

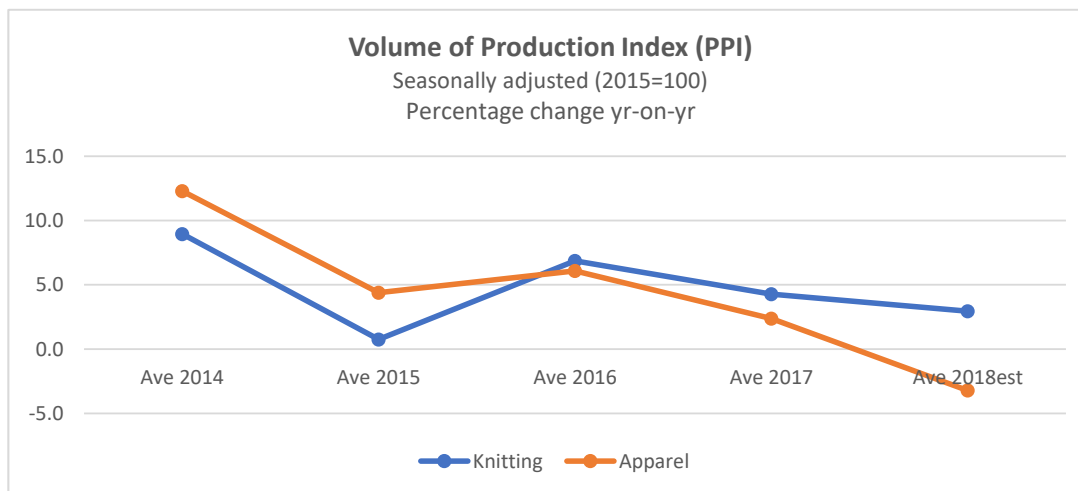
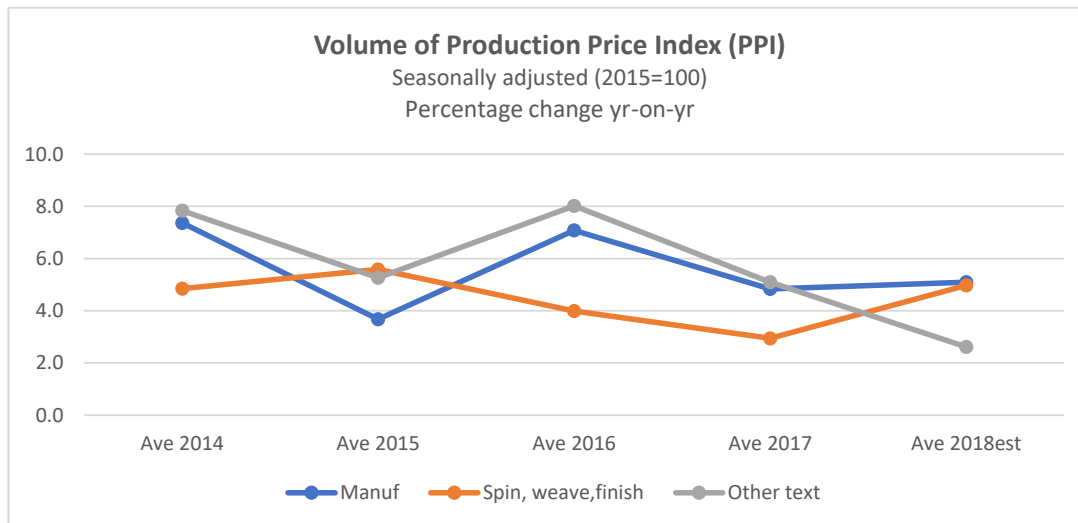
STATISTICS regarding the TEXTILE INDUSTRY January to September 2018 *with reference to the Cotton Cluster 2014 to 2017/18*

GENERAL

VOLUME OF PRODUCTION

The average total Manufacturing Volume of Production Index (seasonally adjusted) for January to September 2018 as against 2017 showed an increase of 1.6% to be at 101.5 (2015=100). The average volume of production index in the spinning, weaving and finishing sector for Jan-Sep 2018 stood at 99.0 which is 6.1% less than the average for the same period in 2017. In respect of other textiles, the index is 101.8 which is 1.9% less than the previous year.

