Retail–Clothing Textile Footwear Leather Masterplan

2030

Presentation to the Portfolio Committee on
Trade, Industry and Competition **Draft.**

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NATIONAL DEVELOPMENT PLAN
2030

trade, industry
& competition

Department:
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1. BACKGROUND TO THE MASTER PLAN – THE HISTORY

- The SA clothing industry expanded in the 1920s as part of the rapid urbanization and growth of local mining production; while the textile industry in turn grew in the 1950s, following disruption in supply-lines of fabric during the second world war.
- For a number of years, the industry benefited from a highly-protected domestic market accompanied by labour repression and low wages for black workers. Both of these pillars came under pressure due to developments in the domestic economy and globally.
- In 1986, trade negotiations under the General Agreement on Tariffs and Trade (GATT) began in Uruguay with SA represented by the National Party Government, who made commitments to deep cuts in tariffs applicable to both consumer and capital goods. The talks culminated in a settlement in 1993 that required SA to reduce its import tariffs very significantly, just as the country was transitioning to democracy
- In 1994 the World Trade Organization (WTO) was formed, and it locked the outcome of the Uruguay Round of trade negotiations into its own rules.
- In the mid-1990s, SA embarked on an aggressive tariff liberalisation programme, cutting tariffs faster than required under the WTO and converting formula duties to a simpler ad-valorem structure.

1. BACKGROUND TO THE MASTER PLAN – THE CHALLENGES

- By 2001, China joined the WTO as a member, bringing vast additional productive capacity into the global economy, with particularly large clothing, textile and footwear industrial production.
- During the initial tariff liberalisation period from 1995, job losses in the industry were extremely high, resulting in deep de-industrialisation of the sector as local players lost export market share to lower cost producers in Asia, while also seeing a surge in imports in the domestic market.
- This was exacerbated by
  - Widespread customs fraud, intended to evade import taxes; and
  - A sharp increase in the sourcing of products from China.
- By the period 2000-2008, between 10 000 to 15 000 jobs were being lost annually, with a large number of factory closures.
- Aside from a temporary quota agreed with the Government of China, the industry had limited support to either shield it from external competition; or to make the transition to a more competitive and dynamic sector.

1. BACKGROUND TO THE MASTER PLAN - THE RESPONSE

- In response to these job losses, three phases of response were developed.
- **The first phase** entailed an increase in tariffs from 40% to the WTO bound rate of 45% on a number of clothing product lines. This was the maximum tariff that was possible under the terms of the Uruguay Agreement for clothing products in South Africa (the ‘bound rate’ of tariffs) and it provided some relief on the rate of job loss.
- **The second phase** was the introduction of a competitiveness package administered by **the dtic** and IDC to retool the industry and support a modernisation of technology and work-flow.
- These two measures account for the relatively lower decline in employment during this period, where employment between 2009 and 2019 declined at about one third of the rate experienced between 2000 and 2008.
- **The third phase** was the introduction of the R-CTFL (Retail, Clothing, Textiles, Footwear and Leather) Masterplan aimed at encouraging structural change in the value chain to grow the domestic market, increases purchases from domestic suppliers, access and grow export markets and enhance value chain competitiveness. Other complimentary measures include cluster development, local procurement, trade support and countering the illicit trade working alongside the South African Revenue Service (SARS) and customs authorities.

2. THE MASTER PLAN – KEY ELEMENTS

The Master Plan was finalised in 2019 as a means to build a stronger foundation for the industry, drawing in retailers, manufacturers (textiles, clothing and footwear), cotton producers and organised labour, working together with government. It covers the Retail Clothing, Textile, Footwear and Leather sectors (R-CTFL).

The **R-CTFL Vision**: To develop a competitive, sustainable and dynamic R-CTFL value chain that provides its customers with compelling products and that is invested in growing employment and advancing inclusion and transformation.

Its key Objectives by 2030:

- To grow employment to 330 000 R-CTFL jobs through …
  - Growing local Retail sales to R 250 billion
  - To expand local retail procurement of local CTFL products from 45% to 65%, equaling R 66 billion
  - To improve competitiveness, technology, skills and transformation

Its Strategic Pillars are: domestic market growth; value-chain localisation; competitiveness advancement; transformation in the value-chain and technology and skills development.

