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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION 1616**

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**Dr M J Cardo (DA) to ask the Minister of Economic Development:**

With reference to his engagements with the Swedish retailer, H&M, as mentioned in his department’s Budget Vote speech on 10 May 2018, (a) how did the engagements come about, (b) what was the nature of the discussions, (c) what undertakings were given by the retailer and (d) what suasion was employed to extract these undertakings? NW1766E

 **REPLY:**

H&M is reportedly the world’s second largest clothing retailer, with stores ion a number of countries, including in South Africa. Earlier this year, the company featured an advert of a black child wearing a sweatshirt with the words “coolest monkey in the jungle” etched on the front.

The company was widely criticized for insensitivity and some responded with outrage. The company issued a public apology and hired a diversity leader to strengthen company sensitivities.

It had been known for some time that the company has not used South Africa as a source for the manufacture of clothing. EDD reached out to the company to draw to their attention to the fact that the African continent is not purely a consumer market for goods but also a source of clothing and textiles. The Swedish ambassador also facilitated discussions between the company and government as well as NGOs.

During the discussions, it was acknowledged that every single item in a H&M store from assets, stock in trade and consumables is imported. The Department and some of the NGOs pointed out that a full and complete mea culpa would preferably include using South Africa as a source for clothing and other consumables, which would create local jobs and help to bring down levels of unemployment in the country.

Government is encouraging a number of retailers to localize more of their sourcing as a means of creating local jobs and some retailers have already responded positively, as reported to Parliament on more than one occasion, with positive results for the country.

H&M acknowledged it had not previously considered South Africa as a sourcing market and undertook to send a technical delegation to South Africa to identify local capacity. EDD arranged a meeting between H&M and a retailer who had invested in local sourcing to show the opportunities in local industry. EDD arranged for H&M to visit a number of factories in Johannesburg, Cape Town and Durban in late May 2018.

We are engaging the company further and look forward to a positive response based responsible corporate sourcing that creates manufacturing jobs in South Africa.

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