



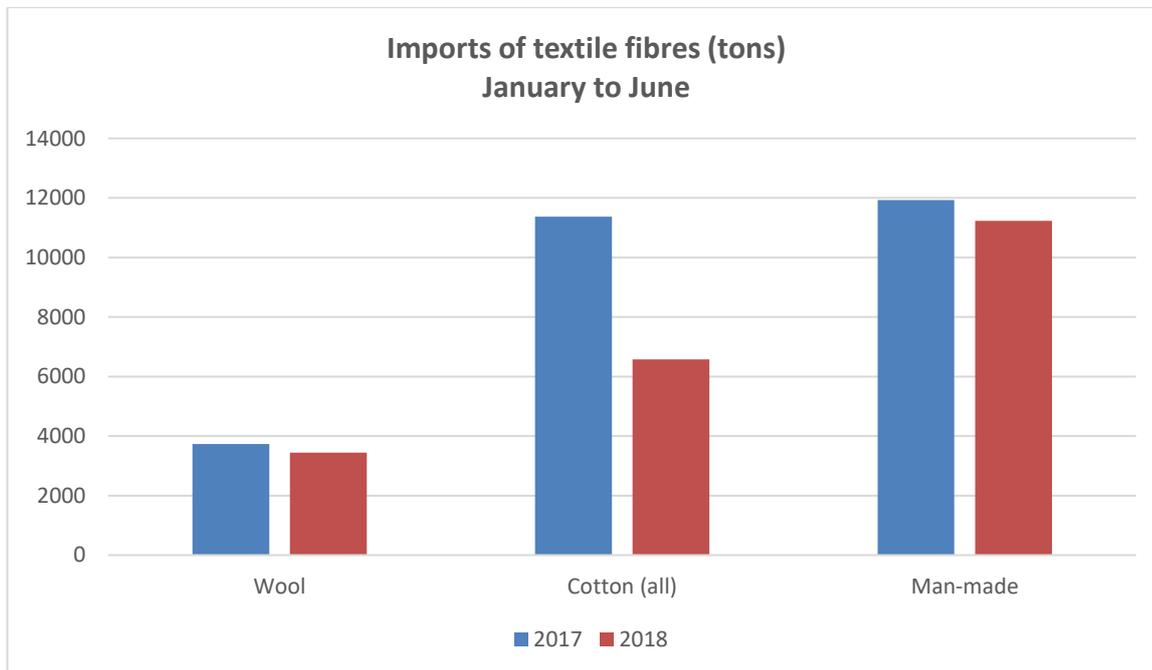
SUSTAINABLE COTTON CLUSTER REPORT 3/2018

OUTLOOK ON TEXTILES

On the international demand side, polyester fibre is the main competitor for cotton lint. Cotton's share of the global textile fibre end-use market declined from about 65 per cent in 1960 to approximately 28 per cent in 2013, and is expected to decline. Furthermore, polyester fibre prices are lower than that of cotton and remains more competitive than cotton.

Polyester is also a main competitor for cotton in South Africa. During the first half of 2018 South Africa has imported 5 256 tons of polyester staple fibres at an average of R18.29/kg, while 5 677 tons of ginned cotton fibres were imported at an average of R24.32/kg. During the same period South Africa exported 6 769 tons of polyester fibres at an average of R14.77/kg. Approximately 954 tons of ginned cotton fibres were exported at an average price of R20.70/kg.

The following graph gives an indication of the imports of textile fibres:



The capacity utilization in the textile industry is about 65.5 per cent while that of clothing is 75.5 per cent, the reason being insufficient demand. This could be as a result of low priced imports of finished goods.

The average volume of production index for the first half of 2018 for the spinning, weaving and finishing sector increased by less than one per cent from 2017 to 2018. Other textiles as well as the knitting sector increased by nearly 6 per cent. The clothing sector increased by 4.5 per cent. The average increase for all manufacturing was 3 per cent.

The production price index (PPI: 2016=100) for the first six months of 2018 showed a 5 per cent increase for textiles and 2 per cent for clothing. The average for all final manufactured goods was 4.6 per cent. The consumer price index (CPI:2016=100) showed a 4.7 per cent increase for all items, while it increased by 2 per cent for clothing and a decrease by 4.3 per cent in respect of home furnishing textiles.

Total employment in the textile and clothing industry continues to decline.

During January to June 2018 all textiles and clothing to the value of R20 618.3 million had been imported, which is 3.6 per cent more than the same period in 2017. Exports of all textiles and clothing amounted to R8 251.7 million, an increase of 5.2 per cent.

Imports of cotton textiles during the first six months of 2018 amounted to R6 757.8 million compared to R6 662 million in 2017. Cotton goods to the value of R243.6 million were exported, compared to R351 million the previous year.

Retail trade sales continue to grow. During the first six months of 2018 consumers spent more than R81.6 million on textiles, clothing and footwear. This is nearly 4.5 per cent more than the previous year, and represented approximately 16.7 per cent of total retail sales.

CONCLUSION

Although it happens at a slow pace, we are confident that the cluster initiative is assisting the local industry.

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