2. CTFL MASTERPLAN AT A GLANCE

7 CORE ACTION COMMITMENTS

- Grow the local market
- Local sourcing
- Curb illegal imports
- Tariffs and Rebates
- Incentive extensions
- Production flexibility
- Value chain transformation

PROCESS COMMITMENTS 7 TASK TEAMS

- Trade Licensing
- Illicit and Illegal Trade and Manufacturing
- Effective Tariff Protection
- Future Supply-side incentives and Support
- Skills and Productivity
- Export Competitiveness and AfCFTA
- Strategies for adjacent and niche CTFL value chains

IMPLEMENTATION and GOVERNANCE

- Executive Oversight Committee (EOC)
- Project Management Office (PMO)

PHASE 1 OF CTFL MASTERPLAN

- The Phase 1 of R-CTFL Masterplan partially includes CTFL value chain with respect to the South African fashion retail value chain.

EXCLUSION

- The Non-retail CTFL adjacent value chains will be added to the Masterplan Framework through research, consultation, agenda setting and commitments.

2. R-CTFL SOCIAL PARTNER COMMITMENTS

Each constituency made a number of commitments, summarized as follows:

RETAILERS

- Develop and market “Made in SA” labels
- Grow retail sales to R225 billion and 170,000 retail jobs
- Increase local share of sales to 65%
- Increase local procurement to R66 billion to support 160,000 manufacturing jobs
- Affirmative procurement to support transformation and inclusion
- Contribute resources to customs enforcement

MANUFACTURERS

- Invest to grow capacity to support R66 billion local demand and 160 000 manufacturing jobs
- Invest in technology, management and operator skill upgrading
- Build manufacturing eco-systems to advance transformation and inclusion
- Advance worker empowerment
- Contribute resources to customs enforcement

GOVERNMENT

- Upgrade customs enforcement to stem illegal imports
- Clamp down on illegal manufacturing
- Extend CIP and PI programme for 3 years
- Maintain appropriate CTFL tariffs and rebates
- Review trade licensing regime
- Explore MST Reference pricing
- Explore new future supply-side support measures
- Establish R-CTFL EOC

LABOUR

- Negotiate flexibility arrangements to align to sales cycles in support of job creation
- Lead buy-local campaign
- Lead awareness campaign around illegal imports

3. A CHANGING ENVIRONMENT WITH NEW CHALLENGES

Following the adoption of the Master Plan in October 2019, **five** unanticipated ‘shocks’ confronted the industry. These are briefly summarized as follows:

- In **March 2020**, four months after the adoption of the Master Plan, South Africa was confronted with the Covid-19 pandemic that had a devastating impact on the clothing industry
- In **July 2021**, unrest in parts of KZN and Gauteng caused very significant damage to factories and retail stores in the value-chain
- Since **February 2022**, the war in Ukraine caused a spike in the price of fuel (directly affecting the industry) and in food prices (which may affect consumer spending on clothing and footwear)
- In **April 2022**, the floods on the eastern seaboard resulted in damage to some establishments in the sector
- **Throughout the period**, global supply-lines were disrupted on an unprecedented scale, affecting supplies of raw material and shipping capacity

3. A CHANGING ENVIRONMENT WITH NEW CHALLENGES – BUT ALSO NEW RESPONSES

Covid-19

- CTFL household consumption adversely affected by Covid-19.
- During lockdown annual CTFL retail sales declined by 19% with a knock on effect on manufacturing.
- Fast policy response such as the Working Capital Interest Subsidy (WCIS) prevented harsher effects.

July 2021: KZN and Gauteng unrest

- The July 2021 unrest damaged manufacturers as they were starting to recover from Covid-19.
- 56 CTFL factories were damaged, with some completely destroyed.
- Over 994 clothing and footwear retail stores were looted resulting in cancellation of manufacturing orders.
- A Rapid Response Fund (RRF) was introduced to support affected CTFL manufacturers.

