

## SOUTH AFRICA

### A MARKET FOR CLOTHING FROM AFRICA



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FROM AFRICA**

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Paper dealing with the issues critical to entering the clothing market in South Africa, especially relevant to African exporters - provides an overview of the market structure and characteristics; looks at the tariff structure and non-tariff barriers such as labelling and ethical trading requirements; examines South African domestic market, the clothing retail sector, and business practices; provides a case study on Mauritius as an example of a supplier to South Africa; identifies market niche opportunities in the country; includes statistical data on South Africa's foreign trade in the sector.

Descriptors: **Clothing, Tariffs, Non-Tariff Barriers, Labelling, South Africa, Mauritius, Case Studies.**

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## Foreword

This paper aims to guide exporters in developing countries—mainly in Africa—on how to access the burgeoning and almost entirely import-reliant market for clothing in South Africa.

Because of the recent global financial crisis, exporters from developing countries have recently faced shrinking or marginal export growth in many of their developed country markets. Although these markets continue to account for 80% of world imports, imports into large emerging markets like Brazil, the Russian Federation, India, China and South Africa—the BRICS countries—are growing faster and offer significant potential for exploitation by exporters in the developing world.

The International Trade Centre (ITC) has a comprehensive approach to assisting exporters from developing and least developed countries in market development and market diversification for key products in certain priority sectors. Under the approach, ITC helps to improve market networks, increases knowledge of new market opportunities in emerging markets and promotes South-South trade along the value chain, among other activities.

This technical paper is one of a series of sectoral market studies in BRICS countries commissioned by the ITC. Specifically, it responds to the need for greater knowledge of how to export clothing to the South African market.

All studies were funded by limited internal resources from the ITC regular budget. Owing to costs constraints, they will be issued as technical papers in a limited number of hard copies. Dissemination to developing country exporters will be done electronically and through the ITC website.

The clothing industry can be an important employment generator for many African countries. Clothing imports into South Africa rose over a five-year period to US\$ 1.1 billion in 2009, making it the world's twenty-fifth largest importer of this product group. Most imports were from Asia. However, some Asian exporters are becoming less competitive and countries like Botswana, Madagascar, Malawi and Mauritius have been making significant inroads into the market. They offer sterling examples of what needs to be done for African countries like them to gain entry into South Africa.

The report describes some attractive market niche opportunities and highlights some issues critical to entering the South African market that are especially relevant to African exporters. Most specially, strategies to influence current patterns of sourcing are required.

Finally, this report provides insights that would be useful in designing an initial marketing strategy and in preparing for an exporter's first sales visit to the market.

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## Note

All references to “tons” are to metric tons. The following abbreviations are used:

CSP	Customised Sector Programme
DTI	Department of Trade and Industry
EFTA	European Free Trade Association
EU	European Union
HS	Harmonized Commodity Description and Coding System
IDC	Industrial Development Corporation of South Africa
ITAC	International Trade Administration Commission
ITC	International Trade Centre
LSM	Living Standards Measure
MFN	Most favoured nation
n.e.s	Not elsewhere specified
R	South African rand
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	South African Revenue Services



## Executive summary

### ***A domestic industry in trouble has meant a flourishing import trade...***

South Africa's clothing sector has been in a state of turmoil and decline for the last five years. The decline in local production is blamed on two factors: the continued growth in imports (particularly from lower-cost producers such as China) and the strengthening of the South African rand (R) against the United States dollar.

However, if manufacturers were honest with themselves, they would see that the problems run deeper than external issues. The industry is suffering from years of neglect in the areas of technology and skills. This has rendered the sector largely uncompetitive.

Whilst the Government is addressing these issues through a Customised Sector Programme (CSP) and more recently through the Textile and Clothing Industry Development Programme (TCIDP), these measures are viewed by critics as being too little too late and the sector is not expected to make any dramatic recovery in the short term.

The inability of the local industry to meet demand for clothing from retailers offers an opportunity for developing country exporters to supply a wide range of products to the South African market. In 2009, clothing imports, excluding imports from Member States of the Southern African Customs Union (SACU), amounted to US\$ 966.6 million. If the figures from SACU are added to this, total clothing imports in 2009 amounted to US\$1.1 billion. This, according to Comtrade data, would make South Africa the world's twenty-fifth largest importer of clothing.

Clothing imports rose considerably—by as much as 42% over the period 2005 to 2009. Whilst this increase reflects the decline in the domestic manufacturing sector, it also indicates the buoyancy of the market for consumer goods in South Africa. This buoyancy is partly due to the continuing growth of a strong middle class with access to larger disposable incomes.

### ***The clothing items most in demand...***

In 2009, over 50% of clothing imports fell into the following categories: women's and girl's jackets, dresses, skirts, trousers, shorts not knitted (HS 6204), men's and boys' jackets, trousers, shorts not knitted (HS 6203), knitted t-shirts (HS 6109), knitted jerseys and cardigans (HS 6110), and woven men's or boys' shirts (HS 6205). These are the categories with the highest demand.

The product categories that showed the highest growth (albeit sometimes off a low base) from 2005 to 2009 are men's and boy's overcoats, anoraks, wind cheaters and similar articles, knitted); women's and girls' overcoats, anoraks, wind cheaters and similar articles; knitted men's and boys' singlets and other vests, underpants, briefs, pyjamas, and similar articles; women's hosiery (which rose by as much as 165%); and ties, bow ties and cravats. These offer potential niche markets for competitive producers.

### ***China and the rest of Asia are the largest suppliers of imports by far...***

At present, over 70% of South Africa's clothing imports come from Asia, with China alone accounting for 59% of total clothing imports in 2009. This reflects the nature of the South African market for clothing which is primarily geared towards the discount end; for this market purchasing decisions are made on price. However, there have been fundamental changes in the pattern of sourcing which should send a positive message to exporters in Africa.

In 2005, China accounted for 70% of all clothing imports; Asia itself accounted for over 80% of total imports. Following the imposition of quotas on selected clothing imports from China for a period of two years from January 2007, local retailers and importers were forced to diversify their supplier base.

***But smart marketing strategies have propelled Botswana, Madagascar, Malawi and Mauritius in recent years to the top 10 biggest suppliers of clothing to South Africa...***

Whilst some of this diversification benefited other Asian countries like Bangladesh, Indonesia and Viet Nam, a part was also directed to manufacturers in countries of the Southern African Development Community (SADC). These manufacturers were able to take advantage of the fact that the imposition of Chinese quotas coincided with the reduction of SADC tariffs on clothing in South Africa to zero. Botswana, Madagascar, Malawi and Mauritius are now among South Africa's 10 largest sources of clothing imports.

The case study presented in this paper on the development of Mauritius as a supplier to South Africa offers useful lessons for African exporters. Essentially it shows that what South African retailers are looking for are companies with strong design capacities adept at incorporating current fashion trends into their products, who manufacture quality goods, and who offer flexible production schedules and quick turnarounds. Mauritius has been able to position itself as a supplier able to meet these requirements. As a result, its exports of clothing to South Africa have expanded exponentially over the last decade.

Price is always going to be important, given the dominance of Asia in this market. However, the 40% to 45% tariff preference for suppliers from SADC goes a long way to easing the pressure from Asia.

There are also other factors that can be used to stress competitive advantage. These include reduced delivery times and the ability to offer flexible production schedules. Such schedules enable retailers to change their requirements for colours, styles or volumes at very short notice in accordance with how well or how badly specific items are selling within their stores.

***There are niche markets for African exporters to explore...***

This report identifies a few niche markets that African exporters could exploit. South Africa has a **market for large-size clothing** that companies in Asia generally do not have the capacity to supply. A clothing company with the ability to service this market segment could find good opportunities.

It has also a **market for companies that are able to work with small minimum orders**. Asian companies often work with minimum order sizes that are far larger than the volumes small and medium-sized operators in South Africa are able to place.

The **market for "green" fabrics** is growing strongly. Companies producing garments from organic cotton or bamboo fibre would find good opportunities in South Africa.

In addition, there are the **markets for special goods** which the South African clothing industry does not have the capacity to produce. These include items like padded jackets, casual woven tops and bottoms with embellishment—generally anything that requires sophisticated washing and finishing. All these products are imported. The market for **baby wear and children's wear**, for which there is limited local manufacturing capacity, is also ripe for the picking.

***Exporters in Botswana, Madagascar, Malawi and Mauritius have overcome the "Africa" barrier and have made their mark on the South African market...***

A barrier faced by African exporters is their own reputation in the South African market. Too often South Africa's experience with African producers has not been positive. The factories' lack of sophistication and their inability to provide a full service (fabric and trim sourcing; cut, make and trim; delivery) makes it difficult for South African retailers to deal with these companies. Other problems are the lack of consistency in service levels, late deliveries and poor product quality.

Companies and countries need to address these concerns through marketing efforts and ultimately by demonstrating an ability to provide a reliable and consistent supply of quality products at competitive prices. Exporters in Botswana, Mauritius, Malawi and Madagascar have worked hard at the South African market and their efforts have paid off.

***Targeting retailers directly is the best approach to the market...***

Approaching the South African market can sometimes be difficult. South African retailers, importers and agents tend to buy from tried and trusted sources, making entry into the market a challenge for new suppliers. A direct approach to retailers is often the most effective way of capturing their attention. It would be wise for companies with strong design abilities to target retailers in their marketing campaigns as a way of making their companies known.

South Africa's International Apparel, Textile, Footwear and Machinery Fair, held annually in Cape Town, offers a platform for reaching retailers. All the large buyers and agents come to the fair. A number of countries choose to set up country pavilions at this fair. Such pavilions work well as they not only market specific companies but the capabilities of the individual country as a whole.

***Fashionability is key...***

The South African retail sector follows the European market very closely and buyers will look first and foremost at the fashionability of the product lines proposed by new suppliers before asking questions on volumes, delivery and price. Samples or photographs presented to retailers therefore always need to be in the latest styles.

***But adherence to labelling regulations is also important...***

South Africa has stringent labelling requirements. All imported clothing must carry labels with the following information: country of origin, care instructions, fibre content. There has recently been a great deal of criticism in the press of companies that do not apply labelling requirements rigorously. As a result, the authorities are now clamping down on clothing bearing labels that do not meet requirements.



## 1. The structure and characteristics of the domestic market: an overall view

### 1.1. Domestic production: a tale of woe...

In 2009, the clothing sector contributed 2.3% to South Africa's overall manufacturing production output and 0.4% to the overall gross domestic product.

The industry produces around 130 million items of clothing per annum and the value of manufacturing sales in 2009 amounted to R 14.1 billion (US\$ 1.7 billion). Production has been fairly stagnant since 2000, but there was a large dip in 2009. According to figures released by StatsSA in June 2010, the volume of production contracted by 13.7% in that year.

The decline in production can be directly attributed to the continued growth in imports particularly from lower-cost producers such as China and the strengthening of the local currency against the United States dollar. The structural imbalances of the industry itself should, however, not be underestimated and years of low investments in technology and people, coupled with outdated management systems, have left the industry largely uncompetitive in international terms. Etienne Vlok, a director of the South African Textile Workers Union, has said that finished products land in South Africa at a price lower than the costs of local raw materials.<sup>1</sup>

According to the National Bargaining Council, in June 2010 there were 965 clothing manufacturers registered with the Council, employing 57,021 people. Overall, the industry contributes 6.6% to manufacturing employment. Employment has contracted dramatically in the clothing industry over the past decade, a reality made doubly worrying by the fact that the industry sustains triple that number of people indirectly. According to the Department of Trade and Industry (DTI), employment in this sector has dropped by 39% over the past six years, equivalent to a loss of 69,000 jobs.

### 1.2. International trade

#### 1.2.1. Imports

##### **Of the African suppliers, Botswana is the star...**

Clothing imports amounted to US\$ 966.6 million in 2009. As South Africa is part of the Southern African Customs Union (SACU) along with Botswana, Lesotho, Namibia and Swaziland, imports from these countries are not included in the official import statistics. Namibia does not have a clothing industry and South Africa does not import large volumes from either Lesotho or Swaziland.

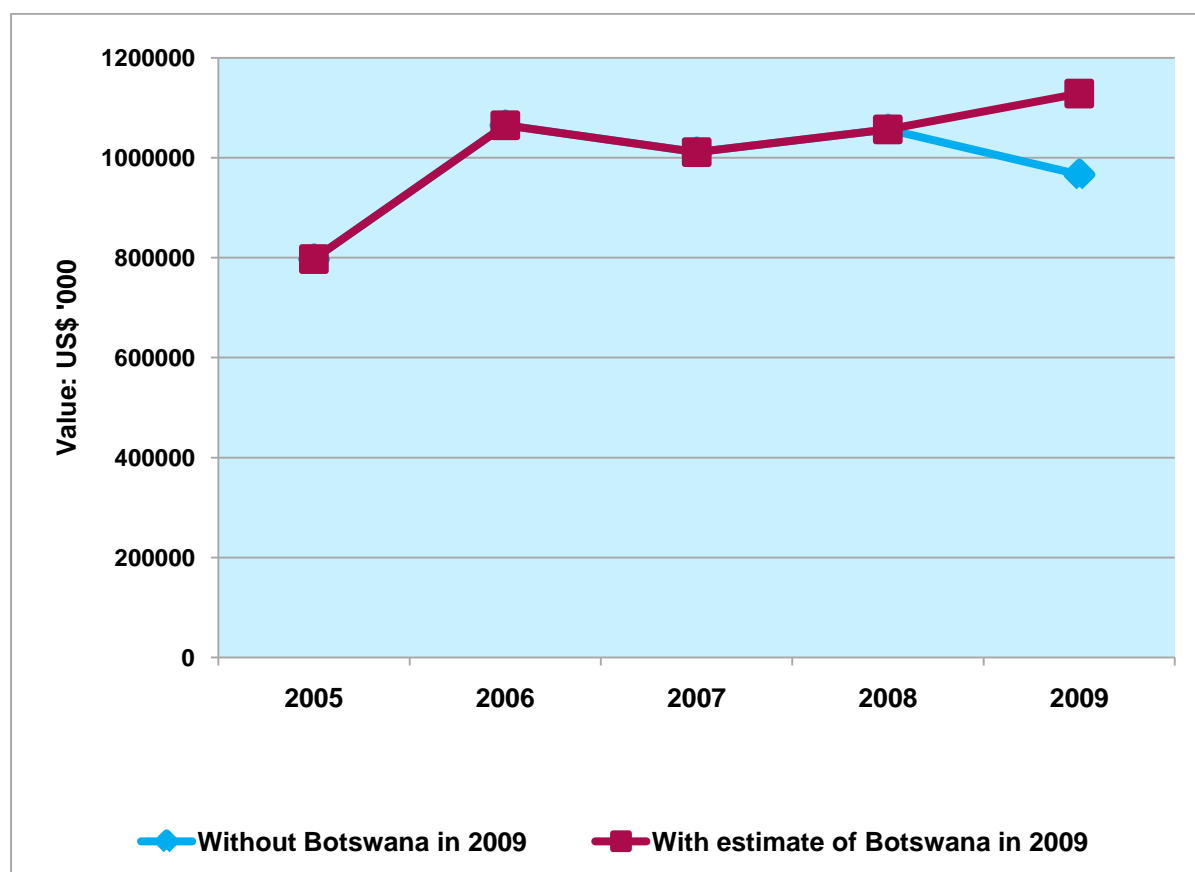
Botswana has, however, become an important exporter to South Africa. Its trade figures show that it exported US\$ 161.8 million worth of clothing to South Africa in 2008, a staggering 14% of the latter's total clothing imports in that year.

Botswana's trade figures are not yet available for the full year 2009. However, conservative estimates based on the 2008 trade would put South Africa's total imports of clothing in 2009 at US\$ 1.1 billion. This would mean a 42% rise in overall imports over the period 2005 to 2009.

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<sup>1</sup> "State slow on clothing quota", *Business Day*, March 2010.