The knitting (fabrics and garments) sector's index for Jan-Sep 2018 is 2.2% less than the same period in 2017 and stood at 93.5, while clothing's index stood at 81.9 which is 5.1% less than Jan-June 2018.

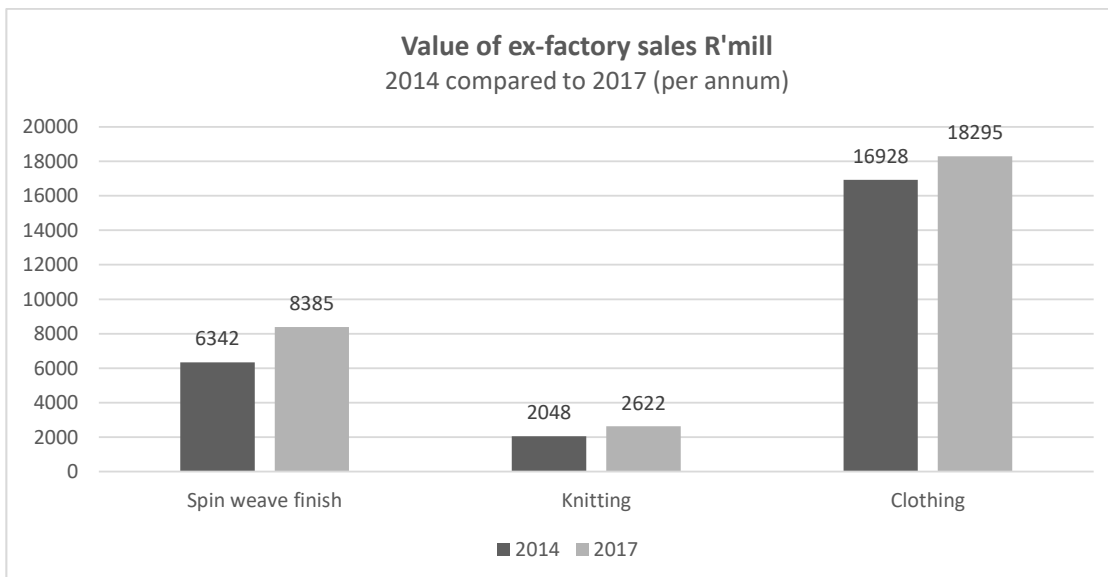
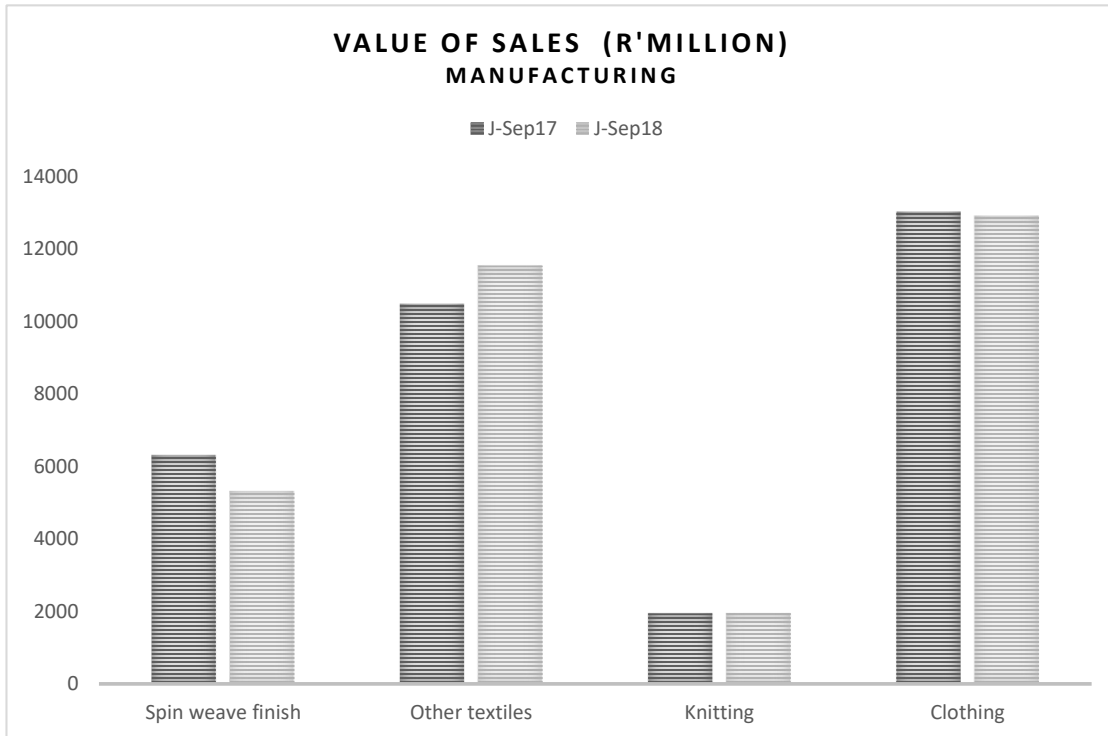


