

## CLOTHING & TEXTILE LEATHER & FOOTWEAR



### COVID-19 and Beyond

South Africa's formerly flourishing clothing manufacturing industry has been decimated by international competition since 1994. Although significant progress has been made in enhancing the competitiveness of the multi-billion-rand industry through government and private sector collaboration, the sector continues to shed jobs, and more especially with the COVID 19 crisis that has ravaged the World. With discretionary income shrinking, clothing retail sales are under growing pressure. Before the COVID 19 crisis, there was an estimated 800 clothing manufacturers operating in South Africa that generated revenue of R19bn in 2018/9, while retail sales of clothing, footwear and textiles totalled more than R175bn. Retail-Clothing, Textile, Footwear and Leather (R-CTFL) is an important sector in KZN and employs about 90 000 in South Africa with 130 000 being employed informally. KwaZulu-Natal contributes about 43% of R-CTFL.

In April 2020, the South African government declared a National lockdown as a result of the COVID 19 crisis. Consequently, the Clothing & Textile sector as one of KwaZulu-Natal's biggest employers of skills across the spectrum held a Webinar to identify strategic partnerships both in the private and government sector to overcome the challenges brought upon by the pandemic. Another critical area for intervention in the medium to long term goals is to develop the sector using 4IR tools and technology to better the manufacturing processes, to enhance sale and services by digitization, by addressing issues of innovation in advanced manufacturing methods in the value chain such as production of plant based fibers into textile. Examples of innovation in materials for textile include hemp plant and bagasse.

Before the COVID 19 crisis pockets of domestic activity or niche areas of production in this sector were doing exceptionally well. However, the crisis has slowed down the sales of clothing & textiles, while companies that were agile enough were able to re-direct their production to manufacture much needed protection wear (PPE) which is now ongoing and will continue until the COVID 19 crisis has abated. To mitigate some of the challenges including the influx of imports, the KZN government has seized this opportunity to develop the province's manufacturing capabilities through a series of medium to long term interventions.

Pre Covid-19 the small-medium factories were located mainly in the KZN rural towns of Ladysmith, Isithebe, Newcastle, Port Shepstone and eThekweni. The KZN government in partnership with the National Department of Trade & Industry are engaged in the development of a Clothing & Textile Special Economic Zone in the uThukela region. This development is the catalyst for the Corridor Development of the sector linking the Western region including uMgungundlovu region with the eThekweni and industrial sites north of eThekweni.

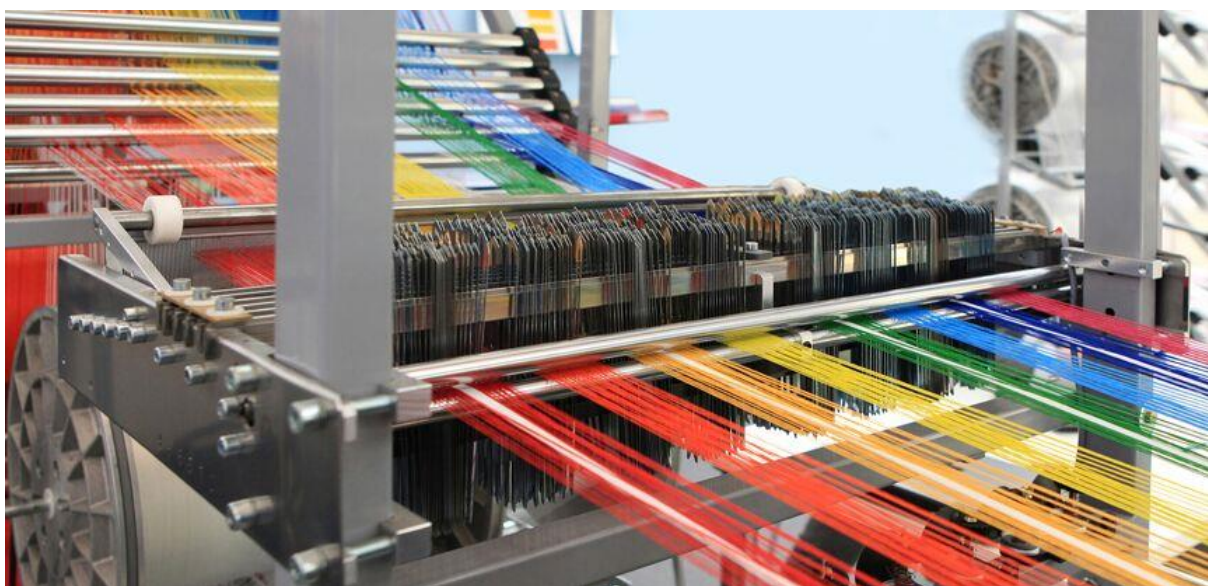
The clothing sector is a significant employer within KwaZulu-Natal's manufacturing sector. This fact, coupled with the relatively low barriers to entry, this a highly strategic industry sector in terms of development. The labour-intensive nature of the sector is an important consideration in terms of the labour force, of which women comprise a large proportion. The KwaZulu-Natal government acknowledges the importance of this sector and its complex nature of informal to micro, small and large businesses.

### **Key Industry Statistics**

- The South African CTFL sector has contracted significantly over the past two decades, shedding more than 200,000 jobs. In 2018, the sector provided around 85,000 jobs.
- There are an estimated 800 clothing manufacturers operating in South Africa.
- In 2018, retail trade sales in the CTFL sector totalled more than R175bn. CTFL retailers source less than a third of their products from local manufacturers, which remains well below the South African Clothing and Textile Workers' Union (Sactwu) sourcing target of 40%.
- The clothing manufacturing segment generated revenue of around R19bn in 2018.
- The school uniform segment is estimated to be worth around R10bn.

---

## **KWAZULU-NATAL CLOTHING AND TEXTILES CLUSTER**



The CTC is not for profit is a public and private partnership which aims to strengthen the local industry, so ensuring that it is able to compete on the global market. In addition, the CTC has successfully established a Sector Business Support Centre in Newcastle, aimed at regenerating the area's clothing and textile industry. The industry in Newcastle comprises both South African and Taiwanese/Chinese firms. The facilitation of local industry consultation has successfully brought all chambers together with the objective of improving the competitiveness of the local industry. Although the industry has been rocked by labour disputes, there is scope for significant improvement and improved competitiveness, moves which make it likely to ensure the continued success in the industry. For more information on the CTC visit [www.kznctc.org.za](http://www.kznctc.org.za)

#### References:

1. Who owns Whom, CTLF, July 2019
2. Website, [www.kznctc.org.za](http://www.kznctc.org.za).
3. DTIC, factsheet, CTLF 2019.