**Figure 1. Trends in the value of South Africa's clothing imports, 2005–2009**

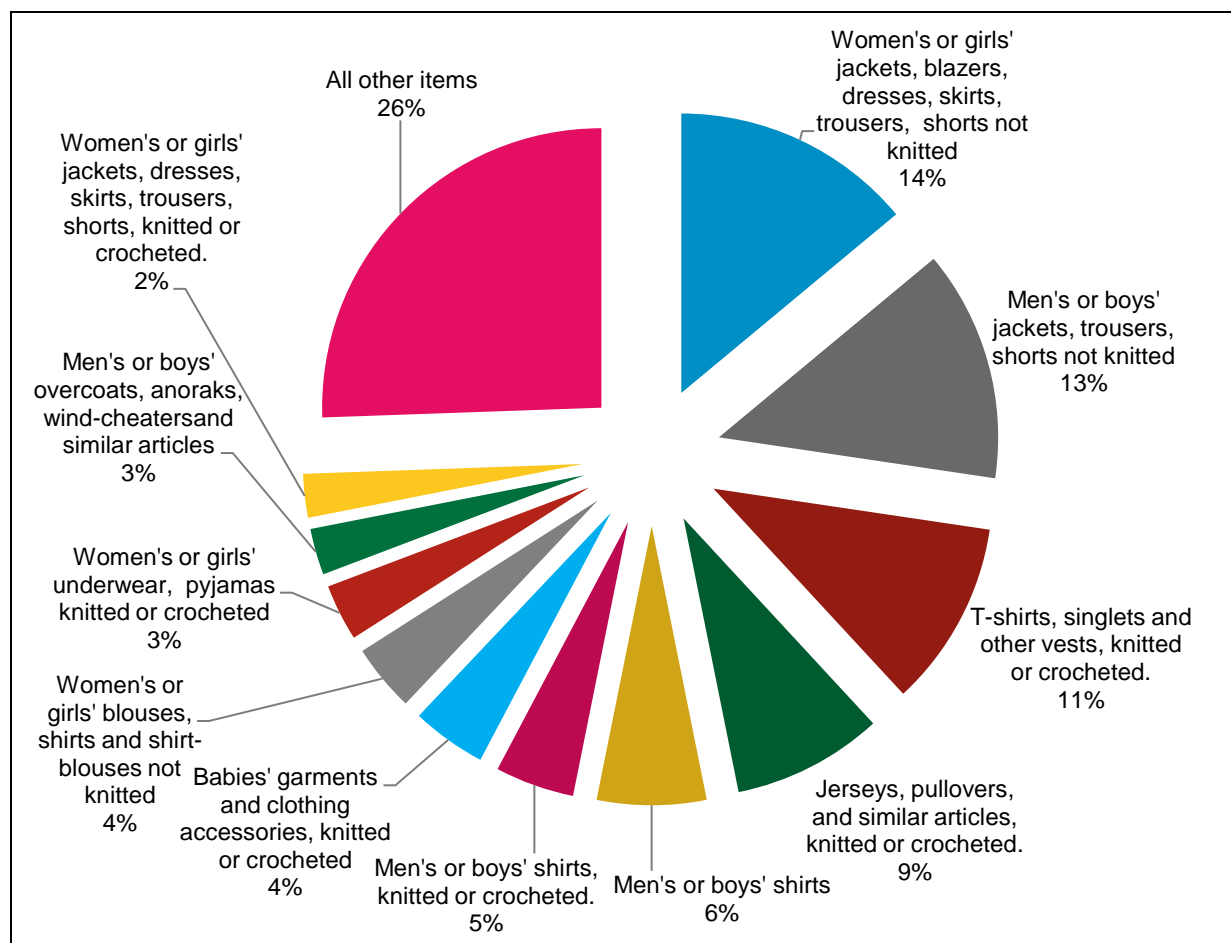
Source: Based on figures from the United Nations Comtrade database.

### 1.2.1.1. The best-performing import categories

An examination of the composition of imports in 2009 reveals that five product categories account for over 50% of total clothing imports. These are women's and girls' jackets, dresses, skirts, trousers, shorts not knitted (HS 6204); men's and boys' jackets, trousers, shorts not knitted (HS 6203); knitted t-shirts (HS 6109); knitted jerseys and cardigans (HS 6110); and woven men's and boys' shirts (HS 6205).

The highest ranking imports consist of women's and girls' jackets, dresses, skirts, trousers, shorts not knitted, which accounted for 14% of clothing imports in 2009. The next most important items are men's and boys' jackets, trousers, shorts not knitted which accounted for a further 13%, followed by knitted t-shirts (11%), knitted jerseys and cardigans (9%) and woven men's or boys' shirts (6%).

The product groups that showed the highest growth rates—all three-digit figures—over the 2005-2009 period are men's and boys' overcoats, anoraks, windcheaters and similar articles, knitted (421% growth); women's and girls' overcoats, anoraks, windcheaters and similar articles, knitted (380%); men's and boys' singlets and other vests, underpants, briefs, pyjamas, and similar articles (166%); women's hosiery (165%), and ties, bow ties and cravats (165%).

**Figure 2. Composition of South Africa's clothing imports, by value, 2009**

**Source:** Based on figures from the United Nations Comtrade database.

A full breakdown of the import statistics by six-digit HS code is provided in Annex 1.

#### 1.2.1.2. Origin of imports

##### *China, the dominant supplier—but for how long?*

Ten countries accounted for 89% of South Africa's clothing imports in 2009. As can be seen in figure 3 and table 1, China is the dominant source, providing 59% of the value of clothing imports in 2009.

What is interesting is that over the period 2005 to 2009, China lost 11% market share. The reason for this is twofold. The first has to do with the imposition of quotas on supplies from China in 2007-2009. The second relates to China's ability to continue supplying at current pricing levels. According to some industry players, the cost of clothing from China, and especially from its factories in the south, is rising and South Africa is being forced to look for alternative sources of lower-priced goods.

In January 2007, quotas were imposed on 31 tariff lines originating in China under the broad clothing and textile categories. These accounted for about 70% of the value of clothing and textile imports from this source. Some of the quotas were highly specific. For example, restrictions were placed on woven cotton fabric, and also on specific types of men's tracksuits.

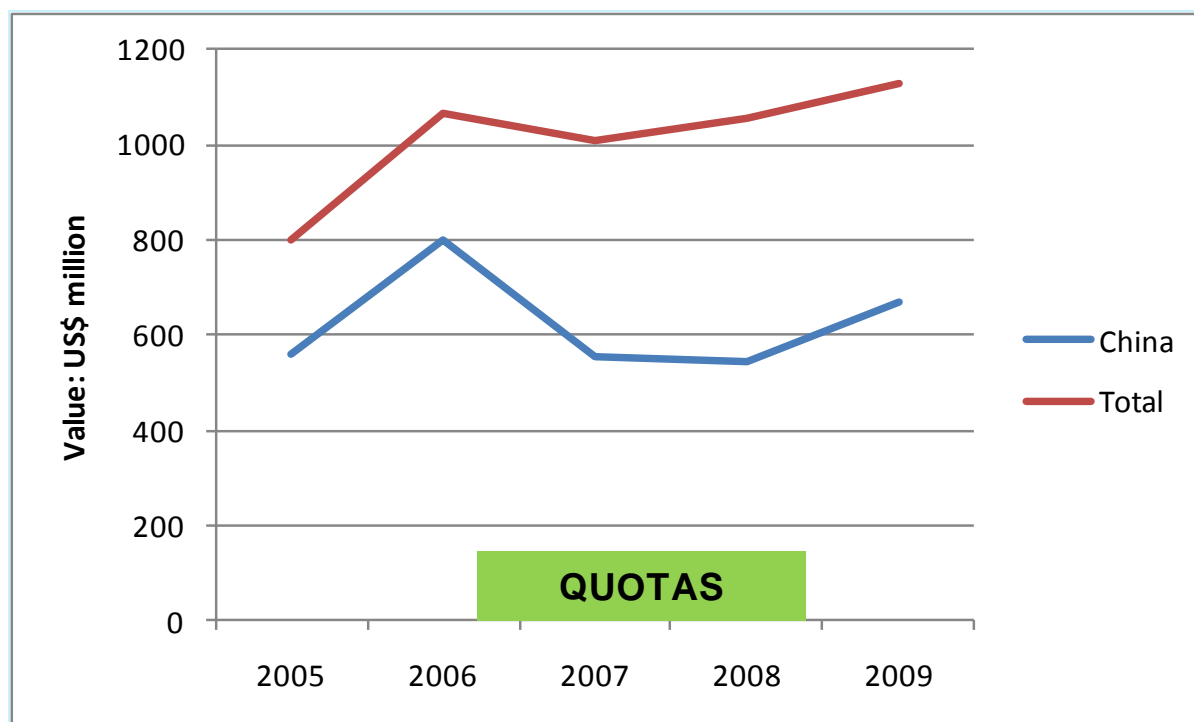
The quotas were a response to declining domestic production and the resulting employment losses in the domestic clothing and textile manufacturing industry. The deterioration was believed to be causally linked to rising imports of textiles and clothing from China.

The quotas implied quantitative restrictions on either the number of items or weight (kilograms) of imports for the 31 tariff lines. They were imposed under a negotiated settlement between the Governments of South Africa and China, set for an initial two-year period (January 2007 to December

2008). Further extensions would have had to be negotiated. At the end of the two-year period the South African Government approached its Chinese counterpart for an extension of the restrictions. The request was denied.

The quota period was specifically designed to give the local industry a two-year window to invest in capital equipment, technology and training and to gear up to providing the local market with the right products at competitive prices. It was also meant to provide the Government to implement the Customised Sector Programme (CSP) for the Clothing and Textile Industry.

**Figure 3. Trends in value of South Africa's imports from China, 2005 to 2009**



**Source:** Based on figures from the United Nations Comtrade database.

The quotas failed on both counts. As shown in figure 3, they failed to curb the stream of imports which continued to rise. Local retailers and importers simply turned to suppliers like those in Botswana, Bangladesh, Indonesia and Viet Nam to meet their requirements. The quotas also failed to stimulate the local manufacturing sector. The Government delayed implementation of CSP, and this came into play only when the two-year quota period had ended. Figures from StatsSA show that the volume of production in the clothing sector actually contracted by 13.7% in 2009.

***Botswana and Mauritius have both registered sterling performances...***

Botswana performed extremely well in South Africa over the five years to 2009, expanding its supplies by a massive 261% to their current level. The country now provides 14% of South Africa's clothing imports.

A brief look at Botswana's exports and the companies that produce them shows that there are a growing number of large and sophisticated companies in Botswana that are able to take advantage of lower input costs and the proximity of their factories to South Africa to compete not only with South African manufacturers but also with competitors from Asia.

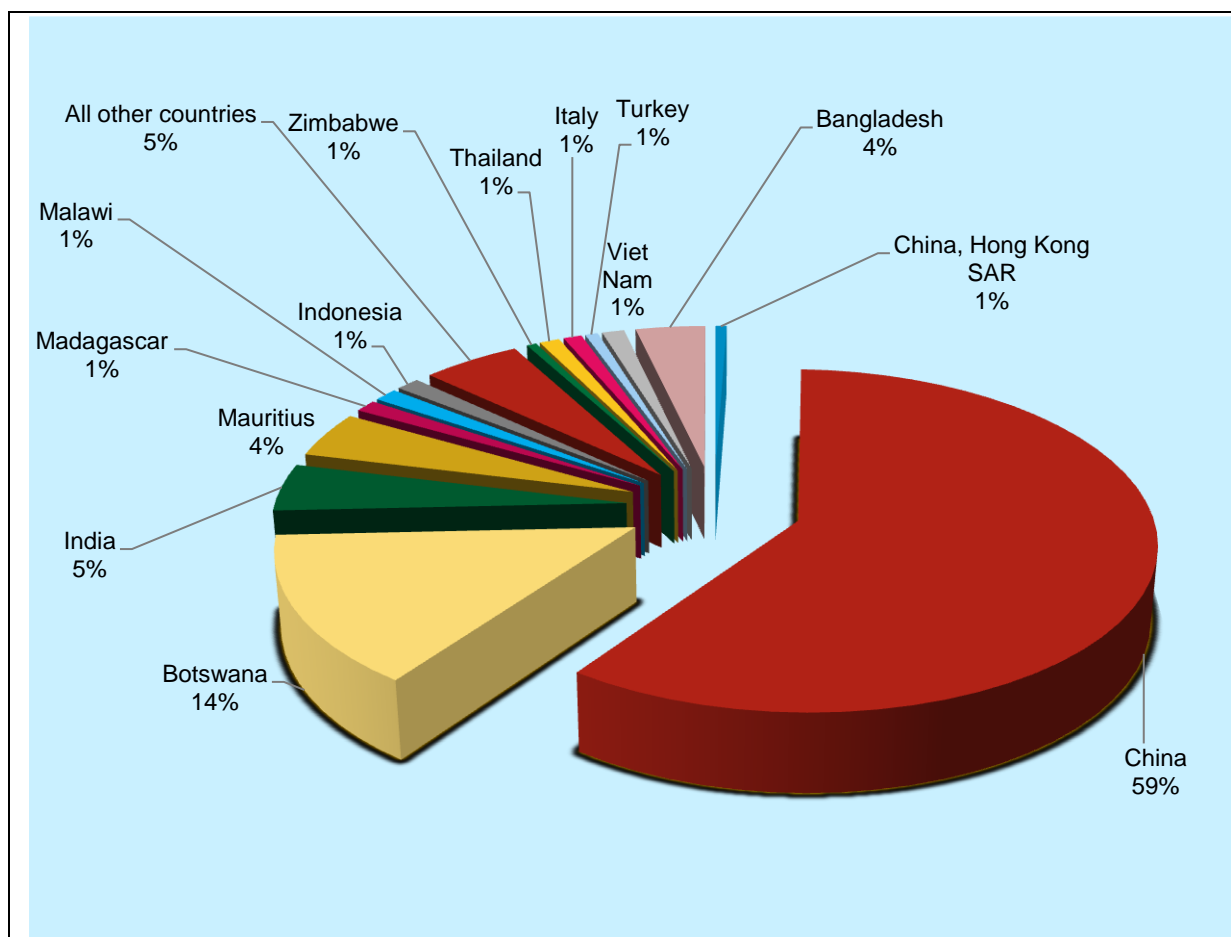
India remains in third position despite a decline of 2% in imports over the five-year period. Mauritius is the fourth largest supplier and imports from this country have performed extremely well, registering a 476% increase over the period.

As mentioned earlier, Bangladesh, Indonesia and Viet Nam benefited from the Chinese quotas and all increased market share over the period.

**Table 1. South Africa's clothing suppliers, market shares, 2005-2009**

Rank	Origin	Value: US\$		Growth, 2005-2009	Market share		Gain/loss in market share, 2005-2009
		2005	2009		2005	2009	
1	China	558 372 026	669 935 783	20%	70%	59%	-11%
2	Botswana	44 871 155	161 767 911	261%	6%	14%	9%
3	India	52 114 286	51 132 634	-2%	7%	5%	-2%
4	Mauritius	8 609 683	49 598 864	476%	1%	4%	3%
5	Bangladesh	3 765 895	40 921 067	987%	0%	4%	3%
6	Malawi	23 448 805	14 162 475	-40%	3%	1%	-2%
7	Indonesia	5 956 379	13 998 791	135%	1%	1%	0%
8	Viet Nam	1 858 359	13 096 253	605%	0%	1%	1%
9	Madagascar	77 634	12 991 961	16635%	0%	1%	1%
10	Thailand	9 074 708	11 910 858	31%	1%	1%	0%

Source: United Nations Comtrade database.

**Figure 4. Origins of South Africa's clothing imports, 2009**

Source: Based on figures from the United Nations Comtrade database.

Overall, suppliers in sub-Saharan Africa exported clothing to the value of US\$ 246.7 million to South Africa in 2009. Growth in clothing exports to South Africa from the continent has been strong, registering 52% over the five-year period and outperforming overall growth in clothing imports. Currently, imports from sub-Saharan Africa account for 22% of total clothing imports, up from 20% in 2005.

