories, knitted or crocheted’ accounting for 16.5% and ‘clothing and accessories, not knitted or crocheted’ accounting for 15.9%.

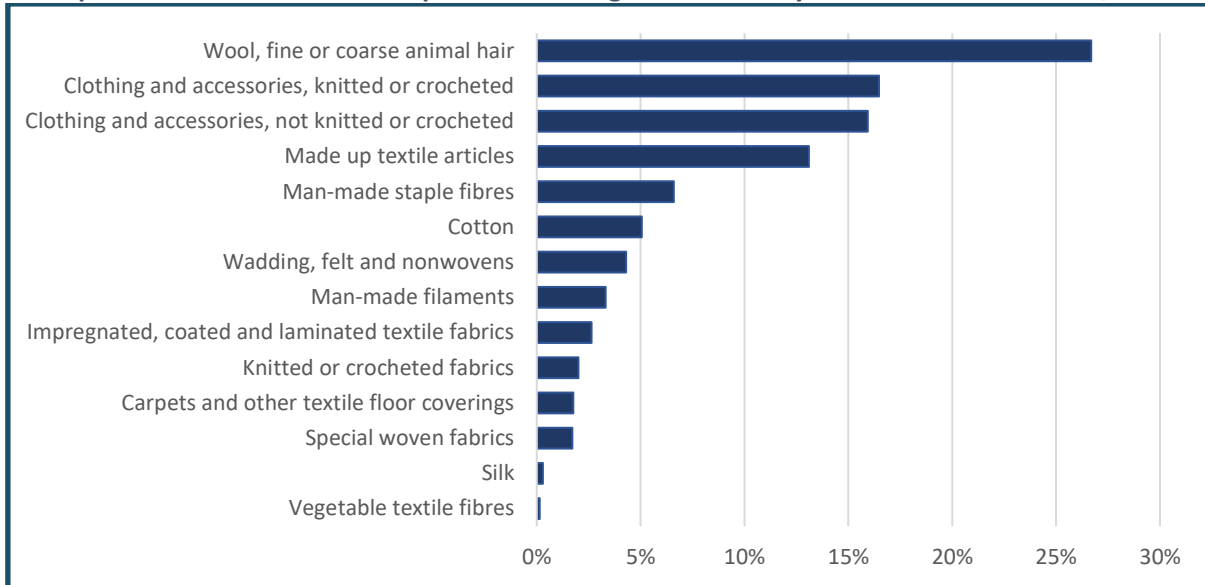
For exports of clothing from 2010 to 2022, Namibia has consistently been South Africa’s top export market, although the share dropped by 5% from 2010 to 2022. Namibia is followed by Botswana, Lesotho and Eswatini with exports at the end of 2022 amounting to 22.7%, 11.6%, and 9.4% respectively.

As seen in Graph 4, South Africa has historically exported a higher value of raw materials, in this case textiles, than it does value-added products, i.e. clothing, due to the low number of facilities needed to turn raw materials into finished product. In 2022, this trend persisted when 32% of total exports were clothing and 68% were textiles.

Regarding textiles at the end of 2022, South Africa exported 19% of its total exports to China, 8.8% to Lesotho and 7.3% to Germany.

Textiles account for 1% of total South African exports and clothing accounts for 0.3%.

Graph 4: Distribution of total exports of clothing and textiles by value from South Africa, 2022.