Source: Stats SA

VALUE OF ex-factory SALES

The total value of sales for all manufacturing for January to September 2018 shows an increase of 8.8% compared to 2017 and amounted to R1 686.1 billion. Ex-factory sales for spinning, weaving and finishing for 2018 decreased by 15.6% and amounted to R5.3 billion, while sales of other textiles increased by 10.2% to amount to R11.5 billion.

The total value of sales of the knitting (fabrics and clothing) sector for 2018 show an increase of 0.4% compared to Jan-Sep 2017 and amount to R2.0 billion. Clothing's sales show a decrease of 0.8% and amount to R12.9 billion.



Source: Stats SA

RETAIL TRADE SALES

At current values, total retail trade sales for the period January to September 2018 amounted to R742.4 billion which is 4.3% more than the same period in 2017. The retail sales for textiles, clothing, footwear and leather (TCFL) amounted to R112.3 billion, approximately 3.5% more than 2017.

IMPORTS

During January to September 2018 the value of imports (excluding imports from the BLNS countries) of textiles and clothing increased by 5.8% compared to the same period in 2017, and amounted to R28.4 billion. During the same period the value of imports of textiles and clothing (including imports from the BLNS countries) have increased by 5.5% compared to the same period in 2017 and amounted to R32.6 billion.

Imports of cotton and cotton products during the same period (incl BLNS) showed a decrease of about 16%.

The imports of cotton textiles and clothing represent approximately 32.8% of total imports of textiles and clothing.

EXPORTS

During January to September 2018 the value of exports (excluding exports to the BLNS countries) of textiles and clothing increased by about 13.5% compared to the same period in 2017, and amounted to R7.8 billion. During the same period the value of exports of textiles and clothing (including exports from the BLNS countries) have increased by 7.5% compared to the same period in 2017 and amounted to R12.5 billion.

Exports of cotton and cotton products during the same period (incl BLNS) showed an increase of about 50%.

The exports of cotton textiles and clothing represent approximately 5% of total exports.

LABOUR STATISTICS

Employment for total manufacturing as at December 2017 (1 190 400) was 0.3% more than 2016. Employment in the textile sector (31 584) was approximately 1.3% less than the previous year, while that of the knitting mills (5 728) was about 6.3% more. Employment in the clothing sector (39 978) was 3.0% less than 2016.