April 2022: KZN floods

- The industry lost one week of production. Twenty three CFTL factories were badly damaged. IDC allocated R500 million to rebuild businesses.
- Confiscated illegally imported blankets seized by Customs have been donated to the victims of the April 2022 KZN flooding, overseen by representatives of industry and organized labour.

Global supply chain disruptions

- Large increases in commodity prices over 2020 and 2021**.**
- Cotton lint increased by 90% and PVC by 150%.
- Global supply chains further disrupted by war in Ukraine.
- Poor consumers and workers livelihoods adversely effected by higher food and fuel prices.

4. STATE OF THE INDUSTRY

	2017	2018	2019	2020	2021	Q1 2022
CTFL Annual Retail Sales R billion	151.7	156.8	159.9	140.8	168.1	39.0
CTFL Annual Manufacturing Sales R billion	63.6	63.6	61.4	50.7	58.8	14.3
CTFL Capacity Utilization	74.6%	75%	72.6%	63.2%	69.7%	71.1%

The table shows the sharp decline in CTFL sales and production during 2020.

- Retail sales dropped by 12,5% for the year in SA. Globally, the industry saw a similar decline of roughly 12% in clothing and footwear sales..
- Manufacturing output (sales) dropped by 17,5%
- Utilisation of factory capacity dropped sharply, from 72% to 63%.
- During 2021, recovery in retail sales began to show positive results and while factory production increased, it had not yet achieved the levels pre-Covid.

4. STATE OF THE INDUSTRY IMPORTS

Currency ('000)	Product	2017	2018	2019	2020	2021	2019 to 2021
Rand	Clothing (HS 61+62)	22,316,018	24,469,372	26,883,710	24,419,439	28,029,665	4%
Dollar	Clothing (HS 61+62)	1,677,407	1,858,495	1,862,632	1,493,207	1,905,142	2%
Rand	Footwear (HS64)	11,430,851	12,301,485	12,772,834	10,871,162	12,661,774	-1%
Dollar	Footwear (HS64)	859,212	934,321	884,963	664,753	860,614	-3%

Imports: The value of clothing and footwear imports (in Rand and Dollar) decreased in 2020, following the onset of COVID-19, but increased in 2021 again. However, as we show later, actual units of clothing reduced in a number of instances.

Jobs: the pandemic resulted in loss of jobs in the sector. As a result of the challenges with the StatsSA data over the period particularly for the Quarterly Labour Force Survey (QLFS), reliable jobs figures are not yet available. Government is working with the sector to quantify the extent of job losses and the new employment levels and together with the resumption of physical surveys by StatsSA, more reliable data will be available in future. The Quarterly Employment Survey

5. IMPLEMENTATION: AN OVERVIEW

In the 31 months since adoption of the Master Plan, the focus has been on translating the vision into effective implementation, whilst being flexible enough to address new challenges. The presentation highlights progress in 8 areas, namely:

- Action 1: Dealing with Covid-19
- Action 2: Stronger sourcing from SA producers
- Action 3: Improving the competitiveness of the local supply-base
- Action 4: Beneficiating SA inputs to create jobs and opportunities
- Action 5: Protecting manufacturers and retailers from illegal imports
- Action 6: Addressing the damage caused by the July 2021 unrest
- Action 7: Transformation: Improving opportunities for SMMEs
- Action 8: Transformation: Strengthening ownership and black industrialists

Learning from our experience of implementation, the following has been identified for the next phase of work:

1. Maintaining active implementing in key areas
2. Addressing areas of limited progress and responding to new challenges and opportunities.

ACTION 1: STAKEHOLDER RESPONSE TO COVID-19

Temporary Employer-Employee Relief Scheme (TERS)

- In *March 2020* the Unemployment Insurance Fund (UIF) established the Covid-19 Temporary Employer-Employee Relief Scheme (Covid-19 TERS).
- **the dtic** worked with industry and unions to facilitate TERS support for CTFL companies during lockdown.
- **the dtic** also worked with industry, labour and donors to provide food hampers to workers.
- Since inception, the UIF reports that TERS has paid approximately R1.01 billion to the Clothing, Textiles and Leather sectors.