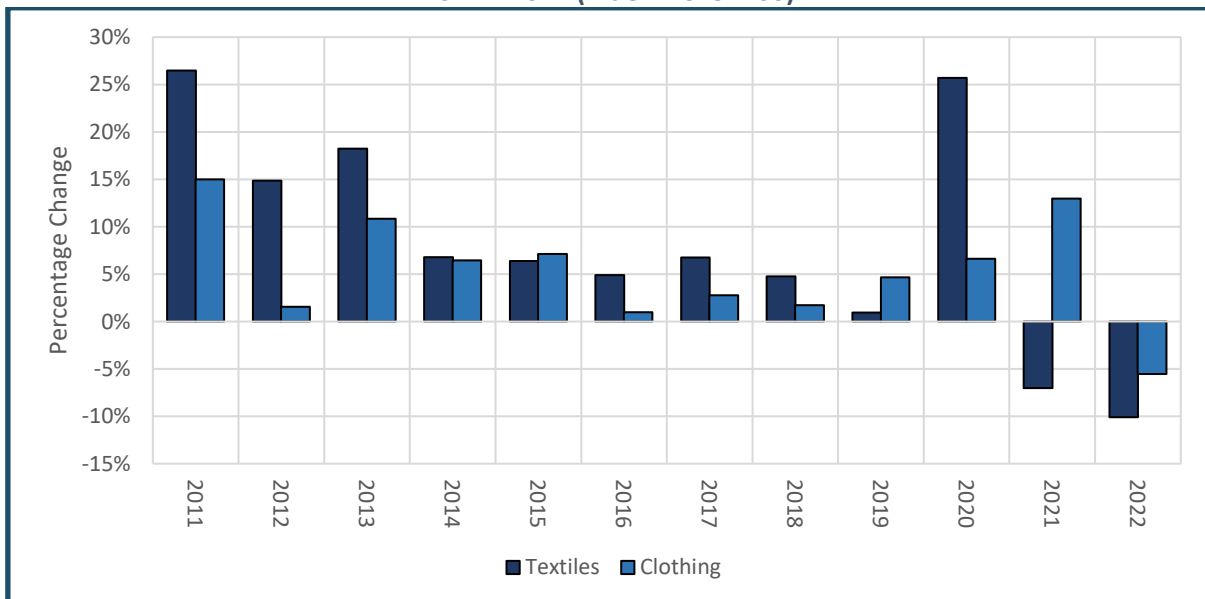


Source: Quantec EasyData. RSA national trade data. Downloaded <https://www.quantec.co.za/easydata/> October 2023.

3. UNIT PRICES OF SOUTH AFRICAN EXPORTS OF CLOTHING AND TEXTILES

Graph 5 shows the percentage changes in unit price of textiles and clothing from 2011 to 2022. Textiles experienced a significant 26% increase in unit price in 2011, followed by a lower rate of change thereafter. A 26% increase was experienced again in 2020, due to a worldwide increase in demand for textiles at the height of the COVID-19 pandemic. A drop of 7% and a further drop of 10% in price were experienced in 2021 and 2022 respectively. The unit price of clothing fluctuated relatively less than that of textiles during the period under analysis. Notable increases were experienced in 2011, with a unit price increase of 15% from 2010 and in 2021, and an increase of 13% from 2020. In 2022, the unit price dropped by 6%, the first drop in unit price since 2011.

Graph 5: Export unit price of clothing and textiles, year-on-year percentage change, 2011 – 2022 (Index: 2019=100)



Source: Calculated with data from Quantec EasyData. RSA national trade and manufacturing production and sales. Downloaded from <https://www.quantec.co.za/easydata/> in February 2024.