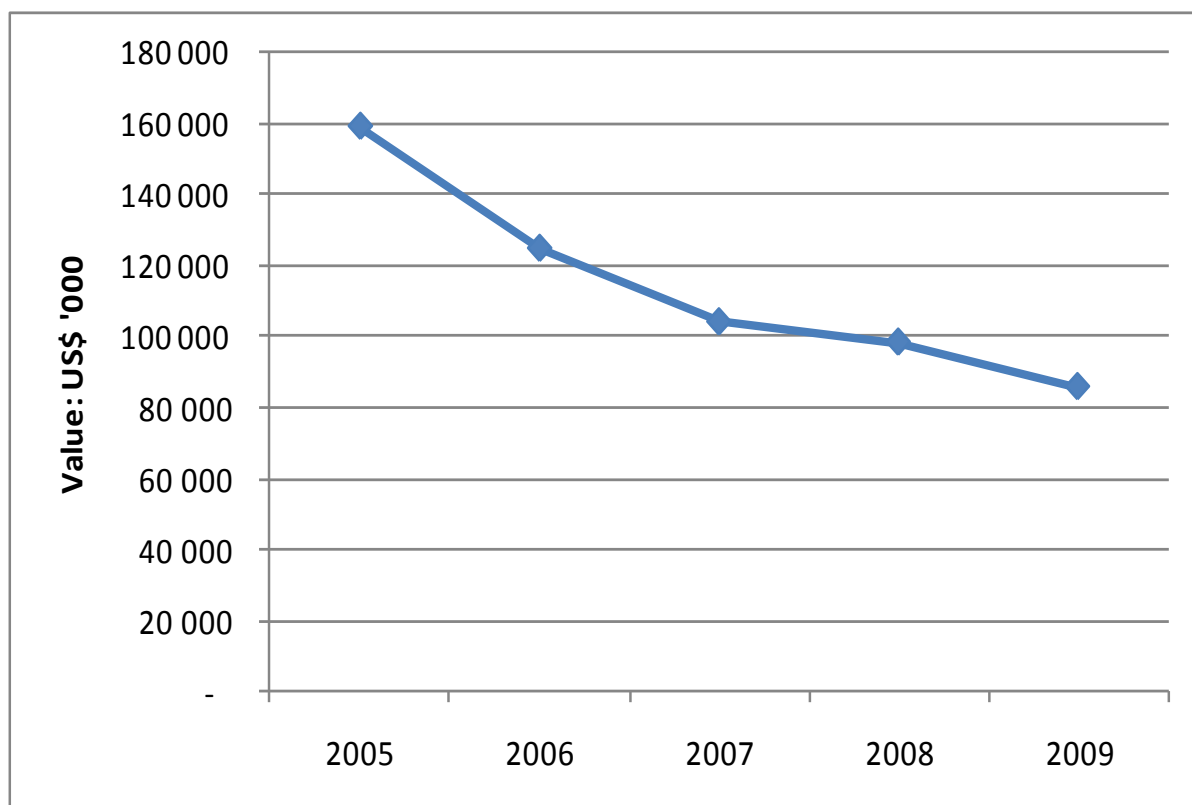
Outside of Botswana and Mauritius, there are only a handful of African suppliers of consequence, including Malawi, Madagascar, the United Republic of Tanzania and Zimbabwe.

Annex II provides full details of South Africa's clothing trade with Africa.

### 1.2.2. Exports

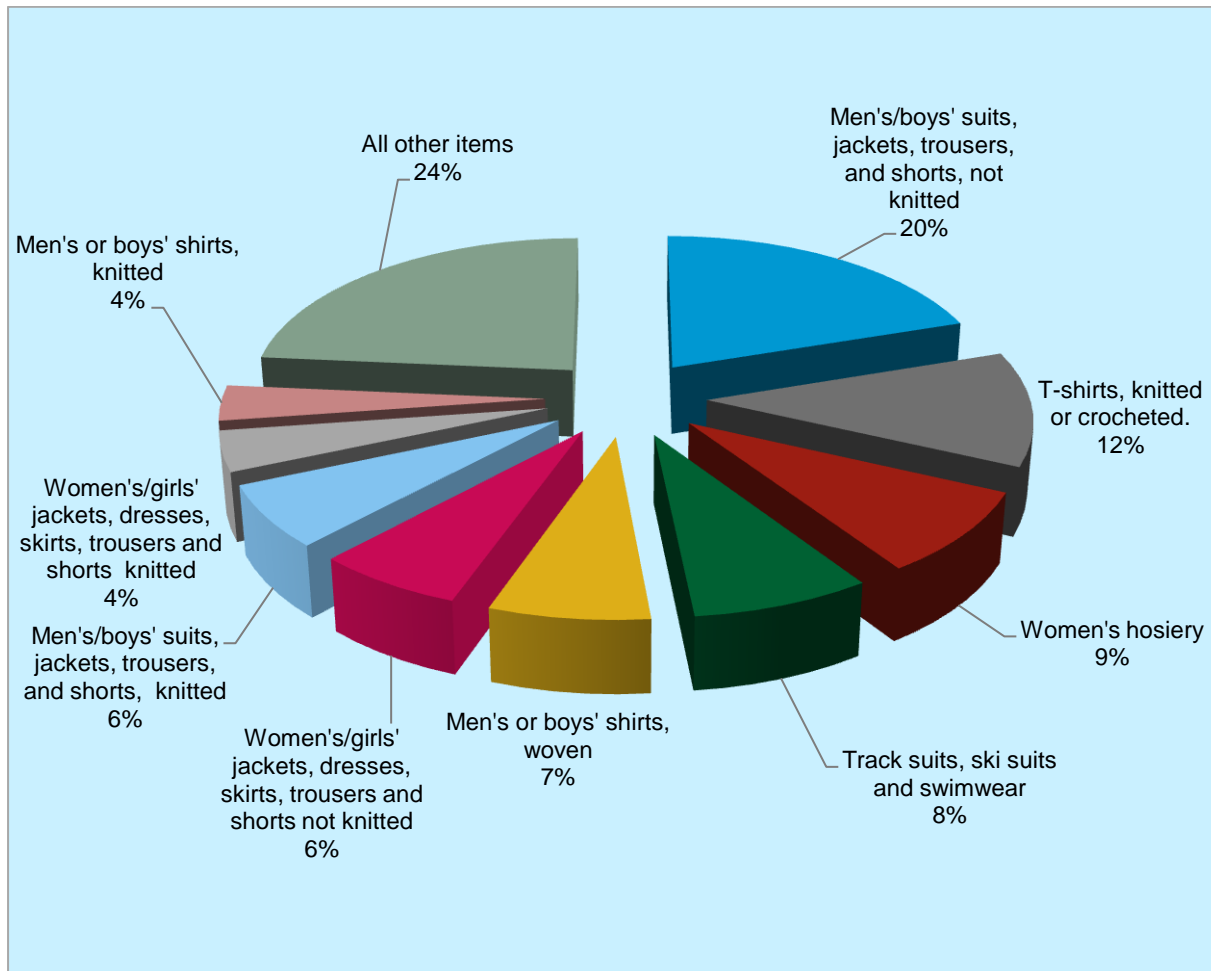
South Africa's clothing exports declined over the period 2005 to 2009, with export values contracting by 46% to the current level of US\$ 85.8 million. The decline in exports reflected the downturn in the domestic industry.

**Figure 5. Trends in the value of South Africa's clothing exports, 2005–2009**



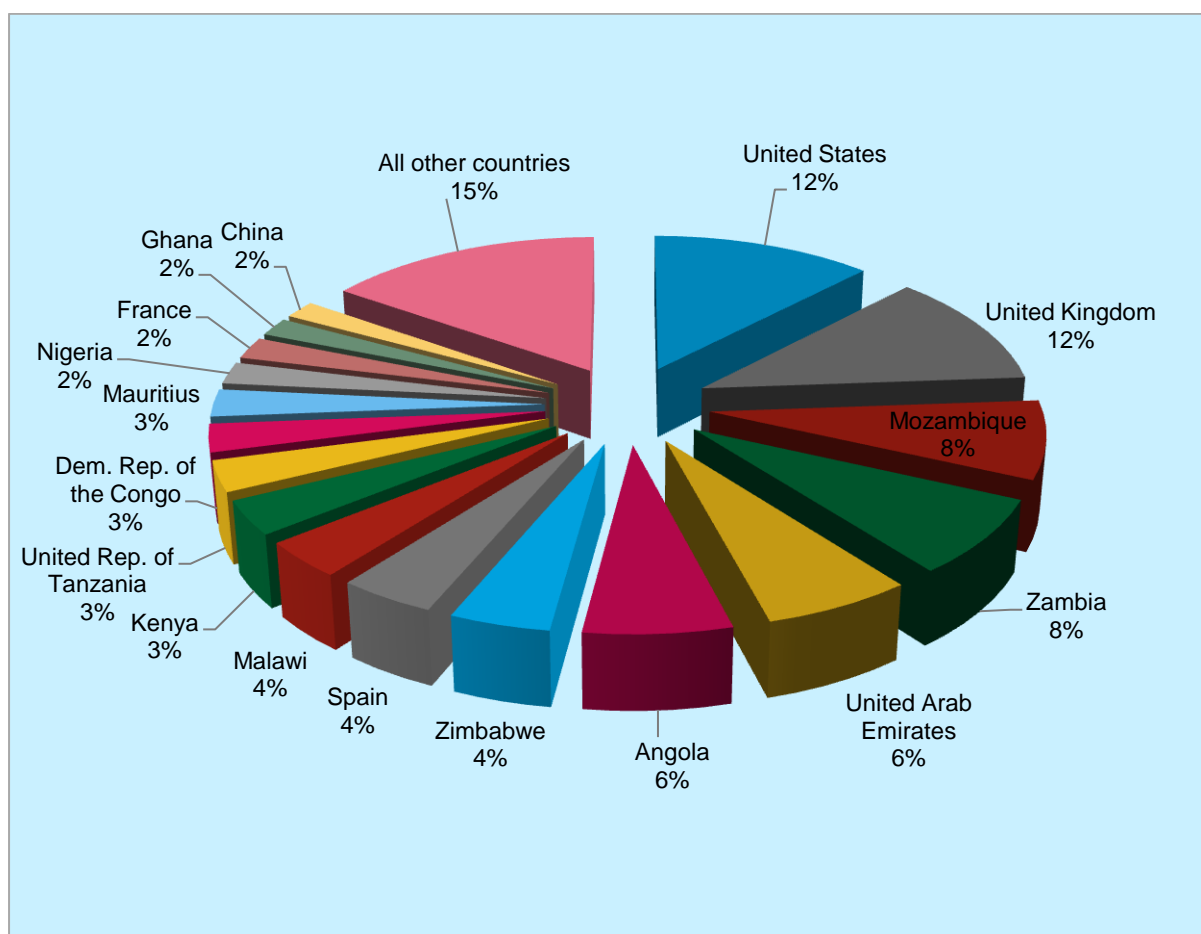
**Source:** Based on figures from the United Nations Comtrade database.

In 2009, the most important exports were men's and boys' suits, jackets, trousers, and shorts, not knitted, followed by t-shirts and women's hosiery.

**Figure 6. Composition of South Africa's clothing exports, 2009**

**Source:** Based on figures from the United Nations Comtrade database.

In 2009, the United States and the United Kingdom were the country's largest export markets, accounting for a quarter of the value of total clothing exports. South Africa is a beneficiary of the Africa Growth and Opportunities Act (AGOA) and exports enter the United States under the provisions of this Act. Outside these two key markets, Africa is the most important export market for South African clothing, absorbing 47% of the value of exports in 2009.

**Figure 7. Destinations of South Africa's clothing exports, 2009**

Source: Based on Comtrade data.

### 1.3. The South African retail market for clothing

In the absence of any real industry data, it is difficult to estimate the size of the market for clothing in South Africa. A market survey undertaken for the Textile Federation in 2004 stated that imports accounted for 58% of the domestic market. More recently, the Chief Executive Officer of the Foschini Group said that 70% of all clothing sold in South Africa is imported. If imports remain somewhere in the middle of these two figures, the South African clothing market prior to wholesale and retail margins would be valued at around US\$ 2 billion per annum. If one looks at the retail sales of the major clothing retailers, the total retail market for clothing could be estimated to be about R 40 billion (US\$ 5 billion).

#### ***About 80% of the retail market focuses on price-sensitive discount stores...***

The market focuses on the price-sensitive lower end, with discount stores accounting for roughly 80% of the entire market. At this level, style, colour, print type, touch/feel, and sizing are subsidiary considerations to price. Less than 5% of local clothing manufacturers targets the high-end AB market; the bulk caters for the low-end CD market segment. The same applies in the retail sector and this is borne out by the fact that growth in physical retail stores is taking place at the low end of the market.

In 2008 there were 13.4 million households in South Africa with a combined income of R 1.53 trillion<sup>2</sup> (US\$ 180 billion). More than half (51.5 %) of these households were in the lowest income group.

Total household expenditure in 2008 amounted to R 1.52 trillion (US\$ 180 billion), of which US\$ 14.6 billion went to clothing and footwear (equivalent to 8.1% of incomes). Expenditure on clothing and

<sup>2</sup> Bureau for Market Research, *Household Income and Expenditure Patterns and Trends, 2007-2008*.

footwear as a percentage of household income has declined over the last two decades. This can be attributed to the fact that average incomes have generally increased, pushing expenditure on clothing and footwear down as a percentage of income.

Food, clothing and footwear eat up 80% of cash budgets in the LSM 1 (the lowest level of the Living Standards Measure or LSM) segment of the population, with food alone accounting for about 71% of the total. The percentage spent on these items decreases the higher one goes up the LSM scale. Urban households devote a smaller percentage of income to clothing—5% compared to 7% in rural areas. Again this is attributable to the fact that incomes are generally higher in urban areas.

***The retailers are the drivers of the South African clothing industry...***

The retailers are the primary drivers in the South African clothing industry, dictating the fortunes of local manufacturers and determining the annual level of imports. According to StatsSA, total retail sales in 2009 of textiles, clothing, footwear and leather goods amounted to R 99.7 billion (US\$ 11.8 billion). Overall, retail sales at constant 2008 prices for the three months ending April 2010 rose by 2.2% over the same period in 2009. This growth was driven by higher sales of textiles, clothing, footwear and leather goods, a trend that bodes well for clothing retailers.

Six major retail groups dominate the clothing retail sector: Edcon, Woolworths, Foschini, Truworths, Mr Price and Pepkor. As table 2 indicates, these six groups control 4 947 clothing retail outlets with a combined turnover of R 37.6 billion (excluding data on Pepkor).

**Table 2. South Africa's clothing retailers**

Retail group	Clothing stores / brands	Number of stores	Turnover	Comment
Edcon	Edgars, Edgars Active, Jet, Jet Mart, Legit	157 Edgars stores, 6 Edgars Active, 314 Jet, 108 Jet Mart, 153 Legit	R 23.8 billion—19% from women's wear, 12% from men's wear and 15% from children's clothing. Retail sales of clothing: R10.9 billion.	Has a 30% share of the South African market for clothing and footwear
Woolworths Holdings	Woolworths	410 stores (of which 160 are franchised food stores)	R 21.2 billion, of which R 7.3 billion from clothing and homewear	Has a 14.5% share of the South African market for clothing and footwear.
Truworths	Truworths, Identity, Uzzi, YDE	513 stores, including 257 Truworths stores.	R 6.2 billion	
Foschini	Foschini, Donna Claire, Fashionexpress, Markham, Exact!, Total Sport, Due South	1 539 in total, including the following clothing stores: 432 Foschini, Donna Claire, Fashionexpress; 223 Markham; 198 Exact!; 264 Total Sport and Due South	R8.1 billion, of which R 6.5 billion from the clothing divisions	
Mr Price	Mr Price, Mr Price Sport, Miladys	338 Mr Price, 36 Mr Price Sport, 214 Miladys	R 9.5 billion, of which R 6.7 billion from apparel brands	Sold 100 million units of clothing in a recent financial year
Pepkor	Pep and Ackermans	1 394 Pep stores, 347 Ackermans.	not available	Pep is the largest single brand retailer in the country

Sources: Company annual reports.



The retailers employ a mixed pattern of buying. They buy part of their requirements direct from suppliers abroad. They also deal with agents of foreign suppliers who are based either in South Africa or in the supplying countries themselves. In all cases, the product needs to be consigned direct to the stores, labelled and packaged ready for display. Exporters in Africa need to target both ends of this distribution chain.

## 2. Tariff structures

### 2.1. Import tariffs

#### *General tariffs*

The framework of the external tariff is the two-column Harmonized Commodity Coding and Description System (HS). Import duties are levied ad valorem on fob (free on board) values.

At the end of April 2009, the Department of Trade and Industry announced a Draft Rescue Package for the Clothing and Textile Sector. One of the measures included was an increase in certain clothing tariffs to their bound rate of 45%. The items affected by this rise are listed in table 3 below. All other clothing imports attract a 40% rate of duty.

#### *Several preferential trade regimes give African suppliers a competitive edge on the South African market...*

South Africa is a party to several trade regimes under which certain clothing imports enter the country at preferential duty rates. The current rates, varying from 0% to 20%, can be seen in table 3.

South Africa is a member of the Southern African Customs Union (SACU) along with Botswana, Lesotho, Namibia and Swaziland. Goods are traded within the Customs Union free of duty.

South Africa is also a member of the Southern African Development Community (SADC)<sup>3</sup>. Under the SADC Trade Protocol implemented in September 2000, South Africa agreed to reduce tariffs on goods originating in SADC Member States to zero over a period of eight years. As table 3 indicates, the tariffs on goods originating in SADC are therefore currently zero.

The European Union/South Africa Free Trade Agreement came into effect in January 2000. Under the terms of the agreement, the European Union reduced its import tariffs to zero over a period of seven years. South Africa undertook to reduce its duties to 50% of the MFN (most favoured nation) tariff level over an eight-year period. Today, with some exceptions on which no duties are imposed, imports from EU attract a preferential tariff of 20%.