Reopening of retail stores during lockdown

- **the dtic** worked closely with industry and labour on lockdown guidelines that balanced prevention of infection with ensuring production of essential goods and the phased reopening of retail stores and manufacturing.
- **the dtic** worked with industry, labour and the Department of Health to put in place COVID workplace protocols to enable reopening.

ACTION 1: STAKEHOLDER RESPONSE TO COVID-19

Working capital funding

- **the dtic**, together with the IDC mobilised rapid support mechanisms to help stabilize the industry in response to unpredictable disruptions such as those caused by Covid-19.
- In *October 2020* **the dtic** and IDC established a Working Capital Interest Subsidy scheme (WCIS) for CTFL manufacturer's impacted by Covid-19 disruptions
- CTFL manufactures could access an interest subsidy for working capital facilities to a maximum of R700 000 per annum.

Covid-19 industrial products

- The industry produced a range of personal protective equipment, including medical-grade face masks, surgical gowns and cloth-masks

ACTION 2: STAKEHOLDER SUPPORT FOR LOCALISATION

Sourcing by retailers

- In the R-CTFL process retailers committed to a growth process that involves an increasing share of procurement from local CTFL manufacturers and associated increases in manufacturing jobs.
- As part of growing total CTFL retail sales to R250 billion by 2030, retailers committed to increase the share of total procurement from local CTFL manufacturers to 65% by 2030
- This will support R66 billion in local CTFL procurement with manufacturers committed to invest to raise their capacity to supply this level of demand.
- These commitments are set to deliver total R-CTFL employment of 333 000 workers in 2030 which includes 165 000 formal CTFL sector manufacturing jobs.
- Government has engaged with retailers to raise local procurement commitments and the speed with which localisation commitments are implemented.

ACTION 2: STAKEHOLDER SUPPORT FOR LOCALISATION

Buy SA campaign

- Government through Proudly SA has strengthened its buy local campaigns
- Retailers have committed to develop and market “Made in SA” labels. PSA and retailers ran joint ‘buy local’ campaigns over the December 2021 festive season.
- Labour has also committed to create awareness of the need to buy local amongst its membership.

Woven fabric rebate

- The introduction of an import rebate on woven fabric since *April 2021* has lowered the costs of certain woven fabrics, enabling greater local value added and employment.
- The rebate has lowered clothing manufacturing costs by an average R7.40 per garment and is associated with an increase of local value addition of 329%
- Government in turn sought commitments from clothing manufacturers to purchase the full output of local fabric, supporting production in the local textile industry.

MAJOR PRODUCT CATEGORIES WITNESSED A SUBSTANTIAL DROP IN IMPORT VOLUMES SINCE SIGNING OF THE MASTERPLAN

Product	Quantity	2019	2020	2021	2019 to 2021
Formal outerwear					
Women's / girls' woven suits, jackets, dresses, skirts, trousers	Units	76,777,431	51,085,040	52,308,871	-32%
Formal shirts & blouses					
Men's / boys' woven shirts	Units	17,559,888	13,776,649	11,267,384	-36%
Women's / girls' woven blouses	Units	19,207,517	13,761,604	12,529,620	-35%
Casual & sports outerwear					
Men's / boys' knitted jackets, trousers	Units	30,742,875	15,509,490	21,843,112	-29%
Women's / girls' knitted jackets, dresses, skirts, trousers	Units	68,438,300	38,558,554	42,299,926	-38%
T-shirts & golfers					
Women's / girls' knitted blouses	Units	23,407,368	5,438,937	6,132,323	-74%
Jerseys					
Men's / women's knitted jerseys, pullovers	Units	39,055,216	26,474,550	33,615,653	-14%
Babies clothing					
Woven babies' garments	Tons	1,331	1,106	1,151	-14%
Leather shoes					
Footwear with uppers of leather	Pairs	16,377,434	11,111,337	13,186,366	-19%

ACTION 3: HOW STAKEHOLDERS HAVE ADDRESSED COMPETITIVENESS

New competitiveness plan

- The R-CTFL is predicated on raising the competitiveness of manufacturers to provide retailers and in turn consumers with quality, affordable products produced under fair working conditions.
- This involves investing in technology, management and operator skill upgrading and building manufacturing eco-systems that advance transformation, inclusion and worker empowerment.