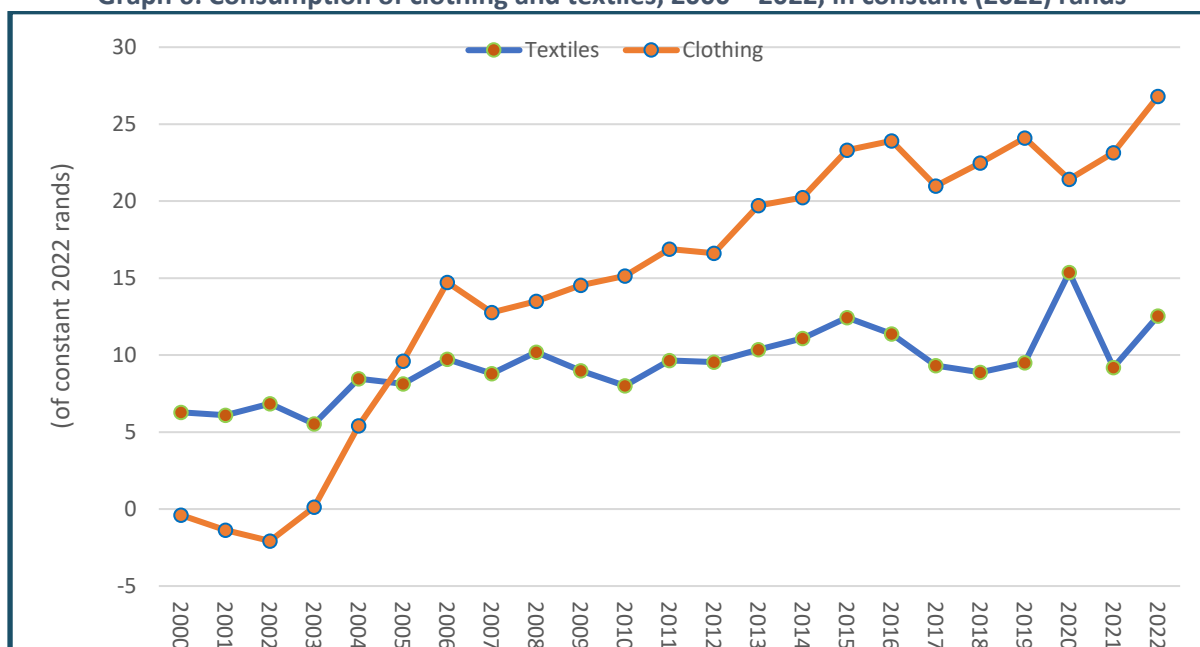
4. NATIONAL CONSUMPTION OF CLOTHING AND TEXTILES

South Africa's consumption of clothing and textiles has generally been increasing since 2000, with the consumption of textiles being more stable, with less fluctuations than the consumption of clothing (see Graph 6).

Clothing consumption saw a decline in 2000, 2001 and 2002 which was attributed to a negative trade balance in the clothing industry during those years. Nonetheless consumption increased sharply between 2003 and 2006 by a staggering 11326%, dropped slightly by 13% in 2007 and increased steadily with slight fluctuations thereafter. Consumption of textiles, albeit with slight variations, increased moderately between 2000 and 2015, with a drop between 2015 and 2019, followed by a sharp increase in 2020. This increase was largely attributed to an unprecedented 16% increase in the export of wadding, felt and nonwoven textiles, which are key inputs into disposable medical masks and other forms of personal protective equipment. Consumption of textiles dropped by 40% the following year.

As of the end of 2022, consumption of clothing stood at 26.8 billion and textiles at R12.5 billion.

Graph 6: Consumption of clothing and textiles, 2000 – 2022, in constant (2022) rands



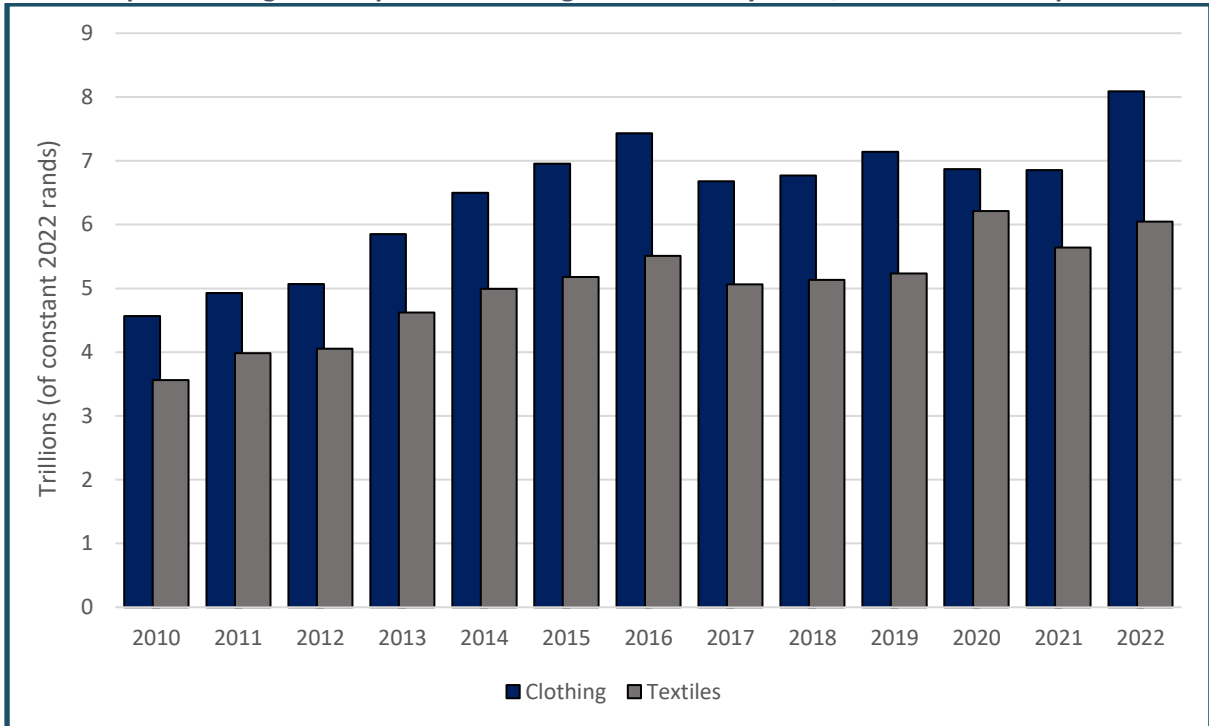
Source: Calculated with data from Quantec EasyData. Manufacturing production and sales and national trade data. Downloaded from <https://www.quantec.co.za/easydata/> in February 2024.