The SACU Agreement with European Free Trade Association (EFTA)<sup>4</sup> member countries came into effect on 1 January 2007. The Agreement covers trade in industrial goods and processed agricultural products. Trade in basic agricultural products is covered by individual bilateral agreements with SACU States. On implementation, the EFTA States abolished all duties on goods originating in SACU and SACU has agreed to a progressive reduction of all tariffs. South Africa's tariffs on goods from EFTA countries vary from 0% to 20%.

**Table 3. South Africa: import tariffs on clothing**

HS code	Description	General	EU	EFTA	SADC
6103.3	Jackets and blazers:				
6103.31	Of wool or fine animal hair	45%	20%	20%	Free
6103.32	Of cotton	45%	20%	20%	Free
6103.33	Of synthetic fibres	45%	20%	20%	Free

<sup>3</sup> Other members are Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, the United Republic of Tanzania, Zambia and Zimbabwe.

<sup>4</sup> Iceland, Lichtenstein, Norway and Switzerland.

HS code	Description	General	EU	EFTA	SADC
6103.39	Of other textile materials	45%	20%	20%	Free
6103.4	Trousers, bib and brace overalls, breeches and shorts:				
6103.41	Of wool or fine animal hair	45%	20%	20%	Free
6103.42	Of cotton	45%	20%	20%	Free
6103.43	Of synthetic fibres	45%	20%	20%	Free
6103.49	Of other textile materials	45%	20%	20%	Free
6104.3	Jackets and blazers:				
6104.31	Of wool or fine animal hair	45%	20%	20%	Free
6104.32	Of cotton	45%	20%	20%	Free
6104.33	Of synthetic fibres	45%	20%	20%	Free
6104.39	Of other textile materials	45%	20%	20%	Free
6104.4	Dresses:				
6104.41	Of wool or fine animal hair	45%	20%	20%	Free
6104.42	Of cotton	45%	20%	20%	Free
6104.43	Of synthetic fibres	45%	20%	20%	Free
6104.44	Of artificial fibres	45%	20%	20%	Free
6104.49	Of other textile materials	45%	20%	20%	Free
6104.5	Skirts and divided skirts:				
6104.51	Of wool or fine animal hair	45%	20%	20%	Free
6104.52	Of cotton	45%	20%	20%	Free
6104.53	Of synthetic fibres	45%	20%	20%	Free
6104.59	Of other textile materials	45%	20%	20%	Free
6104.6	Trousers, bib and brace overalls, breeches and shorts:				
6104.61	Of wool or fine animal hair	45%	20%	20%	Free
6104.62	Of cotton	45%	20%	20%	Free
6104.63	Of synthetic fibres	45%	20%	20%	Free
6104.69	Of other textile materials	45%	20%	20%	Free
61.05	Men's or boys' shirts, knitted or crocheted:				
6105.1	Of cotton	45%	20%	20%	Free
6105.2	Of man-made fibres	45%	20%	20%	Free
6105.9	Of other textile materials	45%	20%	20%	Free
61.06	Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted:				
6106.1	Of cotton	45%	20%	20%	Free
6106.2	Of man-made fibres	45%	20%	20%	Free
6106.9	Of other textile materials	45%	20%	20%	Free
61.07	Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted:				
6107.1	Underpants and briefs:				
6107.11	Of cotton	45%	20%	20%	Free
6107.12	Of man-made fibres	45%	20%	20%	Free
6107.19	Of other textile materials	45%	20%	20%	Free
6108.2	Briefs and panties:				
6108.21	Of cotton	45%	20%	20%	Free

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HS code	Description	General	EU	EFTA	SADC
6108.22	Of man-made fibres	45%	20%	20%	Free
6108.29	Of other textile materials	45%	20%	20%	Free
61.09	T-shirts, singlets and other vests, knitted or crocheted:				
6109.1	Of cotton	45%	20%	20%	Free
6109.9	Of other textile materials	45%	20%	20%	Free
61.1	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted:				
6110.1	Of wool or fine animal hair:				
6110.11	Of wool	45%	20%	20%	Free
6110.12	Of Kashmir (cashmere) goats	45%	20%	20%	Free
6110.19	Other	45%	20%	20%	Free
6110.2	Of cotton	45%	20%	20%	Free
6110.3	Of man-made fibres	45%	20%	20%	Free
6110.9	Of other textile materials	45%	20%	20%	Free
61.11	Babies' garments and clothing accessories, knitted or crocheted:				
6111.2	Of cotton	45%	20%	20%	Free
6111.3	Of synthetic fibres	45%	20%	20%	Free
6111.9	Of other textile materials	45%	20%	20%	Free
61.12	Tracksuits, ski suits and swimwear, knitted or crocheted:				
6112.1	Tracksuits:				
6112.11	Of cotton	45%	20%	20%	Free
6112.12	Of synthetic fibres	45%	20%	20%	Free
6112.19	Of other textile materials	45%	20%	20%	Free
61.15	Pantyhose, tights, stockings, socks and other hosiery, knitted or crocheted:				
6115.1	Graduated compression hosiery	Free	Free	Free	Free
6115.2	Other pantyhose and tights:	45%	Free	Free	Free
6115.3	Other women's full-length or knee-length hosiery, measuring per single yarn less than 67 dtex	20%	Free	Free	Free
6115.9	Other:				
6115.94	Of wool or fine animal hair	45%	20%	20%	Free
6115.95	Of cotton	45%	20%	20%	Free
6115.96	Of synthetic fibres	40%	20%	20%	Free
6115.99	Of other textile materials	45%	20%	20%	Free
61.16	Gloves, mittens and mitts, knitted or crocheted:				
6116.1	Impregnated, coated or covered with plastics or rubber	30%	Free	Free	Free
6116.9	Other:				
6116.91	Of wool or fine animal hair	30%	Free	Free	Free
6116.92	Of cotton	30%	Free	Free	Free
6116.93	Of synthetic fibres	30%	Free	Free	Free
6116.99	Of other textile materials	30%	Free	Free	Free
6117.10	Shawls, scarves, mufflers, mantillas, veils and the like	30%	18%	20%	Free
62.01	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks	45%	20%	20%	Free

HS code	Description	General	EU	EFTA	SADC
	(including ski-jackets), wind-cheaters, wind-jackets and similar articles (excluding those of heading 62.03):				
62.02	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles (excluding those of heading 62.03):	45%	20%	20%	Free
62.03	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (excluding swimwear):				
6203.1	Suits:				
6203.11	Of wool or fine animal hair	45%	20%	20%	Free
6203.12	Of synthetic fibres	45%	20%	20%	Free
6203.19	Of other textile materials	45%	20%	20%	Free
6203.3	Jackets and blazers:				
6203.31	Of wool or fine animal hair	45%	20%	20%	Free
6203.32	Of cotton	45%	20%	20%	Free
6203.33	Of synthetic fibres	45%	20%	20%	Free
6203.39	Of other textile materials	45%	20%	20%	Free
6203.4	Trousers, bib and brace overalls, breeches and shorts:				
6203.41	Of wool or fine animal hair	45%	20%	20%	Free
6203.42	Of cotton	45%	20%	20%	Free
6203.43	Of synthetic fibres	45%	20%	20%	Free
6203.49	Of other textile materials	45%	20%	20%	Free
62.04	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (excluding swimwear):				
6204.1	Suits:				
6204.11	Of wool or fine animal hair	45%	20%	20%	Free
6204.12	Of cotton	45%	20%	20%	Free
6204.13	Of synthetic fibres	45%	20%	20%	Free
6204.19	Of other textile materials	45%	20%	20%	Free
6204.3	Jackets and blazers:				
6204.31	Of wool or fine animal hair	45%	20%	20%	Free
6204.32	Of cotton	45%	20%	20%	Free
6204.33	Of synthetic fibres	45%	20%	20%	Free
6204.39	Of other textile materials	45%	20%	20%	Free
6204.4	Dresses:				
6204.41	Of wool or fine animal hair	45%	20%	20%	Free
6204.42	Of cotton	45%	20%	20%	Free
6204.43	Of synthetic fibres	45%	20%	20%	Free
6204.44	Of artificial fibres	45%	20%	20%	Free
6204.49	Of other textile materials	45%	20%	20%	Free
6204.5	Skirts and divided skirts:				
6204.51	Of wool or fine animal hair	45%	20%	20%	Free

HS code	Description	General	EU	EFTA	SADC
6204.52	Of cotton	45%	20%	20%	Free
6204.53	Of synthetic fibres	45%	20%	20%	Free
6204.59	Of other textile materials	45%	20%	20%	Free
6204.6	Trousers, bib and brace overalls, breeches and shorts:				
6204.61	Of wool or fine animal hair	45%	20%	20%	Free
6204.62	Of cotton	45%	20%	20%	Free
6204.63	Of synthetic fibres	45%	20%	20%	Free
6204.69	Of other textile materials	45%	20%	20%	Free
62.05	Men's or boys' shirts:				
6205.2	Of cotton	45%	20%	20%	Free
6205.3	Of man-made fibres	45%	20%	20%	Free
6205.9	Of other textile materials	45%	20%	20%	Free
62.06	Women's or girls' blouses, shirts and shirt-blouses:				
6206.1	Of silk or silk waste	45%	20%	20%	Free
6206.2	Of wool or fine animal hair	45%	20%	20%	Free
6206.3	Of cotton	45%	20%	20%	Free
6206.4	Of man-made fibres	45%	20%	20%	Free
6206.9	Of other textile materials	45%	20%	20%	Free
62.07	Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles:				
6207.1	Underpants and briefs:				
6207.11	Of cotton	45%	20%	20%	Free
6207.19	Of other textile materials	45%	20%	20%	Free
62.09	Babies' garments and clothing accessories:				
6209.2	Of cotton	45%	20%	20%	Free
6209.3	Of synthetic fibres	45%	20%	20%	Free
6209.9	Of other textile materials	45%	20%	20%	Free

Source: South African Revenue Services, *Customs and Excise, Schedule 1 / Part 1*.

## 2.2. Additional taxes

A value-added tax (VAT) of 14% is payable on all imports. VAT is levied on the value for customs duty, which is the fob value plus 10% of the fob value plus any additional duties paid.

For goods imported from within the SACU region no customs duties are applied and the 10% upliftment in value is waived provided that the goods do originate in a SACU member country. However, VAT is still payable on the importation of the goods into South Africa at 14% of the value for customs purposes.

## 3. Non-tariff barriers

### 3.1. Special import regulations

#### *Imports of clothing do not require an ITAC permit...*

The International Trade Administration Act (Act 71 of 2003) provides for the control, through a permit system, of the import and export of goods specified by regulation. The primary function of the

International Trade Administration Commission (ITAC) is to implement the provisions of the Act on the issuing of import and export permits (Section 6), and in regard to investigations and enforcement (Part E).

New goods under 208 tariff subheadings are subject to import control measures. None of the products covered by this paper require an import permit from ITAC.

***But certain products are subject to special requirements...***

The importation of a wide variety of goods is either totally prohibited or subject to inspection by other authorities and/or production of special permits or licences issued by these authorities or may be imported by certain authorities only. Table 4 outlines the other import requirements for the products, mainly of wool, covered by this technical paper.

**Table 4. South Africa: import restrictions on woollen clothing**

Designation of goods	Prohibition and restriction	Authority	Action required
<p>Wool products of the following classes:</p> <p>(A) Products which consist entirely of new wool</p> <p>(B) Products containing at least 35% by mass of new wool, but which do not contain any reclaimed wool</p> <p>(C) Products containing at least 35% by mass of reclaimed wool or of a mixture of new and reclaimed wool</p>	<p>Prohibited if for the purpose of manufacture or sale, unless the following requirements are observed:</p> <p>(1) Products in class (A) shall be marked "pure new wool", "all new wool", "all virgin wool", "100% new wool", or "100% virgin wool"</p> <p>2) Products in class (B) shall be marked with the percentage by mass of new or virgin wool in the product, and the common generic names of all the non-wool fibres in the product in order of predominance by percentage by mass shall be given, for example: "80% new wool plus cotton" or "80% new wool plus acrylic"</p> <p>(3) Products in class (C) shall be marked only as follows:</p> <p>(a) in the case of products consisting entirely of reclaimed wool or a mixture of new and reclaimed wool: "wool", "all wool" or "100% wool"</p> <p>(b) in the case of other products in this class, they shall be marked with the percentage of wool in the product</p>	<p>Merchandise Marks Act 17/1941 GN (Government Notice) 271/1973</p>	<p>Except when specially instructed to do so in certain cases, officers are not required to detain wool products for analysis solely for the purpose of the import restriction.</p> <p>However, the restriction must be kept in mind when wool products imported for manufacturing purposes or for sale are:</p> <p>(1) observed to be unlabelled as to the wool content; or</p> <p>(2) found on analysis for customs purposes to be wrongly labelled as to the wool content</p>

**Source:** South Africa Revenue Services, Consolidated List of Prohibited and Restricted Imports.

### 3.2. Customs procedures, freight forwarding and transport requirements

Customs procedures for textiles and clothing are simple. Goods are cleared at the port of entry where all import tariffs will need to be paid. It is important to ensure that all the required import documentation is in order to facilitate clearance through Customs. Once the goods have cleared Customs, they can be transported direct to their final destination.

Imports by sea are cleared through the ports of either Cape Town or Durban. Products destined for the province of Gauteng are often brought in at Durban, the closest port to Johannesburg.

***Prospective African suppliers have the advantage of proximity to the market...***

Shipments from African countries have the upper hand over shipments from Asia as transport times are so much shorter. A consignment from China will spend 30 days on the water. This is an advantage that needs to be stressed by African exporters seeking entry into South Africa as it would make it easy for the retailers to place smaller trial orders and then follow up with orders for product lines that sell well.

It may also be necessary to airfreight goods into South Africa on occasion to meet urgent requirements. This will always be the case with samples.

Imports from southern Africa entering the country by road may be at a disadvantage as the cost of road transport both internally and regionally is very high and often has the effect of making prices uncompetitive.

### **3.3. Labelling requirements**

Under Merchandise Marks Act No. 17 of 1941 and General Notice 1831 of 2006 as published on 14 December 2006, all products listed in the Notice (they include all products in HS Chapters 61 and 62), whether imported or locally produced, must carry labels identifying their source (country of origin), and providing information on their care and fibre content. If the products are reconditioned, rebuilt or remade, this must also be indicated on the label. The labels are intended to enable the public at large to make informed buying decisions.

The importation of items of clothing is prohibited unless they are labelled as follows:

- There shall permanently be applied to them in a conspicuous and clearly legible manner words stating clearly the country in which they were made or produced. If a South African manufacturer uses imported greige fabric to produce dyed, printed or finished fabric in South Africa, the label must state that the fabric has been dyed, printed or finished in South Africa from imported fabric. The label of a locally manufactured product using imported material must state that it has been made in South Africa from imported materials. Thus, labels should state, for example, "Made in South Africa", "Made in China" or "Made in South Africa from imported materials".
- The labels must be in conformity with South African national standards for fibre content and care labelling.

As regards care labelling and fibre content, imported clothing also needs to comply with three South African Bureau of Standards (SABS) "Codes of Practice":

- SABS 0235 – 1991, Edition 1.4, "Fibre-content labelling of textiles & textile products";
- SABS 011 - 1990, "Care labelling of textile & clothing";
- SABS 0235 – 2003, Edition 1.5, "Fibre-content labelling of textiles & textile products".

The care labelling code of practice states that it is the responsibility of the supplier to ensure that the fabric or article can, during its useful life, be satisfactorily cleaned by means of the procedures indicated by the applied symbols.

The fibre content labelling standard specifies the methods for designating the fibre content of textile and textile products and for applying this information to made-up products and piece goods. Specific requirements are detailed below.

- Fabric type and names must be:
  - The generic name or the generic name and the trade name,
  - Must be in one or more of the official languages in South Africa.
- Percentage sign must be
  - By the % symbol,

- or by the word percent.

For example, a textile made of a single fibre type can be marked as follows:

- 100 Percent
- 100%
- "PURE" or "ALL" e.g. "PURE COTTON"
- A textile product that is composed of two or more fibre types shall be classed as a blended fibre product. Products where one fibre type accounts for at least 85% of the product can be marked as follows:
  - Name of main fibre and percentage it accounts for, or
  - Name of main fibre and words "85 Percent Minimum" or "85% Minimum"
  - Names of fibre types and respective percentages in descending order,
  - Listing in order of dominance (by mass) the generic name of each fibre type.