Redesigned Clothing Textile Footwear Leather Growth Programme (CTFLGP)

- In *January 2021* a redesigned **Clothing Textile Footwear Leather Growth Programme (CTFLGP)** was launched.
- The new CTFLGP is a growth program requiring industry to commit to additional import substitution, new jobs and transformation.
- A **Competitiveness Improvement** facility provides a maximum of R20 million / application in investment support in the form of a 50% grant and a 50% interest free 5 year loan, with a capital moratorium of up to 24-months.

ACTION 3: HOW STAKEHOLDERS HAVE ADDRESSED COMPETITIVENESS

Redesigned Clothing Textile Footwear Leather Growth Programme (CTFLGP)

- An **Expansionary Working Capital** facility provides a 5 year interest free working capital loan of up to maximum R10 million / application, with a capital moratorium of up to 24-months.
- A **Cluster Funding** facility supports applications for investments by a group of firms to raise their collective competitiveness, either through retail-led or continuous improvement clusters. The CTFLGP provides a 70% grant to a maximum of R 20 million / cluster up to 2 years. The 30% balance of funding must come from own contribution by cluster members.
- The CTFLGP (and its predecessor the CTCP) approved R403m in funding between April 2020 and May 2022 supporting 32 companies. By value 35% supported Black industrialists and 13% women owned businesses. These projects are expected to create 2 229 new jobs and R2 billion in import substitution.
- In addition the IDC Textile SBU approved R301 million to facilitate post-unrest retention and re-establishment of 22 businesses and R641 million for the expansion of 12 clients.

ACTION 4: HOW STAKEHOLDERS HAVE ADDRESSED ILLEGAL IMPORTS

Multi-stakeholder approach to tackling illegal imports

- All stakeholders have committed to addressing illegal import practices including under-declaration and misclassification of imports.
- This includes far greater co-operation amongst government agencies including the dtic, the South African Revenue Service (SARS) (particularly SARS' Customs Special Operations Enforcement and Illicit Economy Tactical Investigations Units), the South African Reserve Bank (SARB) and the National Prosecuting Authority (NPA).
- The introduction of a reference price system has dramatically raised customs declaration compliance, and the rate at which low value consignments are identified.

Increased inspections and seizure of goods: April 2021 to March 2022

- Customs compliance has increased: Clothing and textiles customs declarations have risen from 37% to 99%.
- More undervalued consignments are being identified: 374 of 577 or 63% of consignments suspected of undervaluation showed non-compliance.
- 649 consignments, involving goods valued up to R4.13 billion, have been seized for gross false declarations, non-declaration and intellectual property rights (IPR) infringements.

ACTION 4: HOW STAKEHOLDERS HAVE ADDRESSED ILLEGAL IMPORTS

Increased inspections and seizure of goods: April 2021 to March 2022

- 82 post-clearance undervaluation audits, involving goods valued up to R358 million, have been completed with a 59% success rate.
- 26 audits, involving goods valued up to R 843 million, have been referred to SARS CIT and VAT specialized audit teams.
- R47 million in additional customs revenue has been raised, mainly linked to CTFL mis-declaration.
- 33 CTFL customs fraud cases have been handed over to SARS' Criminal Investigations Division, involving goods value up to R1.7 billion.
- In May 2022 SARS announced detection of a number of major instances of mis-declaration of imports of sugar, textiles and tyre products. Containers declared as containing steel pipes, furniture, toys and plastic products contained fabric. SARS is pursuing potential criminal charges for false and misleading declarations.

ACTION 4: HOW STAKEHOLDERS HAVE ADDRESSED ILLEGAL IMPORTS

Active defense of legal action

- As SARS ramps up action against syndicated tax and customs crime, there has been a rise in litigation. SARS vigorously defends these actions.
- For instance the Dragon Freight case of 19 containers of illicit clothing imports was appealed in May 2022 in the Supreme Court, which SARS is vigorously contesting.
- In Customs and Excise litigation, SARS' success rate is 85%.