5. IMPORTS OF CLOTHING AND TEXTILES

Global imports of clothing and textiles have been increasing since 2010. Imports of clothing increased by 62% from R4.5 trillion in 2010 to R7.4 trillion in 2016. Global imports fell the following year to R6.7 trillion. These imports increased slightly in the following two years to decrease to R6.9 trillion in 2020 due to decreased demand of clothing. At the end of 2022, global imports of clothing amounted to R8 trillion, the highest amount noted in the period under analysis.

Global imports of textiles increased from R3.6 trillion in 2010 to R5.5 trillion in 2016, an increase of 55%. During this period, the annual average growth rate amounted to 9%. These imports decreased by 8% in 2017 and slightly increased in the following two years. In 2020, global imports of textiles peaked at R6.2 trillion due to increased demand due to the COVID-19 pandemic. From 2017 to 2020, the annual average growth rate was a sluggish 2%, compared to that of 2010 to 2016.

Graph 7: Total global imports of clothing and textiles by value, in constant 2022 prices.

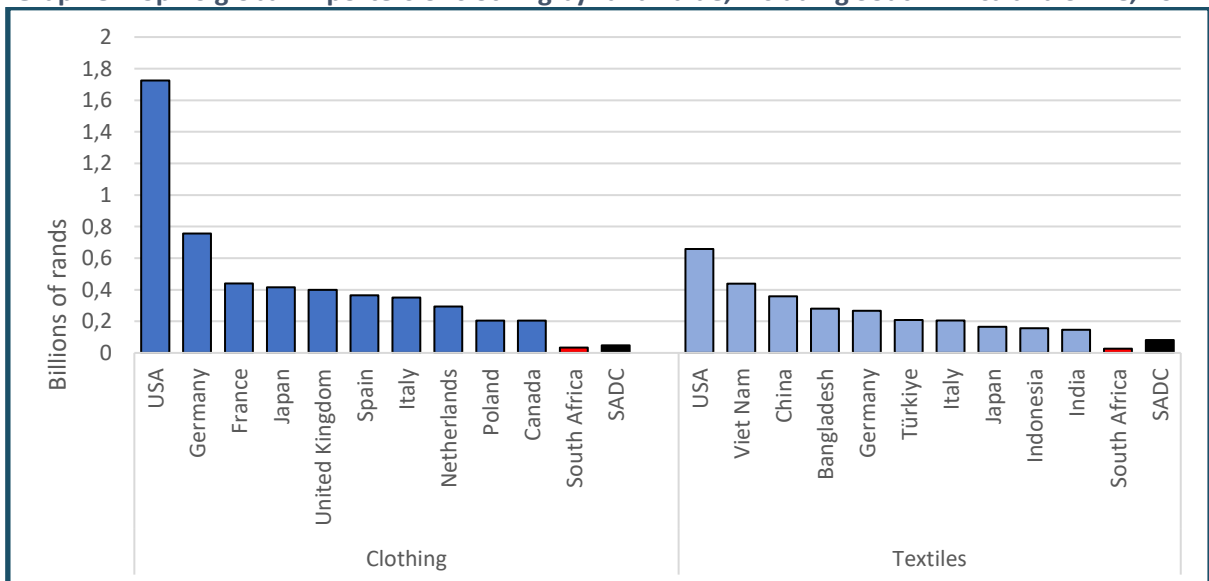


Source: ITC Trade Map. Interactive dataset. Accessed at <https://www.trademap.org> in February 2024.