Although not specifically required by regulation, certain manufacturers and retailers utilize various eco or safety labels as a means of differentiating their products. For instance:

- UV (ultraviolet) protective fabrics and sunwear often carry a CANSA (Cancer Association of South Africa) swing tag indicating that the Association has agreed that the products concerned are able to reduce the risk of skin cancer.
- OEKO-Tex Environmental Certification is shown where a company has been certified. Most often, certification has not been obtained for the local market but for clients in the European Union and the United States.
- The local retailer Woolworths has perhaps the most stringent advanced labelling requirements. Woolworths has contracted the Council for Scientific and Industrial Research (CSIR) to audit all their local and regional textile suppliers for quality and an active environmental code of practice. Woolworths has also introduced a "green label" which is used to help customers identify textile items made with fibres from sustainable sources.
- ISO (International Organization for Standardization) certification is common among South African manufacturers and is viewed as a measure of quality and international recognition by local buyers.
- As shown in the label example below, manufacturers will often stress the composition of the garment as a means of differentiating a product from the competition. Such claims do have to be accurate and a label could not claim to be "organic" unless the supplier actually has an organic certification.





### 3.4. Domestic business practices

South African clothing importers and retailers import part of their requirements on an ongoing basis when the domestic industry is unable to supply goods either of the variety needed or at appropriate prices. Retailers will consider suppliers in any country who are able to offer quality goods at attractive price levels. Importers and retailers stress the price component over any other factor.

South African retailers look for products of reasonable quality with modern designs. Since the country is in the southern hemisphere, fashions tend to lag one season behind European fashion; this should make it easier for African exporters to judge the market. Sometimes retailers and importers provide their own designs; at other times suppliers are expected to submit designs for approval.

The major retailers send teams of buyers to the fashion capitals of the world a number of times a year to assess fashions and see what will work in South Africa. The buyers come back from these visits with ideas for clothing ranges. These are sent to their suppliers who are asked to produce designs and make up samples for the local market.

Sizing in South Africa is along the same lines as in the United Kingdom.

### 3.5. Ethical trading requirements: the Woolworths way

South African retailers have started making the switch to green procurement by selecting products and service providers that minimize harm to the environment. The drive in clothing retail has been led by Woolworths which uses its green credentials to attract customers.

Woolworth's principles are embedded in the company's Good Business Journey programme which was launched in 2007. The Good Business Journey formalizes Woolworths' sustainability commitments and recognizes that sustainable growth can be achieved only by paying greater attention to the environment.

The Programme uses the Woolworths Sustainability Index as a strategic framework. This is a company-wide index which deals with sustainability issues that affect Woolworths— nearly 200 indicators have challenging one- to five-year targets in place. The targets focus on four key priorities: accelerating transformation, driving social development, enhancing environmental focus, and addressing climate change<sup>5</sup>.

These principles are built into the Supplier Code of Business Principles, against which all suppliers are regularly audited. Conformity with the Code is a prerequisite for all suppliers.

Of particular relevance to clothing suppliers are the last two priorities: enhancing an environmental focus and addressing climate change.

Organic production, conservation and a new approach to packaging are the environmental priorities. Woolworths continues to drive its organic clothing offering, aiming to sell more than R1 billion of organic-content clothing by 2012. The company is currently the world's third largest consumer of organic cotton, behind the American companies Wal-Mart and Nike. Woolworths has also spearheaded an initiative to establish a local pipeline for organic cotton, allowing the company to obtain organic cotton from local sources and further reducing its carbon footprint.

As regards conservation, Woolworths is targeting a 30% reduction in water consumption and is developing a programme to encourage suppliers do the same. The company has recently committed itself to becoming water neutral through a twenty-year project in partnership with the World Wildlife Fund.

A number of programmes are also being established to encourage and protect South Africa's biodiversity, including crop planning to address the impact of global warming, a strict policy of not selling products which might cause harm to endangered species, and the adoption of more environmentally sensitive farming practices throughout the supply chain.

Woolworths' focus in packaging is to reduce, recycle, reuse or compost all packaging, and to reduce packaging to the essential requirements of product protection, promotion and information. Targets include a one-third reduction of packaging in clothing and Woolworths clothing shopping bags will be made from 100% recycled material by 2012.

Examples of how this translates into products include the launch of a range of women's outerwear from bamboo and the marketing of a fleece jacket made from 100% recycled plastic bottles.

The fourth priority addresses climate change directly by focusing on reducing Woolworths' carbon footprint. Woolworths aims to shrink its carbon footprint by 30% by 2012— this will be achieved through energy efficiencies (trimming electricity usage by 30%) and lowering product miles (cutting transport emissions by 20%). All these will have a direct impact on Woolworths import activities. For instance, the company has already started to lessen its food imports as a means of minimizing its carbon footprint.

As a result of Woolworths' principles and priorities, the company has a reputation as a tough and demanding buyer. However, once an exporter has established a relationship with the company, it benefits from the support Woolworths gives its suppliers. As the CEO Simon Susman said: "What we don't want are suppliers who are in it because they can negotiate seven-day terms with us. We have a passion for our business and we want to see that same passion in our suppliers."<sup>6</sup>

## 4. Expected market developments

### ***Imports will continue to increase with consumer demand...***

As discussed earlier, imports of clothing into South Africa have risen strongly over recent years. Given the state of the local industry and increasing consumer demand for a wide variety of fashionable designs at affordable prices, this trend is likely to continue in the foreseeable future. Imports will also

<sup>5</sup> Justin Smith, *Corporate Governance in Africa Case Study Series No. 5: The Woolworths Good Business Journey*, May 2009.

<sup>6</sup> "Exacting Woolworths standards," *Financial Mail*, August 2008.

be driven by the overall growth in the clothing market, the latter being spurred by the continuing emergence of a viable middle class with access to greater disposable incomes.

***And so will imports from China...***

Imports from China have been the greatest challenge faced by the South African clothing and textiles industry. From 50% of total imports in 2000, supplies from this source grew to a massive 75% of clothing imports in 2006. It was at this point that the South African Government imposed a quota on selected clothing and textile items from China in a move to give the domestic industry a chance to adjust to the threat and to work on improving its competitiveness.

As shown earlier in figure 3, the quotas had the desired effect in that imports from China declined quite rapidly. What the quotas did not address was the fact that retailers and importers simply found alternative low-cost suppliers, notably in Bangladesh and Viet Nam, and imports continued to climb.

A recent paper on the impact of the quotas stated: "It was shown that while imports in the targeted lines from China dropped substantially due to the imposed quotas, importers compensated for this by ... substantially increased imports from China in the period leading ... to the quotas and imports from other low-cost producing countries for the duration of the quota restrictions. Furthermore, it was shown that output, employment and exports relating to domestic clothing and textile manufacturing did not produce the improvement hoped for over the two-year implementation period. Of particular concern is the drop in employment in 2007 and 2008."<sup>7</sup>

The quotas came to an end in December 2008. Despite the plea of the South African Government for a renewal of the quotas over an extended period, the Chinese Government rejected the plea and quotas are no longer in place. As shown in figure 3, in the year following the lifting of the quotas, imports from China once again started to rise.

***Efforts are under way to rescue the domestic clothing industry...***

Many efforts to rescue the domestic textiles and clothing industry have been planned and put into place by the Department of Trade and Industry (DTI) and the Industrial Development Corporation of South Africa (IDC). Numerous components of the rescue packages are linked and involve both DTI and IDC. Some of these programmes are described below.

**DTI's 12-programme package.** At the end of April 2009, DTI, together with the labour and employer parties to the National Bargaining Councils, put forward a draft rescue package for the clothing and textile industry in South Africa. The package identified 12 programmes that needed to be implemented.<sup>8</sup>

1. A production-incentive to be introduced which would allow companies to receive a subsidy based on their local production and structured in two parts:
  - a. A cash grant (commencing at 80% of total value and going down over a period to 40%);
  - b. A competitiveness cash grant (commencing at 20% of total value and increasing over a period to 60%).
2. IDC should, on an expedited basis, make working capital loans available to companies. The loans should be structured on a more flexible basis than the current approach, be costed at prime minus five percent and remain in place for two to three years.
3. To save jobs and halt any possible deindustrialization, IDC should increase its equity exposure in the clothing and textile industry, especially in companies of strategic importance in the value chain and/or where large numbers of jobs are involved.

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<sup>7</sup> Johann van Eeden, "South African Quotas on Chinese Clothing and Textiles. Economic Evidence," *Econex*, March 2009.

<sup>8</sup> Department of Trade and Industry, *Draft Rescue Package: Clothing and Textiles*, 28 April 2009.

4. The Manufacturing Investment Programme needs to be amended to ensure increased uptake thereof and that it assists companies during this crisis. This includes expanding the types of costs covered by the programme and increasing the maximum grants.
5. The new Clothing and Textile Competitiveness Improvement Programme (CTCIP), aimed at enhancing companies' competitiveness and productivity, needs to be structured to ensure maximum benefit for the industry. It should be better resourced, fast-tracked and geared towards employment retention.
6. The industry needs a coordinated and well-resourced skills development programme that covers the full spectrum of skills requirements in support of future growth areas. The parties have constructed such a programme, which requires an annual allocation by Government of R 174 million. Workers whose employers would ordinarily retrench them would, where possible, be offered training layoffs, which would keep them in employment during the economic downturn but re-skill them as an investment for the future economic recovery.
7. All three tiers of government, together with parastatals and other State institutions, should ensure that all clothing and textiles procured by them are manufactured in South Africa, using South African inputs where available and by companies complying with tax and labour laws and Bargaining Council agreements.
8. In order to encourage legal compliance and assist law-abiding firms, any assistance by Government and public institutions to clothing and textile companies should be conditional on those companies complying with tax and labour laws and Bargaining Council agreements.
9. The proposals identified in the 'Framework for South Africa's Response to the International Economic Crisis' to deal with customs fraud together with several other sector-specific proposals should be implemented forthwith, including the strengthening of risk management and invoice-analysis systems, setting up of a dedicated clothing unit and support for high-profile arrests and prosecutions of offenders.
10. Clothing tariffs should be increased from current applied rates to the bound rate of 45%, either across-the-board or targeted at the most important products.
11. ITAC should initiate a safeguard investigation on certain clothing and home textile products with the aim of implementing provisional duties in the short term, followed by final duties.
12. The regulations governing the SACU and SADC trade arrangements should be reviewed in order to close the loopholes contained which allows neighbouring countries to be used as conduits for imports emanating from other parts of the world to come into South Africa while bypassing trade regulations.

Most of these recommendations have been implemented either directly by IDC or by DTI through the Customised Sector Programme (CSP) for the clothing and textile industry.

The initial CSP was finalized in August 2006 and essentially laid down the blueprint for the rescue and restructuring of the industry. It outlined a sector development strategy which had been developed through the process of identifying 26 key action programmes to manage the current crisis in the industry, re-establish the foundations for future growth and development, and maximize the numerous opportunities that existed. The retail sector withdrew its support for this CSP and consequently the programme was not introduced as anticipated.

**DTI's Customised Sector Programme (CSP).** In May 2009, DTI announced the immediate implementation of CSP. It covers four initial core programmes as follows:

1. ***Clothing and Textiles Competitiveness Programme (CTCP)***. Developed by DTI, this Programme is being administered by IDC and consists of the following elements:
  - a. A capital upgrading programme available to manufacturers of clothing, textiles and footwear via the Enterprise Investment Programme (EIP) administered by DTI, together with preferential loans via IDC at prime less 5%.
  - b. At the firm-and-cluster level, a Clothing Textiles Competitiveness Improvement Programme

(CTCIP) will be provided on an attractive cost-sharing basis.

2. **Tackling illegal imports.** One of the most critical challenges facing the industry currently is pervasive illegal imports within the industry, including under-invoicing. In December 2008 the South African Revenue Services (SARS) dedicated specific capacity to deal with illegal activity in the clothing, textiles and footwear sectors. It is now undertaking a series of enforcement campaigns. DTI will be monitoring the campaign activities and work closely with SARS to agree strategic priorities.

3. **Reviewing cost structures.** As a first step, import duties on textile inputs for the manufacture of clothing that are not commercially produced in South Africa have been reviewed by ITAC and implemented by SARS.

A rebate mechanism has been put in place allowing for duty drawbacks on fabrics not domestically manufactured or not available in sufficient quantities. DTI will work with the United Nations Industrial Development Organization (UNIDO) to undertake a comprehensive benchmarking of the clothing and textile value chain in order to identify further areas for achieving efficiencies.

4. **Skills upgrading.** A Skills Upgrading Programme (SUP) has been finalized in collaboration with the Clothing, Textiles, Footwear and Leather (CTFL) Sectoral Education and Training Authority (SETA), Department of Labour and the National Skills Fund (NSF). An extensive multi-stakeholder process identified that there was a shortage of specific technical and managerial skills in these sectors. The skills upgrading programme seeks to address these skills gaps and to place a large proportion of the workforce on skills upgrading courses over the next five years.

**IDC's programmes for the clothing and textile sector.** IDC has its own programmes for the clothing and textile industry, as follows:

1. **Capital Upgrading Programme.** Under DTI's Manufacturing Investment Programme (MIP), this is an investment incentive designed to stimulate investment growth, in line with the Government's national industrial Policy Framework. The MIP's primary objective is to stimulate investment within manufacturing.
2. **Preferential Loans from the IDC.** A preferential loan scheme for the clothing and textiles sector is available for capital upgrading aimed at competitiveness improvement at prime less 5%.
3. **Clothing and Textiles Competitiveness Improvement Programme (CTCIP).** This incentive programme aims to subsidize competitiveness improvement activities in clothing and textile manufacturing companies which would otherwise not be able to finance these interventions.
4. **Production Incentive Programme.** This aims at structurally changing the clothing, textiles, footwear, leather and leather goods manufacturing industries by providing funding assistance for these sectors to invest in competitiveness improvement interventions.

DTI launches a new incentive scheme in May 2010. A new DTI incentive scheme for the domestic clothing and textile industry, launched in May 2010, aims to level the playing field between domestic manufacturers and their competitors in China. The incentive, which is administered by IDC, is calculated as 10% of the value that a manufacturer's production process has added to the raw materials over the year. This 10% can be applied as a credit at IDC as a "discount" on capital and operating capital dues.

## 5. The domestic market: a micro view

### 5.1. Key market players

#### 5.1.1. Retailers

***Purchasing power is concentrated in the hands of six large retail groups with demanding requirements...***

Six major retail groups dominate the clothing sector: Edcon, Foschini, Truworths, Pepkor, Woolworths and Mr Price. These retail groups procure what they can from local manufacturers and import to make up for the shortfall in volumes or in areas where the local industry is either unable to supply or is uncompetitive.

Outside the market served by the major groups, there is a smaller, higher-end market for speciality stores. These stores either form part of a group or are independently owned and managed. A good example is the Platinum Group which is a Cape-based retailer dealing in leading designer labels (Jenni Button, Hilton Weiner, Urban, Aca Joe and Vertigo). The Group has 57 stores in prime locations in all the premier shopping centres in the country. Another is the Queenspark group, which operates about 40 stores in the country and caters to the needs of the older, more fashionable woman.

Procurement by the independently owned stores is more fragmented and volumes are smaller. These stores generally serve the higher income groups and often carry major international brands which they purchase through local agents.

The supermarkets do not sell clothing in a meaningful way. The exception is Pick 'n Pay which retails its own-label clothing, Fresh Produce, through its stores.

#### ***The vexed issue of local vs. international procurement...***

The issue of local versus international procurement is highly charged and politicized in South Africa. The reality is that South Africa does not produce the required range of fabrics or clothing to satisfy retail demand and retailers have no choice but to procure certain items on the international market. The trade unions are, however, adamant that the local retailers need to procure 75% or more of their clothing requirements from local sources. Although it is not enforceable, the Government maintains a key policy principle that all clothing, textiles and footwear procured by provincial and local government and government institutions should be manufactured locally and that retailers should be encouraged to buy locally.

The Edcon Group. Edcon is the leading clothing, footwear and textiles retailing group in southern Africa. Trading through 13 retail formats, the Group has 1 228 stores in South Africa, Botswana, Lesotho, Namibia and Swaziland. In the 2009 financial year, the Group had a turnover of R 23.8 billion (US\$ 2.8 billion) and a 30% share of the domestic market for clothing, footwear and textiles.

The various clothing retail formats within the Group are as follows:

- Edgars Stores. The 157 stores in this subgroup target middle- to upper-middle income families.
- Jet has 314 stores and Jet Mart has 108 stores. These are mass-market departmental stores which focus on the middle- and lower-middle income markets.
- Legit sells fashionable women's wear. The Legit customer is between the ages of 16 and 24, is fashion conscious and works on a very tight budget. There are 153 Legit stores.
- Edgars Active: A new concept for the Edcon Group has seen the launch of six sports and active wear outlets.