…CUSTOMS FRAUD, INTENDED TO EVADE CUSTOMS DUTIES WITH VERY LOW UNIT PRICES

Country	Month	Product description	Average unit price
Bangladesh	Jun-21	Men's swimming trunks	R4.00
Bangladesh	Jun-21	Women's trackpants	R5.44
China	Jun-20	Women's casual skirts	R6.60
Bangladesh	Jun-21	Women's formal suits	R7.58
Bangladesh	Jun-21	Women's formal coat	R8.00
China	Jun-20	Men's formal suits	R8.54
India	Aug-21	Men's swimming trunks	R9.68
China	Feb-20	Women's casual skirts	R9.80
India	Aug-21	Men's casual shorts	R11.05
China	Aug-20	Women's trackpants	R11.18
India	Aug-21	Women's casual skirts	R11.99
Bangladesh	Jun-21	Knitted tracksuits	R12.28
India	Aug-21	Women's trackpants	R12.39
India	Aug-21	Men's pyjamas (top & bottom)	R13.39
China	Mar-20	Women's casual blouses	R15.12
India	Aug-21	Men's formal jackets	R15.28
China	Apr-20	Women's casual blouses	R15.85
India	Aug-21	Jerseys	R16.12
China	Oct-20	Women's casual dresses	R16.64
India	Aug-21	T-shirts	R17.10

ACTION 5: HOW STAKEHOLDERS HAVE ADDRESSED BENEFICIATION - COTTON, WOOL, HIDES AND TEXTILES

Encouraging cluster initiatives to raise competitiveness and beneficiation

- Beneficiating, or adding value to, primary and semi-processed raw materials requires collaborative efforts amongst producers of these materials as well as along the value chain.
- The CTFLGP **Cluster Funding** facility supports inter alia beneficiation through collective competitiveness raising investments by either retail-led or continuous improvement clusters. The CTFLGP provides a 70% grant to a maximum of R 20 million / applicant up to 2 years. The 30% balance of funding must come from own contribution by cluster applicants.
- Cotton SA promotes cotton production and a Cotton Mark scheme, with a “farm to fashion” mandate.

ACTION 6: HOW STAKEHOLDERS HAVE ADDRESSED DAMAGE CAUSED BY JULY 2021 UNREST

Response to damage to the CTFL industry caused by the July 2021 unrest

- As with Covid-19 and other adverse shocks **the dtic**, together with the IDC, have mobilised rapid support mechanisms to help stabilize the industry.
- In *August 2021* **the dtic** and IDC established a **Rapid Response Fund (RRF)** for CTFL manufacturers impacted by the July 2021 unrest. RRF benefited 49 companies with R148.3 million in grants, saving 8 934 jobs.
- In addition IDC has approved R301 million to facilitate retention and re-establishment of 22 CTFL businesses through **Post Unrest Funding**.

ACTION 7: HOW STAKEHOLDERS HAVE ADDRESSED TRANSFORMATION – GROWING THE BASE OF SMMES

Transformation: growing the SMME base

- Broadening South Africa's industrial base is essential for growth, employment and equity.
- SMEs in general can draw on the CTFLGP Competitiveness Improvement, Expansionary Working Capital and Cluster Funding facilities.

ACTION 8: HOW STAKEHOLDERS HAVE ADDRESSED TRANSFORMATION - OWNERSHIP AND BLACK INDUSTRIALISTS

Transformation: Black, female, youth and disabled industrialists

- The CTFLGP **Start-up Funding** programme targets the growth of the CTFL base by supporting support early-stage start-up companies still in development stages and fashion designers, to drive broad based transformation.
- The programme provides support for SMEs of up to R 5 million / application with a grant portion of 50% for Black owned (51% or more) firms and a 50% interest free loan over a maximum of 5 years and capital moratorium of up to 12 months.
- The grant portion rises to 75% if the firm is owned by Black women, youth or people with disabilities.