Graph 8 shows the Top 10 global importers of clothing and textiles (by value) in 2022. The US, Germany and France are the top three importers of clothing, with the US importing 21% of total global imports, Germany importing 9.3%, and France importing 5.4%. SADC imports 0.6% of total global imports of clothing. South Africa imported the highest share, importing 70% of total SADC imports of clothing followed by Namibia with 4.7% and Mauritius with 3.8%.

The US imported the highest value of textiles, importing 10.8% of total global imports followed by Vietnam with 7% and China with imports amounting to 6%. SADC countries imported 1.3% of total global imports of textiles with South Africa importing 33%, Madagascar and the Democratic Republic of the Congo (DRC) importing 14% and 10% respectively (see Graph 8).

Graph 8: Top 10 global importers of clothing by rand value, including South Africa and SADC, 2022



Source: ITC Trade Map. Interactive dataset. Accessed at <https://www.trademap.org> in February 2024.

The Top 10 importers of clothing and textiles, and their share in total global imports for 2010, 2016, 2020 and 2022, is depicted in Table 2. The US maintained its position as the largest importer of clothing from 2010 to 2022, with the share declining slightly from 22% in 2010 to 21% in 2022. The other countries in the Top 10's share remained relatively stable with the United Kingdom (UK) share decreasing from 7% in 2010 to 5% in 2022. France's share was less than that of Japan and the UK's in 2010, but was above the two in 2022, landing as the third highest importer at the end of 2022, two places above Japan and the UK. South Africa and SADC's share has been modest during the years under analysis, with both declining slightly and gradually.

China was the dominant importer of textiles in 2010, importing 19% of total global imports of textiles. In 2022, this share declined to 6% with the US emerging as the dominant importer in 2022 followed by Vietnam importing 11% and 7% respectively. South Africa and SADC imported slightly higher shares of textiles than that of clothing, though with South Africa's share declining from 1% in 2010 to 0.4 %in 2022 and SADC's share dwindling from 2% in 2010 to 1% in 2022.

Table 2: Top 10 importers of clothing and textiles, and their share in total global imports, 2010, 2016, 2020 and 2022.

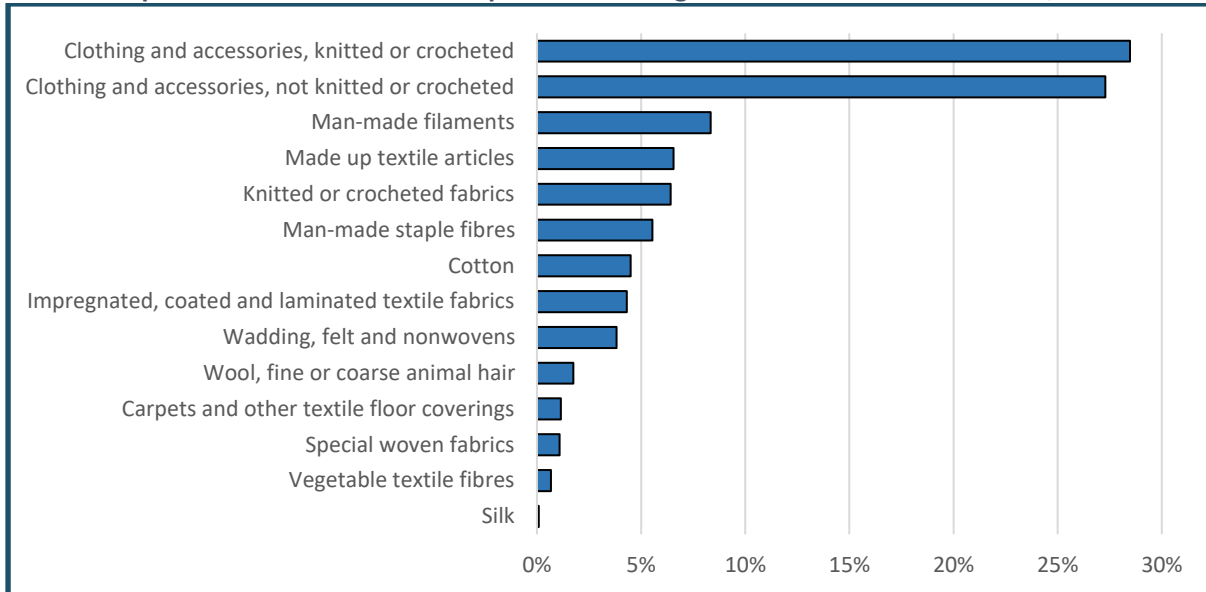
		2010	2016	2020	2022			2010	2016	2020	2022
Clothing	Total global imports	4.6 trillion	8.4 trillion	7.6 trillion	9 trillion	Textiles	Total global imports	4 trillion	6.2 trillion	6.7 trillion	6.6 trillion
	US	22%	22%	19%	21%		USA	17%	14%	15%	11%
	Germany	9%	9%	10%	9%		Vietnam	6%	7%	6%	7%
	France	6%	6%	6%	5%		China	19%	10%	7%	6%
	Japan	7%	7%	6%	5%		Bangladesh	5%	5%	4%	5%
	United Kingdom	7%	6%	6%	5%		Germany	10%	7%	7%	4%
	Spain	4%	4%	4%	5%		Türkiye	6%	4%	3%	3%
	Italy	5%	4%	4%	4%		Italy	7%	4%	4%	3%
	Netherlands	2%	3%	4%	4%		Japan	5%	4%	4%	3%
	Poland	1%	1%	3%	3%		Indonesia	4%	4%	2%	3%
	Canada	2%	2%	2%	3%		India	3%	3%	2%	2%
	South Africa	0.45%	0.42%	0.40%	0.42%		South Africa	1%	1%	1%	0.4%
	SADC	1%	1%	1%	1%		SADC	2%	2%	1%	1%