The Edcon Group sells both own-label products and multi-brands<sup>9</sup>. The multi-brands are sourced locally from the local brand agent and are not imported directly. Edcon will always try to support the domestic industry before turning to the international market.

When Edcon decides to import, the company puts out an “opportunity to quote” to a variety of sourcing houses. This specifies delivery dates, quantities, technical specifications and a target price. Price is a major driver for Edcon, followed by the right product (in fashion and on trend) and then quality. Edcon demands relatively quick turnaround times and the onus is on the supplier to deliver on time or pay a penalty. Generally an order is placed for an initial delivery and monthly “drops”. A turnaround of 60 days is required on repeat orders.

**Foschini.** Foschini Limited is an investment holding company whose core business focus is retail and financial services. Comprising 14 trading brands in over 1 500 stores throughout South Africa, the group handles a large range of product brands. In the 2009 financial year, it had a turnover of R 8.1 billion (US\$ 959 million).

Operating in the retail and personal loans and private label segments, the group's brands cater to the broad middle-income group throughout southern Africa, mainly as a credit retailer.

In the clothing sector, the group operates through several divisions.

- The Foschini division deals in women's fashion and offers the following brands in 414 stores:
  - Foschini caters for women seeking fashionable, current apparel, footwear and cosmetics which offer good value. Its target customers are women 18-35 years of age within LSM groups 6-10. The Foschini brand is positioned as a destination of choice for women seeking fashionable, current apparel and footwear, offering good value in an environment that is modern and friendly.
  - Donna Claire: focuses on larger-sized women, while still offering fashionable clothing. Its stores are found in prime shopping centres, and cater for LSM groups 6–10.
  - FX Fashion Express: this is a value clothing chain sited in smaller towns and B positions in shopping centres, catering for LSM groups 5–9.
- Markham is the largest men's fashion retail chain in southern Africa. Markham stores are located in most major shopping centres and large towns. The stores provide good quality and value clothing for all occasions. The target market is in the LSM 6–10 ranges. There are currently 228 Markham stores.
- Exact! is the group's value chain, targeting LSM 5–8 and providing an affordable range of fashion clothing to suit all ages. There are currently 198 Exact! Stores.
- The Sports Division comprises the following trading brands across 264 stores:
  - Totalsports is positioned as the premier sportswear destination in South Africa. The stores provide a mix of performance sports brands and complementary fashion products for the everyday athlete.
  - Sportscene is a unique brand providing fashion-conscious youth with an offering that blends street, urban and 'free sports' styles. This brand taps into grassroots events, fashion and language to gain credibility in its target market.
  - DueSouth caters for the modern, hi-tech consumer with an outdoor lifestyle. The stores target mid- to upper-income outdoor lifestyle enthusiasts with a range of international adventure brands complemented with DueSouth's own fashion interpretations.

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<sup>9</sup> BusinessDictionary.com defines a multi-brand strategy as the marketing of two or more similar and competing products by the same firm under different and unrelated brands. Some advantages are obtaining greater shelf space and leaving little for competitors' products, saturating a market by filling all price and quality gaps, and catering to brand-switchers who like to experiment with different brands.

TFG Apparel Supply Company (TFGA) is the sourcing arm of the Foschini Group for all imported merchandise and it manages relationships between the group and its offshore suppliers. TFGA imports items from more than 50 countries, including Australia, Brazil, Colombia, Germany, Indonesia, Mauritius, the Republic of Korea, Taiwan Province of China, Turkey, the United Kingdom and Viet Nam. However, in the main, clothing is imported from China, India and Mauritius.

The company has been procuring items from around the world for a number of years and has an established network of sourcing agents in the countries in which it operates. TFGA no longer feels the need to attend international trade shows in order to identify new suppliers. This is usually left to the in-country agents. The company is, however, not averse to dealing with new suppliers and constantly strives to identify potentially interesting new sources of price-competitive quality goods.

TFGA expects potential suppliers to submit a range or ranges of clothing for its consideration. It will evaluate such ranges from the viewpoints of price and quality before placing an order. Potential suppliers must show that they are abreast of the latest fashion trends and are able to provide a complete turnkey service covering design, sourcing of fabric and trims, and garment make-up.

**Truworths.** Truworths is a fashion retailer with 250 stores in South Africa and 14 franchise operations elsewhere in Africa and the Middle East. The company's turnover in the 2009 financial year was R 6.2 billion (US\$ 734 million).

As with the other retail groups, Truworths operates through specialized retail formats. These are: Truworths, Truworths Man, Daniel Hechter, Inwear, Elements and LTD.

Truworths is the country's premier fashion chain, catering for the youthful, quality-conscious South African customer who seeks inspired, innovative and adventurous clothing that meets international quality standards. Truworths procures women's and men's clothing on the international market that fits in with the "young and authentic" image it seeks to project of its products.

The retailer expects prospective suppliers to submit ranges of clothing for appraisal and to quote on the basis of 1 000 units per style and per colour. The group buys for four sub-seasons: winter 1 and 2 and summer 1 and 2.

While Truworths will sometimes produce its own designs and ask for quotes, it generally looks to suppliers to provide the designs for its clothing ranges.

**Pepkor.** The Pepkor Group manages a portfolio of retail chains focused on the value market and selling predominantly clothing, footwear and textiles. Its main operating subsidiaries are Pep and Ackermans in South Africa and Best & Less in Australia. All subsidiaries are based on a high-volume, lower-margin business model. There are 2 400 stores in the group.

Pep Stores is the largest single-brand retailer in the country with over 1 394 stores. It targets the mass lower- to middle-income market. Pep operates on a cash basis only, keeps its margins to the minimum and has a low-cost culture. Its buyers source merchandise both locally and internationally to meet the demands of its customers for a wide range of good-quality, fashionable merchandise.

Ackermans is a value retailer selling everyday, contemporary casual wear at low prices. Its target market is the mass middle market of value-seeking consumers. There are 347 Ackermans stores. Ackermans owns a few other retail chains including Baby Company (branded baby wear), Home Comforts (textiles and home ware) and Hang Ten (retro-contemporary casual wear for the 16- to 24-year age group).

Ackermans and Pep place large annual orders once a year. Both look for articles of good value at a low price and it is not surprising that most of their imports come from China. They would expect a prospective supplier to approach them with a clothing range and pricing. They generally rely on their suppliers to develop the designs for their merchandise.

**Woolworths.** Woolworths is a retail chain that extends throughout Africa and into the Middle East, trading through more than 400 stores. Woolworths is also found in Australia, where the group has a majority share in the Australian retail chain, Country Road. The group's turnover for the 2009 financial year was R 21.2 billion (US\$ 2.5 billion), of which R 9.6 billion is attributable to clothing. Clothing is one of the pillars of the Woolworths business. Its clothing ranges cover women's, men's and children's



wear. All of its apparel is sold under its own brand name. Over recent years, Woolworths has branched out into home ware and stocks a wide variety of own-brand household textiles.

As indicated previously, Woolworths is a demanding buyer and places orders only with approved suppliers. All fabrics and products pass stringent testing for performance, quality and make-up. Furthermore, all supplying factories have to meet specified requirements on such aspects as labour relations, age of workforce, wages and living conditions; the company will not purchase from any facility that fails on any of these points.

A new supplier would need to make a detailed initial presentation to Woolworths on its product and its factories to start the process moving. Woolworths only buys from centres of excellence and prefers companies that are vertically integrated and specialize in a certain product type.

**Mr Price.** The Mr Price group consists of five retail chains focusing on clothing, footwear, accessories and house ware. On the apparel side, it has three retail brands: Mr Price Every day (326 stores selling clothing), Milady's (215 stores selling classic clothing for the older woman) and Mr Price Sports (31 stores). In the 2009 financial year, the group turnover was R 8.8 billion (US\$ 1 billion), of which R 6.1 billion was attributed to clothing sales.

Mr. Price targets 16- to 21-year-olds with fast-moving fashion items at discount prices. It imports a large percentage of its requirements and generally imports only from China because of price considerations.

Mr. Price develops all its own products and does not buy from prepared ranges or catalogues. It works through Chinese agents based in South Africa. Mr. Price gives the agent photographs (or sometimes samples) of items which the company's "trendy team" has taken in London and other European cities. The order is placed only when company staff have seen and approved a made-up sample.

Mr. Price works to a two- to three-month lead time. It places four orders per annum.

### **5.1.2. Specialist importers and agents**

Whilst the retailers buy a part of their requirements direct from foreign suppliers, they also deal with specialist importers and agents who buy internationally on their behalf.

The retailers approach the agents directly for a specific requirement, usually in relation to a new range or line in which they have no experience. It is then up to the agent to bring samples to the retailers and then, on the basis of the feedback, to get the range manufactured and delivered.

A handful of agents service the mainstream retail industry. They include Charl Roos, Walt Import & Export, G and T Fashion and Karina M.

Mr Charl Roos is a well-known agent who procures predominantly house brands for the Edcon Group. He looks for fashionable items at a reasonable price targeted at the middle-income market. He works with a number of foreign suppliers. Possible new suppliers would be expected to make a presentation to him of ranges of goods and their pricing.

Walt Import & Export is a well-established company that specializes in bulk orders on behalf of various chain stores. It focuses on basic casual and sports wear. Again, a new supplier would be expected to make a detailed presentation to the company.

G and T Fashion specialize in women's casual wear, swimwear and sportswear at the high end of the market. It deals in both house brands and multi-brands such as Soviet and Guess. Karina M focuses specifically on the discount market, importing primarily from China on the basis of price.

## **5.2. Procurement practices**

The retailers employ a mixed pattern of buying. They buy some of their requirements direct from foreign suppliers and some from agents based either in South Africa and dealing with foreign suppliers or in the supplying country itself.

There are only two buying seasons in South Africa: summer and winter. Summer takes up approximately 60% of the year (mid-August through to March) and winter 40% (April through to mid-August). The lead time on orders is generally 90-120 days so retailers will start buying their winter stocks in December-January and their summer stocks (normally in two deliveries) in May. Exporters in countries close to South Africa have the advantage of shorter shipping times, enabling them to reduce lead times for delivery.

When dealing with a new supplier, retailers will often place small trial orders to test the supplier's reliability in regard to delivery schedules and quality specifications. Although this is often an irritant to large clothing manufacturers, it is an essential step in getting into the procurement chain of the large South African retailers.

The volumes required even by the major retailers are often a problem for larger manufacturers in foreign countries. While volumes are fairly small, requirements in terms of styles and colours are highly varied. The larger retailers would generally look at orders of 1 000 to 2 000 units per colour per style for basic items such as t-shirts. Chinese and Indian suppliers have an advantage in that they are happy to be flexible and will at times supply as little as 150 units per style in three colours. For prospective suppliers on the African continent it will be essential to be able to offer the same flexibility when approaching the South African market.

Most of the large retailers apply minimum fabric performance standards and suppliers are required to present test reports for fabric and trims with the pre-production samples.

Retailers may sometimes provide their own designs and ask manufacturers to bid on these designs. Often they rely on the suppliers to produce the designs and suggest clothing ranges, giving manufacturers with strong design capabilities a decided advantage over those who do not have such skills.

#### ***Some retailers use of sophisticated e-procurement systems...***

Large retailers such as Edcon and Truworths have installed very sophisticated e-commerce procurement systems. In July 2007, Edcon implemented the Eqos Global Sourcing and Supplier Management solution to target divisions and categories to support the Edcon Group's Sourcing Excellence initiative. The Eqos technology platform helps Edcon optimize its sourcing processes by embedding best practices and proactively managing critical path activities from initial product design, through the sourcing process and right through to product delivery. The Truworths Group has created a business portal (TRU-B2B) to improve the speed and efficiency of interactions between themselves and their business partners.

### **5.3. Consumer preferences**

#### ***Consumers like to choose from a wide variety of styles and are turning increasingly to natural fabrics.***



The South African textile and clothing market is characterized by a strong demand for variety. However, this has not been matched by a rise in the volume of domestic consumption which has remained low by international standards.

In other words, South African consumers like to choose from a wide variety of colours, styles and fabrics but purchase small volumes of any one type of product. This is the challenge facing retailers and one of the main reasons why order volumes are fairly low.

Consumers are also moving toward more natural fabrics and fibres. Woolworths is leading the way and the company has introduced a Green Label as part of its Good Business Journey. Under the Journey (see a more detailed description in section 3.6 of this paper), the company is accelerating efforts to reduce the environmental impact of its products and of the processes used in making them by introducing items made with sustainable fibres such as organic

cotton, eco-wool, bamboo, hemp and soya. Woolworths is committed to increasing total sales of clothing made from organic fibres to more than R 1 billion by 2012.

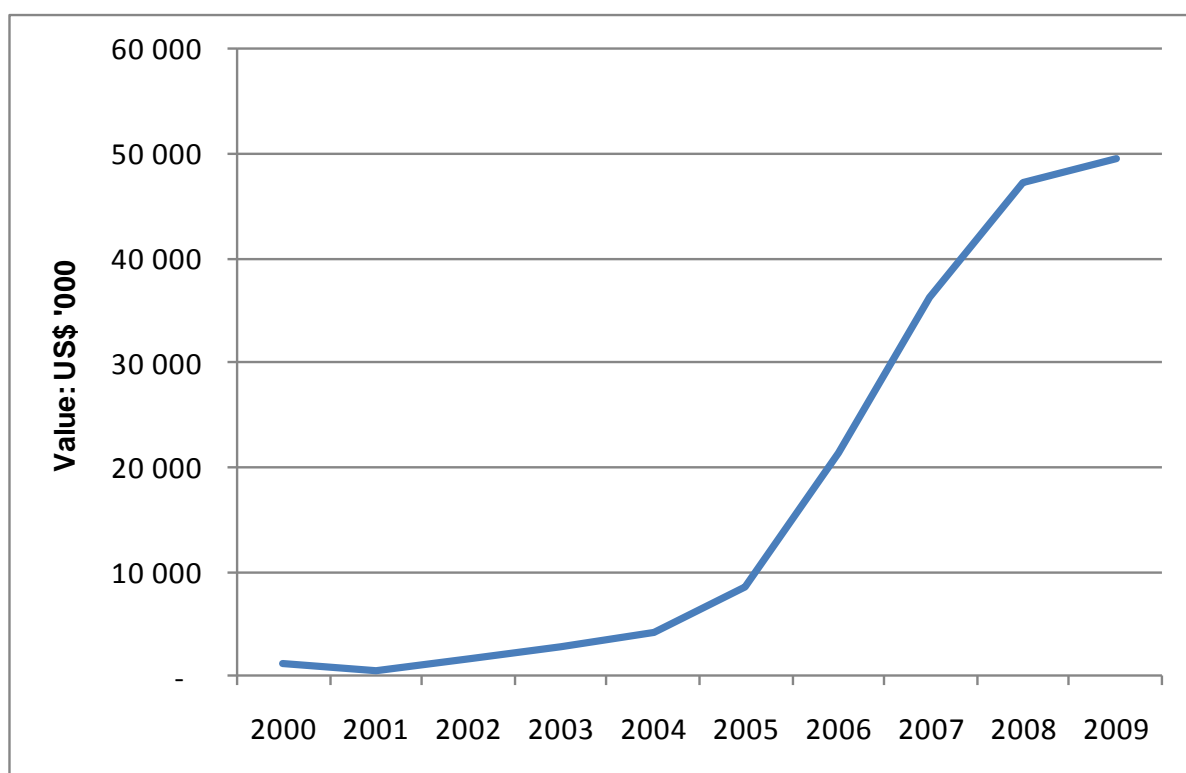
## 6. Case study: the evolution of Mauritius as a supplier of choice to South Africa

Mauritius as a supplier of clothing into the South African market is a great success story. As illustrated in figure 8 below, the country's exports of clothing to South Africa have increased from almost nothing in 2000 to their current level of US\$ 49.6 million or 4% of total clothing imports.

The country is physically close to South Africa and can therefore offer shorter delivery times. Furthermore, as an SADC member, its products enter the South African market at a zero rate of duty, compared to 40% duty for suppliers like China. Mauritian suppliers have used these two advantages to maximum effect.

As they have not needed to compete with China on price, they have instead chosen to promote themselves as suppliers of high-quality knits and woven men's shirts. Because the country has a vertically integrated industry, the suppliers are also able to offer fabrics made in Mauritius.

**Figure 8. South Africa's clothing imports from Mauritius, by value, 2000–2009**



Source: Based on figures from the United Nations Comtrade database.