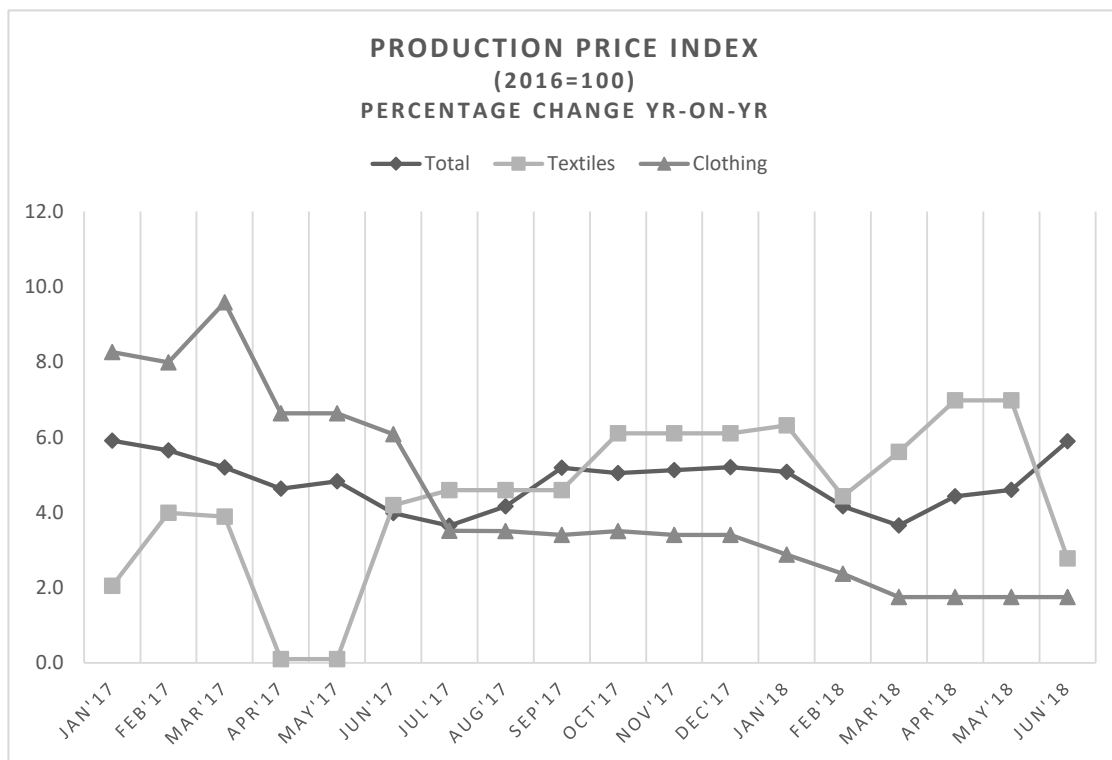
In respect of total manufacturing, employment as at March 2018 was 0.9% more than the first quarter of 2017. Employment in the textile sector (31 261) was approximately 0.1% more than the previous year, while that of the knitting mills (6 069) was about 3.8% less. Employment in the clothing sector (36 247) showed a decline of 7.3% since March 2017.

CAPACITY UTILISATION

The average capacity utilisation for all manufacturing for February to August 2018 was approximately 80.7%. The capacity utilisation for textiles was 65.8%, while that of clothing was 75.3%. This is approximately the same as the average for the year 2017. The reason for the low capacity utilisation is insufficient demand.

PRODUCTION PRICE INDEX (PPI)