Source: ITC Trade Map. Interactive dataset. Accessed at <https://www.trademap.org> in February 2024.

Total imports of clothing and textiles into South Africa amounted to R60 billion in 2022. As depicted in Graph 9, 'clothing and accessories, not knitted or crocheted' and 'clothing and accessories, knitted or crocheted' account for the largest share of clothing and textile items imported into South Africa. These account for 28% and 27% respectively with the majority of these items being imported from China. Textiles account for 45% of total clothing and textiles imported into the country with 'made up textile articles' and knitted or crocheted fabrics making up the highest share with 7% and 6% respectively.

With respect to imports of clothing items from 2010 to 2022, China has consistently been the top importer into South Africa, although with a declining share. In 2010, South Africa imported 60% of clothing from China, and in 2022 this share had decreased to 44%. The steady decline of China's dominance in clothing imports led to countries such as Eswatini and Madagascar's emergence. Eswatini's clothing imports amounted to 3.8% of total imports in 2010 and this share increased to 10% in 2022. Madagascar's imports of clothing amounted to 1.2% of total imports in 2010 and increased to 8.2% in 2022.

Graph 9. Distribution of total imports of clothing and textiles into South Africa, 2022



Source: Quantec EasyData. RSA national trade data. Downloaded <https://www.quantec.co.za/easydata/> in October 2023.

6. FOREIGN INVESTMENT INTO SOUTH AFRICA’S CLOTHING AND TEXTILES INDUSTRIES

Foreign direct investment in the South African clothing and textiles industries dates back to apartheid when Chinese and Taiwanese clothing and textile manufacturers were authorised to set up clothing and textile factories on the outskirts of KwaZulu-Natal and the Eastern Cape in the former homelands. A number of these factories relocated to Lesotho during the 1980s to take advantage of the lower wage costs and to avoid the sanctions placed on South Africa at the height of apartheid. In the early 2000s, more factories relocated to Lesotho to take advantage of the country’s eligibility for the Africa Growth and Opportunity Act (AGOA) as a lesser developed country, which allows the country to use imported textiles from anywhere in the world, unlike South Africa, which is also eligible for these AGOA benefits but only if domestically produced textiles are used (Calabrese and Balchin, 2022).