6. CASE STUDIES

Bolton Footwear

Prior to Covid-19 Bolton Footwear worked extensive short time, sometimes only 3 days for some months. Bolton, in anticipation of the R-CTFL Masterplan, decided to focus on own manufacturing and during the initial Covid-19 lockdown terminated importation. Between March 2020 and June 2022 Bolton added 109 additional permanent staff at its Elsies River, Cape Town plant, with a total workforce of 786. Bolton produces between 3,000 and 3,500 pairs per day, significantly higher than in 2020.

CMT Group Mauritius

CMT's R390 million investment will establish a sewing factory and dye house directly employing 1,650 workers in Ezakheni / UThukela District Municipality, KZN. The investment will create import substitution capacity of 4.5 million garments annually and 3 500 tons of dyed fabric annually that will create additional indirect downstream jobs.

6. CASE STUDIES

Bader SA

Bader SA (Pty) Ltd, located in Ga-Rankuwa is investing R300 million in additional capacity to manufacture automotive leather and split leather products. The investment will create 200 sustainable jobs

Premier Group (Botswana)

Premier Group's planned R65 million investment is expected to create 150 sustainable jobs in Edenvale, Gauteng. The investment is for manufacturing protective clothing, safety footwear and PPE. The Premier Group is committed to purchase most of the production to be exported to its customer base across Africa.

Labora Shoes (Pty)

Labora Shoes in Queensburgh, KZN produced an additional 45 000 pairs of snow/ugg boots and 60 000 pairs of fashion boots over winter 2022 for the local market, normally a quiet time. This has allowed it to retain 400 workers directly and another 300 in associated companies. It has secured local production of over 500 000 pairs of moulded eva. It has formed the Parboo foundation supporting various charities. With the Mr Price Group Foundation it has established a training centre in footwear manufacturing.

6. CASE STUDIES

The Foschini Group

The Foschini Group (TFG) has expanded its local clothing manufacturing business in South Africa, with the opening of a new Prestige Clothing factory for the hearing impaired in Hillbrow, Johannesburg. TFG has committed to increase local sourcing from 16.4 million units in 2022 to 44.7 million units by 2022. TFG Manufacturing employment is expected to grow from 3 186 in 2021 to 5 184 in 2022. TFG Retail currently employs 25 633 in 2022 and is predicted to increase to its headcount to 30 462 in 2022.

Mr Price Group

In 2021 Mr Price Group's procured R4,2 billion locally. It has invested R300 million to add over 100 stores and spent R40 million in supplier financial assistance to enable manufacturing growth. It contributed R13.7 million and R17.2 million respectively to education and youth development and job placements initiatives. It has also invested R1.8 million in small scale farmer development and R12.2 million on procurement of RSA cotton.

7. SPEEDING UP IMPLEMENTATION AND ADDRESSING NEW CHALLENGES AND OPPORTUNITIES

R-CFTL implementation priorities

- **the dtic** is actively enaging retailers on raising the levels of localization commitments and increasing the speed of reaching localization targets. This includes engaging international retailers on establishing local sourcing.
- **the dtic** and IDC will identify greater efficiencies in the CTFLGP programme in the light of over-subscription of the programme
- Research will be conducted into the role of certain e-Commerce platforms on the facilitation of underdeclared or misinvoiced CTFL imports.
- Industry is to advise on significant CTFL localization opportunities based on public procurement.
- Industry players and **the dtic** will engage the NPA to highlight damage caused by illegality in the industry.
- Ways in which SARS data and interventions can be more effectively used to combat illegal imports and illicit trade will be explored.
- **the dtic** together with retailers and manufacturers will develop a legal response to 2nd hand clothing imports.

7. SPEEDING UP IMPLEMENTATION AND ADDRESSING NEW CHALLENGES AND OPPORTUNITIES

R-CFTL implementation priorities

- The National Consumer Council (NCC) is reviewing its labelling guidelines to respond to industry calls for simplification.
- Mechanisms will be developed to increase the reliability of CTFL employment data
- An assessment will be undertaken of the impact of the woven fabric rebate on the textile industry.

Thank you.