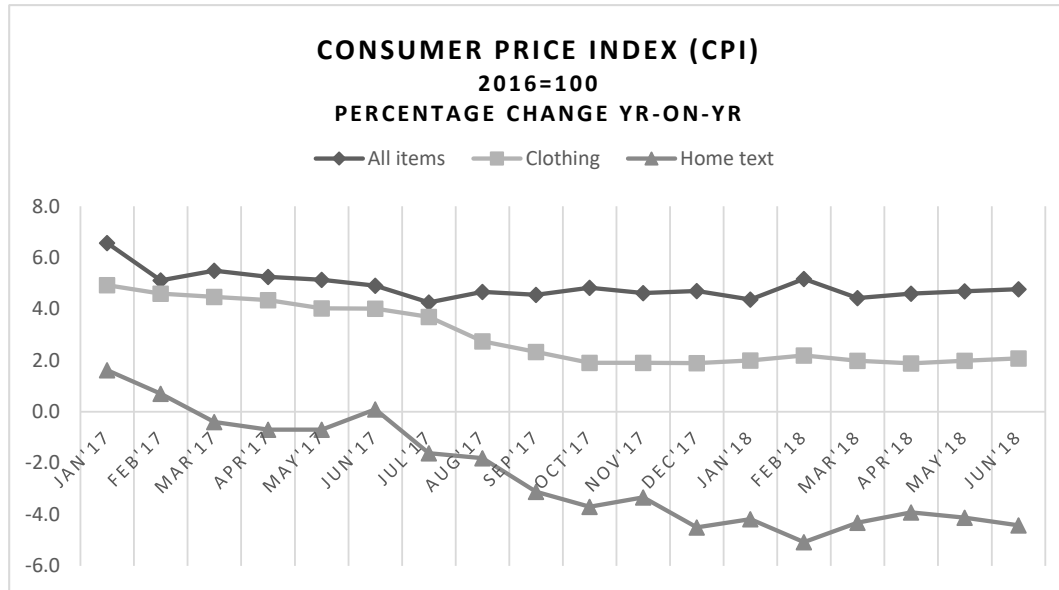
The average production price index for January to September 2018 for total "final manufactured goods" was 106.9, up by 5.0% over the previous year. The index for "final manufactured textiles" showed a year-on-year increase of 4.6% to stand at 107.2, while clothing's index (105.0) increased by 2.3%.



Source: Stats SA

CONSUMER PRICE INDEX (CPI)

At the end of September 2018 the inflation rate for "all items" (2016=100) showed a year-on-year increase of 4.7% to stand at 106.5. The clothing consumer price index for the same period showed a year-on-year increase of 2.0% to stand at 102.6. The CPI for home textiles was 95.5, which is 4.3% less than at the end of September 2017.



Source: Stats SA

COTTON CLUSTER : 2014 vs 2017

The Sustainable Cotton Cluster, which started in 2014, identified a number of key performance indicators (KPI's) for the industry. The main indicators were an increase in local production and exports and an increase in employment.

Information in respect of **cotton fibres** is set out in the following table:

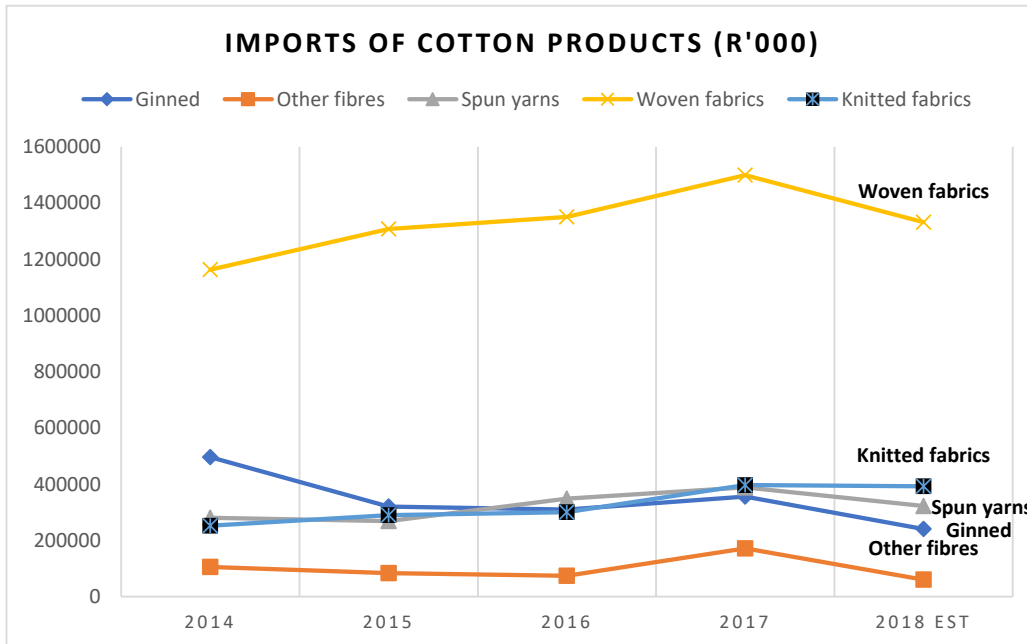
Cotton fibres				
	2014	2015	2016	2017
	mill Kg	mill Kg	mill Kg	mill Kg
Production	9.47	18.19	10.48	15.9
Imports Ginned	26.5	17.5	14.1	14.8
Imports Other	3.3	4.3	4.5	7.7
Exports Ginned	3.2	2.5	5.2	3.8
Exports Other	1.8	1.1	1.0	2.4