Foreign direct investment projects flowing into the country’s clothing and textiles manufacturing industries from 2017 to 2022 have been minimal, with significant investment being mainly in the retail segment of the industries. According to the *TIPS FDI Tracker* database (2017-2022), three major investments were publicly reported on between 2016 and 2022. PF Nonwovens – a company headquartered in the Czech Republic – invested R1.3 billion into a factory in Atlantis in the Western Cape which manufactures nonwoven, polypropylene and polyethylene-based textiles which are used in disposable hygiene products. In 2022, the company further invested R650 million into new machinery to increase production capacity. The other foreign investment recorded was announced at the 2022 South African Investment Conference by Compagnie Mauricienne de Textile Ltee – a global jersey wear apparel manufacturer headquartered in Mauritius – pledging R390 million in a new sewing and dye-house factory based in KwaZulu-Natal.

7. GLOBAL AND REGIONAL CHALLENGES AND OPPORTUNITIES

The global clothing and textiles manufacturing powerhouse countries hold major advantages over countries like South Africa which were late entrants into the industries. South Africa struggles to compete mainly based on price. The leading global exporter of both clothing and textiles – China – benefits from economies of scale, well-established supply chains, a skilled workforce, and advanced technologies which allow for faster and more efficient production. Increased competition from South Africa is unlikely to take place unless the country upgrades in all these areas. Moreover, the Chinese

government also supports the clothing and textile industries through an array of taxes and subsidies to produce high-end products with the low-end products being relocated to Least Developed Countries (LDCs) close by in order from them to benefit from free trade initiatives and agreements such as with Europe and the US (Pepermans, 2019). In addition, South Africa's geographical location increases transport costs as the distance to markets is longer. To aggravate the situation, the depressed state of the local and global economy has led to a decrease in the buying power of South African consumers which, in turn, increases the need for consumers to buy imported clothing and textiles that are available at cheaper prices.

Regionally, South Africa recognises, through the Retail-Clothing Textile Footwear Leather (R-CTFL) Master Plan, the need to further develop the regional clothing and textiles supply chain in order to 'boost regional economies and create resilient supply chains that are able to withstand geo-political tensions and disruptions' (the dtic, 2020). As the largest exporter of textiles and the second largest of clothing in the SADC region, this creates the opportunity for increased specialisation among the countries, allowing for countries to hone their respective comparative advantages and increased collaboration leading to higher productivity. With trade under the African Continental Free Trade Area (AfCFTA) recently being launched, opportunities will also arise for South Africa to penetrate the rest of the African market in which it currently does not have a visible footprint. The country can source additional textiles and clothing from other African countries at lower prices, thus increasing the product offering in the country and creating a uniquely African brand of goods for export.

8. SUMMARY AND CONCLUSION

South Africa's clothing and textile industries have experienced ebbs and flows in supply and demand over the years, with notable drops in production, consumption and trade experienced in both industries particularly due to the impact of the COVID-19 pandemic. Internationally, the analysis of manufacture of clothing and textiles shows low competitive levels against the global leaders in clothing and textile manufacturing.

Supply analysis into South Africa's clothing and textile industries revealed that production has generally declined between 2010 and 2022 with significant drops seen in knitted and crocheted articles. Slight recoveries in production were experienced in 2021 and 2022. The top exported clothing and textile item from the country remained 'wool, fine or coarse animal hair' followed by clothing and accessories both knitted and not knitted. Globally, a general increase in exports of clothing and textiles was experienced during the same period, although clothing exports plateauing in 2020 and 2021. The global exports of textiles reached their peak in 2020, driven by demand for textiles for the manufacture of personal protective equipment for the fight against the global COVID-19 pandemic. Analysis further showed that China remained the largest exporter of clothing and textiles although with a declining share.

In terms of demand, South African imports of clothing and textiles has been increasing since 2001, although simultaneously experiencing a slight downtick in share of global imports for both. Imports of both clothing and textiles were, and still are, dominated by China, but with a declining share. This has made way for imports from the region, mainly Eswatini and Madagascar, to emerge. The analysis on foreign investment in these industries in South Africa, through evidence from the TIPS FDI Tracker database, shows it has been modest compared to its more favourable regional counterparts Lesotho and Eswatini.

In conclusion, for the clothing and textile industries to be competitive, in the face of increasing competition from cheap imports and countries that benefit from economies of scale and well-established value chains, South Africa needs to mitigate the threats posed by global clothing and textiles manufacturing powerhouses and seize opportunities available in the regional market.

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