### ***The key role of Enterprise Mauritius, the national trade promotion body...***

Enterprise Mauritius, the trade promotion organization, has been instrumental in the Mauritian success story. In 2003, when the country's exports of clothing to South Africa were negligible, Enterprise Mauritius (then MIDA) appointed a representative in South Africa. The representative's task was to promote Mauritius as a supplier, to collect intelligence on the South African market, and to organize promotional events.

An initial survey of the market and a visit to all the key buyers to present samples of Mauritian merchandise revealed that there was a great deal of misconception about Mauritius as a supplier but that importers and retailers were willing to explore opportunities. On the basis of this feedback, a strategy for the clothing industry was developed that incorporated four pillars: visits to contacts in

South Africa, sponsored buyer visits to Mauritius, participation in exhibitions and selected press coverage.

Buyers-sellers meeting were organized in South Africa, along with numerous individual company visits to potential buyers. Over the last six years, Enterprise Mauritius has hosted a national pavilion at the annual International Apparel, Textile, Footwear and Machinery Trade Exhibition held in Cape Town. It has recently started participating in the Southern African International Trade Exhibition (SAITEX), a multi-sectoral trade fair.

Enterprise Mauritius has also hosted buying missions to Mauritius for key South African clothing buyers to give them a first-hand experience of industry capabilities. Although Enterprise Mauritius no longer maintains a representative in South Africa, it continues to engage in promotional activities and employs the services of professional marketing companies. Its national trade promotion activities have been very successful in raising the profile of the country as a source of supply. An invitation to one of its activities is shown below.

**JOHANNESBURG**  
Mauritius Pavilion  
at SAITEX & Africa Big 7,  
Gallagher Estate, Midrand  
25 - 27 July 2010

**CAPE TOWN**  
Hall 4B, CTICC  
29 & 30 July 2010

**MAURITIUS  
FOR AFRICA**

**RSVP ESSENTIAL**  
E-mail your name, surname,  
job title, company name & tel no.  
to: [deidreh@worldonline.co.za](mailto:deidreh@worldonline.co.za).  
Tel: 021 790 5849  
Organised by Enterprise Mauritius  
Colleagues & Business Associates  
are welcome to attend!

**YOUR VIP INVITATION TO ATTEND THE  
MAURITIUS MULTI-SECTOR  
TRADE EXHIBITION & BUSINESS MATCHMAKING**

**MEET TOP CLASS MANUFACTURERS & SUPPLIERS  
FROM MAURITIUS SHOWCASING PRODUCTS  
EXCLUSIVELY TO THE SOUTH AFRICAN MARKET!**

Products & Services on display will include Textiles & Made-ups, Finished Garments including T-Shirts, Sportswear, Swimwear, Womenswear, Menswear & Childrenswear, Jewellery, Furniture & Decorative Ship Models, Cosmetics, Cleaning & Chemicals, Food Products, Beverages & Packaging, Logistics, Printing & Publishing, Business Consultancy Services, Hardware, Networking & IT etc

***Mauritian factories provide everything the South African retailer desires...***

The Foschini Group is one of the large retailers sourcing a full range of garments, both knits and wovens, from Mauritius. According to the group's procurement director, the reasons for its sustained business with Mauritius include design capabilities, product quality, flexibility on orders (i.e. orders can be reduced or increased on short notice), delivery according to schedule, and short lead times. Foschini generally gets a two-week turnaround on orders placed with Mauritian companies.

The design capability of Mauritian companies is definitely an advantage and Foschini relies on the manufacturers to provide a design service.

Another company that sources solely from Mauritius concurs with the Foschini experience. The reasons that the company gives for maintaining a relationship with Mauritius are excellent communication, product quality, and quick turnaround (lead times of two to three weeks).

The lessons for exporters in other African countries are clear. South African retailers are looking for companies with strong design capacities and an ability to interpret current fashion trends, that are able to produce a quality product and who are able to offer flexible schedules and quick turnarounds.

***Mauritius is able to supply large-size garments unlike China and India...***

Clothing City is an independently owned chain of 15 retail outlets selling branded clothing and footwear along with the company's own ranges targeted at the middle-income market. Its retail outlets focus on wovens and knits in larger sizes up to 10XL.

Clothing City purchases all its requirements from South Africa and from Mauritius. Products are sourced throughout the year and the company tends to work well ahead of time to plan ranges for the succeeding season. Given the number of stores in the group, run sizes are not large; for example, the company will import 5,000 sets of women's track pants per season. The company provides its own designs and then places orders.

Clothing City has found that companies in China and India do not have the ability to manufacture clothing in the larger sizes. It is for this reason that the company limits its procurement to South Africa and Mauritius. However, the company is actively seeking suppliers in other southern African countries.

Clothing City is looking for suppliers that are able to offer quality products with quick turnaround times (comparable to the current two to three weeks from Mauritius). Communication is also extremely important. This would include the speed with which a company reacts to an inquiry, delivers samples and responds to queries. Clothing City does not involve itself in the sourcing of fabrics, preferring to leave this task to its suppliers. It is not surprising then that it has found ideal arrangements in Mauritius.

## **7. Possible niche markets and product groups to be targeted**

***Botswana and Mauritius have shown that large and sophisticated African companies can take advantage of their lower costs, proximity and their duty privileges to penetrate the South African market...***

South African importers and retailers will consider foreign suppliers other than China. While there has not been a mass move away from Asian suppliers in the clothing sector, there are good examples of African countries that have managed to find successful niches in the South African market. Botswana's clothing manufacturers, for example, have made a meaningful impact on the South African market in a very short time. The type of Botswana companies that are succeeding in the South African market tend to be large and sophisticated companies that are able to take advantage of lower input costs in Botswana, the duty preferences offered by SACU, and proximity to South Africa.

Mauritian companies have also established a solid niche as suppliers of high-quality knits and woven men's shirts, taking maximum advantage of the duty preferences offered by the SADC trade protocol.

***The market for large-size garments is waiting to be tapped...***

This technical paper has identified a few niche markets that other African exporters could exploit. As mentioned above, there is a market for large-size clothing in South Africa that companies in Asia generally do not have the capacity to supply. A clothing company with the ability to service this market segment could find good opportunities.

***There are opportunities for companies able to work with small minimum orders...***

There is also a market for companies that are able to work with small minimum orders. Companies in Asia often have minimum order sizes that are larger than the small and medium-sized operators in South Africa are able to handle. This is a niche that could be filled by an African supplier.

***The market for green fabrics is growing...***

The market for "green" fabrics is growing strongly and companies producing garments from organic cotton or bamboo fibres would find good opportunities in South Africa.

***And there are openings for suppliers of clothing with elaborate finishings as well as baby and children's wear...***

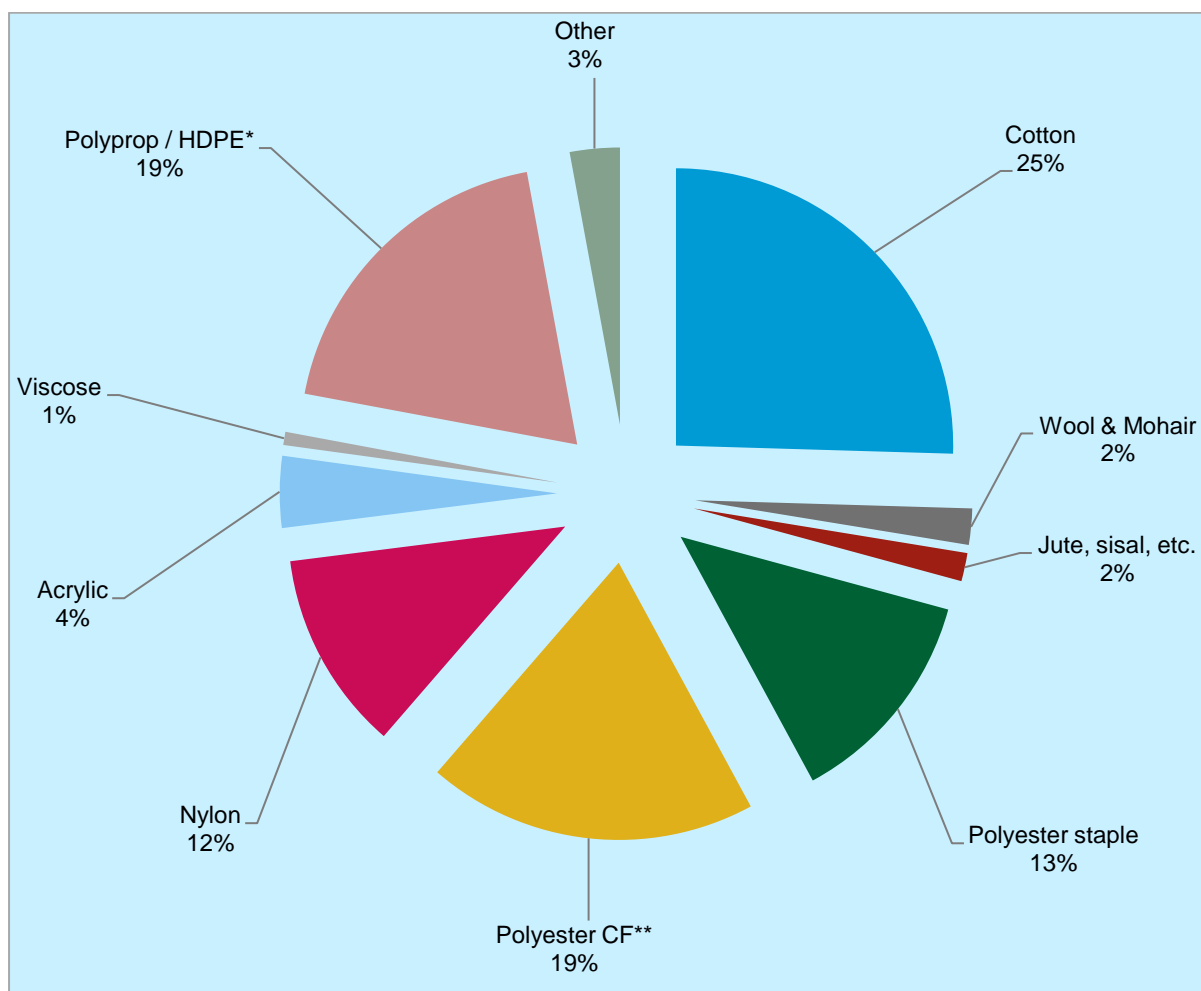
The South African clothing manufacturers are not geared to making items such as padded jackets, casual woven tops and bottoms with embellishment — generally anything that requires sophisticated washing and finishing. All of these products are imported.

A further area of opportunity is in baby wear and children's wear where the local manufacturing industry has limited capacity.

## 8. Integration of African exporters into the overall value chain from inputs to value-added products

According to the Textile Federation, fibre consumption in South Africa is around 26,000 tons per annum and is dominated by cotton and man-made fibres.

**Figure 9. South Africa: fibre consumption, by type of fibre**



Source: Textile Federation.

\* High-density polyethylene.

\*\* Continuous filament.

**Cotton lint.** South Africa is not self-sufficient in cotton and the country imports cotton lint on an annual basis to make up for the shortfall between domestic supply and demand. In the 2009/10 season, cotton lint production amounted to 8,984 tons against an estimated demand for 27,000 tons.

The supply pipeline for cotton is highly regional, with Zambia alone providing 37% of imports in 2008/09. Other important regional suppliers are Malawi, Mozambique, Uganda and the United

Republic of Tanzania. The statistics also reflect the decline in the local textile industry, with consumption of cotton lint falling by 63% over a ten-year period. There is not much opportunity for non-regional developing countries to supply cotton lint to the South African industry.

**Table 5. South Africa: estimated production, imports, consumption and exports of cotton lint, 2001/02 - 2009/10**

Tons

Marketing year	Production <sup>a/</sup>	Imports: from			Total lint consumed	Exports	Average lint prices
		Zimbabwe	Zambia	Other			R c/kg <sup>b/</sup>
2001/02	38,634	18,616	9,211	9,901	72,826	0	962
2002/03	21,228	16,864	23,096	11,632	77,427	0	1179
2003/04	16,349	14,160	18,218	14,266	61,929	0	1102
2004/05	28,021	9,861	12,897	7,179	69,224	0	1108
2005/06	22,041	1,660	18,174	7,576	48,186	6,599	737
2006/07	14,483	11,841	17,957	9,314	46,515	7,733	723
2007/08	11,173	12,394	16,216	13,473	46,797	6,583	924
2008/09	9,820	13,305	13,677	9,426	42,641	5,337	1235
2009/10	8,984	Estimated total imports: 24,000			27,000	6,400	1100

Source: Cotton South Africa.

<sup>a/</sup> Lint produced in South Africa and Swaziland from seed cotton obtained from Botswana, South Africa, Swaziland and Zimbabwe.

<sup>b/</sup> South African cents per kilogram

**Wool and mohair.** South Africa is self-sufficient in wool and mohair. In 2008/09, it produced 45.3 thousand tons of wool, supplying both the domestic and the international market. The country is the world's fifth largest producer of wool.

**Man-made fibres.** The bulk of demand for fibres in South Africa is for man-made fibres. The country has three local producers but their range is limited and does not fully meet domestic demand. China, Germany, India and the Republic of Korea are the key international suppliers of these fibres to South Africa.

**Yarn.** South Africa has a fully integrated textile industry and has the capacity to spin yarns. In 2003 (latest figure available), its total yarn production amounted to 86,739 tons. The import duty on imported yarns is high and protects the domestic industry.

***There is a clear market opportunity for African suppliers of fabric...***

**Fabric.** South Africa produces a range of fabrics for domestic industrial use. However, the local textile industry does not produce the extensive range required by retailers and clothing manufacturers, and the country imports fabrics that are not produced locally. There is a clear opportunity for African suppliers of fabric in the South African market. Producers in the SADC region would benefit from the duty preference afforded by the Free Trade Agreement.

## 9. Recommendations for African exporters

### ***The continuing stagnation of the South African clothing industry opens up the market for supplies from abroad...***

There are opportunities in the South African market for African exporters. It has become clear, especially after the failure of the Chinese quota to boost the local industry, that the South African clothing industry has inherent problems and is unable to make up for the shortfall in supplies in terms of both volume and variety of products.

The Chinese quotas have further highlighted the vulnerability of South African retailers with a single source of supply. The imposition of the quota system has forced the retailers to diversify their supply base away from China, a move that creates an opportunity for suppliers in Africa.

### ***African exporters must tackle their poor image; Botswana, Mauritius and others have shown how this can be done...***

A barrier faced by African exporters is their own reputation in the South African market. Too often South Africa's experience of dealing with companies from other African countries has not been positive. The lack of sophistication of the factories, coupled with their inability to provide a full service (fabric and trim sourcing, cut, make and trim, delivery), makes it difficult for South African retailers to deal with these companies. Other issues are the lack of consistency in service levels, late delivery dates and poor quality.

### ***African suppliers must take advantage of their closeness to South Africa and their trade privileges to be able to compete on price—the decisive purchasing factor...***

However, African exporters would do well to understand the nature and the dynamics of the South African market. Above all, retailers and importers buy on price. While they are prepared to pay a small premium for quality, as is the case with Mauritius, the ultimate buying decision is always made on price. Exporters based within the SADC region have a large tariff advantage in that they enjoy a zero rate of tariff as opposed to 40% or 45% for most other supplying countries. This is an advantage that should be put to good use.

### ***Reliability is the name of the game...***

Another key consideration is reliability. Companies supplying the South African market need to honour their quality and delivery commitments. The South African trade works on short lead times and delayed deliveries can result in lost contracts. Any shortcomings on these points will affect a supplier's relations not only with the one South African buyer but eventually also with the entire South African import and retail sector. The country's clothing and textile industry has a small number of players and stories about unreliable suppliers spread rapidly.

Exporters in African countries can differentiate themselves as suppliers by offering what the South African market requires, including quick turnaround times, the ability to source fabrics and other materials, and the ability to respond quickly to order changes.

### ***For prospective suppliers, the best approach is a direct one: they should go straight to the buyers and retailers with their product ranges...***

Approaching the South African market can sometimes be difficult. African exporters need to target specific buyers in the retail chains as well as specific agents. A direct and professional approach outlining products on offer and indicating price ranges would be a good first step. A follow-up with a personal visit is always received well and will help build strong relationships.

### ***Trade shows are good venues for making contact, as Mauritius' exporters have shown...***

South African buyers identify new suppliers through trade shows, in-market visits, by word of mouth, and from among foreign suppliers who approach them directly to pitch their product ranges at them. It would be wise for companies with strong design capacities to design ranges with the major retailers in mind and to remember that these retailers look for fashionability in the products they buy.

There is only one trade fair focusing on the textile and clothing sector. Called the International Apparel, Textile, Footwear and Machinery Fair, it is held annually in Cape Town and provides an



excellent marketing platform for foreign suppliers interested in South Africa. A number of countries choose to have country pavilions at this fair; this works well as it not only markets a specific company but also the country as a whole. In 2009, the exhibition had 120 exhibitors from over 10 countries and attracted over 3 300 trade visitors. The 2010 edition will be held from 24 to 26 November at the Cape Town International Convention Centre. The organizers are LTE South Africa and they can be contacted via their website at [www.affexpo.co.za](http://www.affexpo.co.za).

## 10. Useful contacts

Institution/ Company	Website	Telephone	Fax	E-mail	Contact persons	Activity
<b>Government</b>						
Department of Trade & Industry	<a href="http://www.dti.gov.za">www.dti.gov.za</a>					
International Trade Administration Commission (ITAC)	<a href="http://www.itac.org.za">www.itac.org.za</a>					
South African Bureau of Standards	<a href="http://www.sabs.co.za">www.sabs.co.za</a>					
<b>Private sector</b>						
Ackermans	<a href="http://www.ackermans.co.za">www.ackermans.co.za</a>	+27 86 090 0100	+27 21 903 6028	mbillett@ackermans.co.za; mlawrence@ackermans.co.za	Mark Billett, Trading Man; Minette Lawrence, Trading Director	Ackermans has more than 450 stores in Southern Africa.
Charl Roos Agencies	-	+27 11 402 6444	+27 11 402 3231	<a href="mailto:charl@cragencies.co.za">charl@cragencies.co.za</a>	Mr Charl Roos (owner)	Charl Roos is a clothing agent selling primarily to Edgars and Jet.
Clothing City Trading (Pty) Ltd	<a href="http://www.clothingcity.co.za">www.clothingcity.co.za</a>	+27 21 945 4373	+27 21 949 9202	<a href="mailto:nelson@clothingcity.co.za">nelson@clothingcity.co.za</a>	Mr Nelson Teixeira, Director	Clothing City operates a small chain of retail outlets.
Edcon Group	<a href="http://www.edcon.co.za">www.edcon.co.za</a>	+27 11 495 6000	+27 11 837 5215	<a href="mailto:mphillips@edcon.co.za">mphillips@edcon.co.za</a>	Mandy Phillips, Imports and Sourcing Manager	The Edcon Group sells both own-label clothing and multi-brands.
Foschini Group	<a href="http://www.foschini.co.za">www.foschini.co.za</a>	+27 21 938 1911	+27 21 937 4263	<a href="mailto:SelwynE@tfgm.co.za">SelwynE@tfgm.co.za</a>	Mr Selwyn Eagle, Procurement Director	The Foschini Group comprises 13 companies trading in over 1 200 stores throughout South Africa.
G & T Fashion Agency CC		+27 83 3089983	+ 27 11 3254786	<a href="mailto:grahammilner@yebo.co.za">grahammilner@yebo.co.za</a>	Graham Milner	Clothing agent and importer.
Karina M Agency		27 21 555-3199	27 21 555 3149	<a href="mailto:Karinam@kma.co.za">Karinam@kma.co.za</a>	Karina	Clothing agent and importer.
Makro SA (Pty) Ltd	<a href="http://www.makro.co.za">www.makro.co.za</a>	+27 11 797 0000	+27 11 797 0000	<a href="mailto:rehana.ganchi@makro.co.za">rehana.ganchi@makro.co.za</a>	Rehana Ganchi , Buyer for men's and boys clothing	Makro trades through 11 large Makro Warehouse Clubs in South Africa.

Institution/ Company	Website	Telephone	Fax	E-mail	Contact persons	Activity
Mr. Price	<a href="http://www.mrprice.co.za">www.mrprice.co.za</a>	+27 31 310 8500	+27 31 310 8500	<a href="mailto:pknoop@mrpricegroup.com">pknoop@mrpricegroup.com</a>	Boys wear: Sally (031 3108753. Men's wear: Blake (031 3108620)	Mr Price Group consists of four retail chains, focusing on clothing, footwear, accessories and homeware.
Pep Stores	<a href="http://www.pepstores.com">www.pepstores.com</a>	+27 21 937 2301	+27 21 933 4156	<a href="mailto:sharief@pepstores.com">sharief@pepstores.com</a>	Sharief Adhikarie, Buyer - Men's & Boys Clothing	There are over 1 500 Pep Stores in South Africa. They focus on the value market and sell mainly clothing, footwear and textiles.
Platinum Group	<a href="http://www.hiltonweiner.co.za">www.hiltonweiner.co.za</a> <a href="http://www.jennibutton.co.za">www.jennibutton.co.za</a> <a href="http://www.urbandegree.co.za">www.urbandegree.co.za</a>	+27 21 461 1207	+27 21 461 9056	<a href="mailto:briane@platinumgroup.co.za">briane@platinumgroup.co.za</a>	Brian Essakow, Supply Relations Manager	The Platinum Group is a group of high-end fashion retailers operating stores across South Africa.
Queenspark Ltd	<a href="http://www.queenspark.com">www.queenspark.com</a>	+27 21 460 9400	+27 21 460 9506	<a href="mailto:neagle@queenspark.com">neagle@queenspark.com</a>	Nola Eagle	Queenspark is the retail arm of the Rex Trueform group. There are currently 38 stores in the group.
Trubok (Pty) Ltd	<a href="http://www.trubok.co.za">www.trubok.co.za</a> / <a href="http://www.roxdale.co.za">www.roxdale.co.za</a>	+27 11 321 6500	+27 11 321 6551	<a href="mailto:robl@trubok.co.za">robl@trubok.co.za</a>	Robin Lee, Imports Manager	Trubok is an importer and distributor of clothing under various labels including the company's own two brands: Roxdale and Lancetti.
Truworhs Limited	<a href="http://www.truworhs.co.za">www.truworhs.co.za</a>	+27 21 460 7911	+27 21 460 7051	<a href="mailto:Ngoldberg@truworhs.co.za">Ngoldberg@truworhs.co.za</a>	Neil Goldberg (Head of Sourcing)	Truworhs is positioned as the country's premier fashion chain, catering for the youthful, quality-conscious South African customer.
Walt Imports/Exports		+27 11 448 1080	+27 11 448 1077	<a href="mailto:hw25@mweb.co.za">hw25@mweb.co.za</a>	Dean Travis	Walt Imports/ Exports is an importer and distributor active in the retail sector. It imports on behalf of chain stores and also sells to chain stores as an agent.
Woolworhs Clothing	<a href="http://www.woolworhs.co.za">www.woolworhs.co.za</a>	+27 21 407 9111	+27 21 407 3408	<a href="mailto:brettkaplan@woolworhs.co.za">brettkaplan@woolworhs.co.za</a>	Brett Kaplan, Clothing Buying	Woolworhs is a leading upmarket food and clothing retailer.

## Annex I. South Africa: imports of clothing, 2005-2009

HS code	Description	2005		2006		2007		2008		2009		Growth 2005-2009	
		Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value	Volume
6101	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks, wind-cheaters, wind-jackets and similar articles, knitted or crocheted.	3 082	117	4 467	169	8 165	356	13 972	667	16 070	542	421%	364%
6102	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, knitted or crocheted.	2 706	91	2 587	91	8 247	332	11 367	70	12 989	427	380%	371%
6103	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.	23 391	1 231	29 967	1 510	20 009	1 144	14 510	740	10 904	17	-53%	-99%
6104	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.	29 086	1 087	35 947	1 273	25 682	1 081	17 821	227	24 426	117	-16%	-89%
6105	Men's or boys' shirts, knitted or crocheted.	23 858	871	45 666	1 719	43 246	1 848	46 051	1 972	44 220	11	85%	-99%
6106	Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted.	25 938	727	31 326	896	18 985	588	20 101	638	22 137	539	-15%	-26%
6107	Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted.	6 198	285	12 845	591	8 204	471	10 930	567	12 938	542	109%	90%

SOUTH AFRICA: A MARKET FOR CLOTHING FROM AFRICA

HS code	Description	2005		2006		2007		2008		2009		Growth 2005-2009	
		Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value	Volume
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, negligees, bathrobes, dressing gowns and similar articles, knitted or crocheted.	14 563	530	26 302	940	27 971	1 058	31 085	1 140	31 676	1 003	118%	89%
6109	T-shirts, singlets and other vests, knitted or crocheted.	81 298	3 176	110 820	4 498	124 134	6 043	126 724	5 551	104 150	3 625	28%	14%
6110	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted.	50 183	1 576	71 864	2 257	102 787	4 360	108 277	4 400	84 278	2 467	68%	57%
6111	Babies' garments and clothing accessories, knitted or crocheted.	31 560	3 338	39 555	3 883	34 906	2 911	38 063	3 307	41 783	3 501	32%	5%
6112	Track suits, ski suits and swimwear, knitted or crocheted.	10 046	518	12 785	595	16 477	928	12 786	648	12 827	505	28%	-2%
6113	Garments, made up of knitted or crocheted fabrics of heading 59.03, 59.06 or 59.07.	570	47	684	38	742	35	967	270	1 153	43	102%	-9%
6114	Other garments, knitted or crocheted.	15 783	2 254	20 976	3 654	16 745	5 334	11 733	5 823	7 753	1 862	-51%	-17%
6115	Pantyhose, tights, stockings, socks and other hosiery, including graduated compression hosiery and footwear without applied soles, knitted or crocheted.	6 569	1 729	10 393	2 576	13 667	4 092	14 645	4 994	17 392	4 069	165%	135%
6116	Gloves, mittens and mitts, knitted or crocheted.	5 377	2 095	5 546	1 935	8 015	2 461	10 099	2 964	8 221	1 704	53%	-19%
6117	Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories.	2 869	343	3 306	259	3 002	211	3 699	178	3 821	174	33%	-49%

HS code	Description	2005		2006		2007		2008		2009		Growth 2005-2009	
		Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value	Volume
6201	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles.	14 559	443	19 189	585	19 297	647	20 033	655	25 959	621	78%	40%
6202	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles.	9 892	265	10 070	276	9 692	241	12 693	63	19 254	405	95%	53%
6203	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear).	119 589	4 307	162 518	5 960	142 341	7 609	147 389	3 554	129 358	327	8%	-92%
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear).	155 443	4 737	201 361	6 326	158 523	6 343	174 146	4 049	134 978	52	-13%	-99%
6205	Men's or boys' shirts.	46 881	1 579	66 511	2 179	52 868	2 050	54 611	2 011	61 142	1 680	30%	6%
6206	Women's or girls' blouses, shirts and shirt-blouses.	44 656	1 076	49 431	1 202	33 066	907	36 567	946	37 613	741	-16%	-31%
6207	Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles.	3 342	339	5 804	416	6 298	496	7 321	50	8 873	9	166%	-97%
6208	Women's or girls' singlets and other vests, slips, petticoats, briefs, panties, nightdresses, pyjamas, negligees, bathrobes, dressing gowns and similar articles.	10 312	930	13 511	998	11 732	894	9 535	654	9 051	38	-12%	-96%

SOUTH AFRICA: A MARKET FOR CLOTHING FROM AFRICA

HS code	Description	2005		2006		2007		2008		2009		Growth 2005-2009	
		Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value: US\$ '000	Volume: tons	Value	Volume
6209	Babies' garments and clothing accessories.	14 127	1 467	12 000	1 292	29 711	3 579	33 673	4 271	18 878	1 728	34%	18%
6210	Garments, made up of fabrics of heading 56.02, 56.03, 59.03, 59.06 or 59.07.	3 049	287	4 141	390	6 581	590	9 425	204	7 444	741	144%	158%
6211	Tracksuits, ski suits and swimwear; other garments.	16 010	4 064	18 574	5 818	25 543	2 293	24 729	2 395	20 758	1 979	30%	-51%
6212	Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, whether or not knitted or crocheted.	13 484	1 024	24 135	1 400	20 680	975	21 285	1 011	23 848	1 218	77%	19%
6213	Handkerchiefs.	1 190	167	1 312	158	1 315	159	1 274	141	1 019	129	-14%	-23%
6214	Shawls, scarves, mufflers, mantillas, veils and the like.	6 049	212	5 148	189	5 385	118	5 008	0	5 926	205	-2%	-3%
6215	Ties, bow ties and cravats.	862	50	1 653	104	2 264	184	2 269	179	2 281	167	165%	233%
6216	Gloves, mittens and mitts.	2 408	512	2 478	419	2 422	378	2 012	249	1 398	173	-42%	-66%
6217	Other made-up clothing accessories; parts of garments or of clothing accessories, other than those of heading 62.12.	2 158	304	2 140	305	2 332	575	1 939	276	2 121	228	-2%	-25%
<b>Grand total</b>		<b>797 088</b>	<b>41 779</b>	<b>1 065 014</b>	<b>54 900</b>	<b>1 011 032</b>	<b>61 289</b>	<b>1 056 740</b>	<b>54 864</b>	<b>966 641</b>	<b>31 587</b>	<b>21%</b>	<b>-24%</b>

Source: ITC TradeMap.

## Annex II. South Africa: imports of clothing from Africa, by value, 2005 and 2009

Origin	2005	2009	Growth 2005 - 2009	Market share		Key products imported
	US\$	US\$		2005	2009	
Botswana	44 871 155	161 767 911	261%	5%	14%	Women's and girls' jackets, suits, skirts, woven (36% of the in total 2008). Men's and boys' jackets and trousers, not knitted (20%). T-shirts (15%). Jerseys and cardigans (14%).
Mauritius	8 609 683	49 598 864	476%	1%	4%	T-shirts (knitted or crocheted (33% of the total in 2009). Men's or boys' trousers or shorts, not knitted (20%). Men's or boys' shirts, not knitted (14%). Jerseys and cardigans (12%).
Malawi	23 448 805	14 162 475	-40%	3%	1%	Tracksuits (57% of the total in 2009). Men's and boys' jackets, trousers and shorts not knitted (14%).
Madagascar	77 634	12 991 961	16635%	0%	1%	Jerseys and pullovers (30%). Men's or boys' shirts, not knitted (23%). Men's or boys' trousers or shorts, not knitted (16%).
Zimbabwe	3 842 945	5 878 664	53%	0%	1%	Men's or boys' trousers or shorts not knitted (47%). Men's or boys' shirts, not knitted (23%). Tracksuits (22%).
Tanzania, United Republic of	191 554	1 544 510	706%	0%	0%	T-shirts, knitted (76%).
Mozambique	2 260 952	523 145	-77%	0%	0%	Men's or boys' shirts (85%).
Kenya	67 681	64 841	-4%	0%	0%	Women's or girls' skirts, dresses, trousers, shorts, not knitted (51%).
Cameroon	23 801	50 252	111%	0%	0%	Women's or girls' shirts, knitted or crocheted (52%).
Ghana	24 172	30 288	25%	0%	0%	Tracksuits (38%). Other knitted garments (27%).
Sierra Leone	291 120	11 367	-96%	0%	0%	



Origin	2005	2009	Growth 2005 - 2009	Market share		Key products imported
	US\$	US\$		2005	2009	
Nigeria	15 026	9 798	-35%	0%	0%	
Lesotho	149	6 653	4365%	0%	0%	
Uganda	45	4 239	9320%	0%	0%	
Zambia	22 490	2 911	-87%	0%	0%	
Sao Tome and Principe	214	4 438	1974%	0%	0%	
Seychelles	-	2 701		0%	0%	
Cape Verde	-	2 657		0%	0%	
Congo	100	2 291	2191%	0%	0%	
Mauritania	104	2 010	1833%	0%	0%	
Mali	6 637	1 713	-74%	0%	0%	
Ethiopia	1 981	1 183	-40%	0%	0%	
Angola	17 400	948	-95%	0%	0%	
Côte d'Ivoire	111	891	703%	0%	0%	
Senegal	755	454	-40%	0%	0%	

Origin	2005	2009	Growth 2005 - 2009	Market share		Key products imported
	US\$	US\$		2005	2009	
Democratic Republic of the Congo	3 577	274	-92%	0%	0%	
Liberia	31	177	471%	0%	0%	
Benin	693	152	-78%	0%	0%	
Niger	63	134	113%	0%	0%	
Central African Republic	-	126		0%	0%	
Libyan Arab Jamahiriya	99	121	22%	0%	0%	
Swaziland	78 150 394	31	-100%	9%	0%	
<b>Total from Africa</b>	<b>161 929 371</b>	<b>246 668 180</b>	<b>52%</b>			
<b>Grand total, all sources</b>	<b>875 238 553</b>	<b>1 128 408 784</b>	<b>29%</b>			
<b>Africa as percentage of total</b>	<b>19%</b>	<b>22%</b>				



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