Source: SARS (Customs & Excise) and Cotton SA

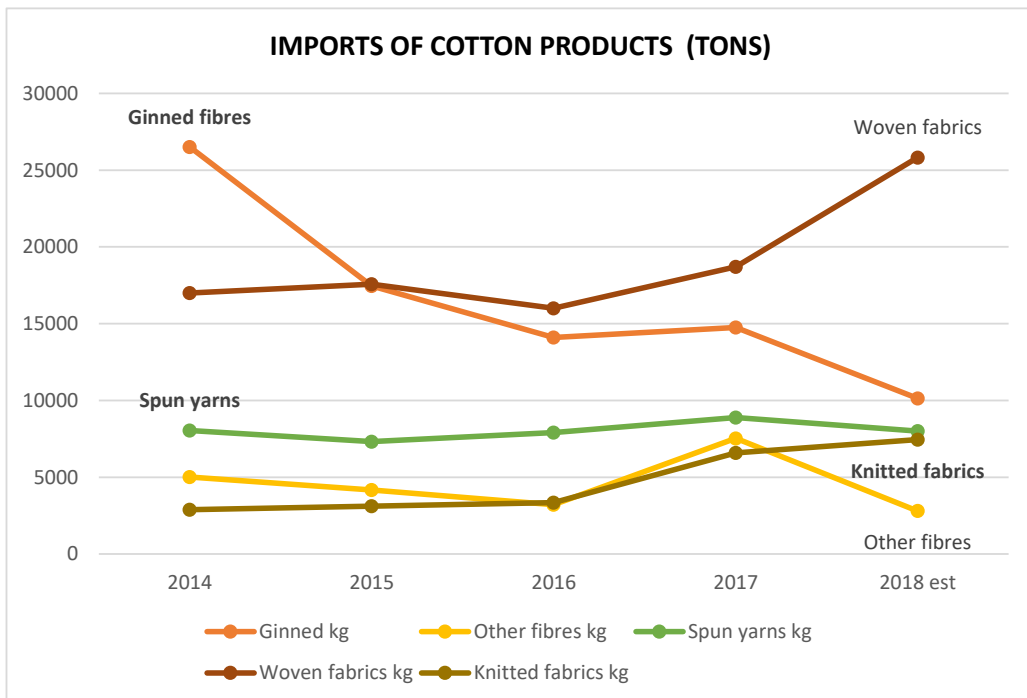
According to the available information, local production of cotton fibres is expected to increase.

In respect of **cotton spun yarns**, the volume of imports during 2017 was 8 888 tons, about 4.5% more than in 2014 (8 046 tons). The value of imports of the yarns during 2014 was R280.8 million, approximately 38% lower than during 2017 (R388.5 million). Exports of cotton spun yarns was 931 tons in 2014 with a value of R22.9 million. It showed a declining trend towards 2017. During 2017 approximately 227 tons with a value of R8.4 million were exported. However, it is expected that exports of the yarn could double during 2018.

The average volume of production index (2015=100) for the **spinning, weaving and finishing sector** increased from 96.9 in 2014 to 102.2 in 2017. The value of ex-factory sales increased by 42% from R5 918 million to R8 385 million. Employment showed a decrease in the number of jobs, from 9 669 in 2014 to 8 795 in 2017. The estimated number for 2018 is expected to decline further.



Source: SARS (Customs & Excise)



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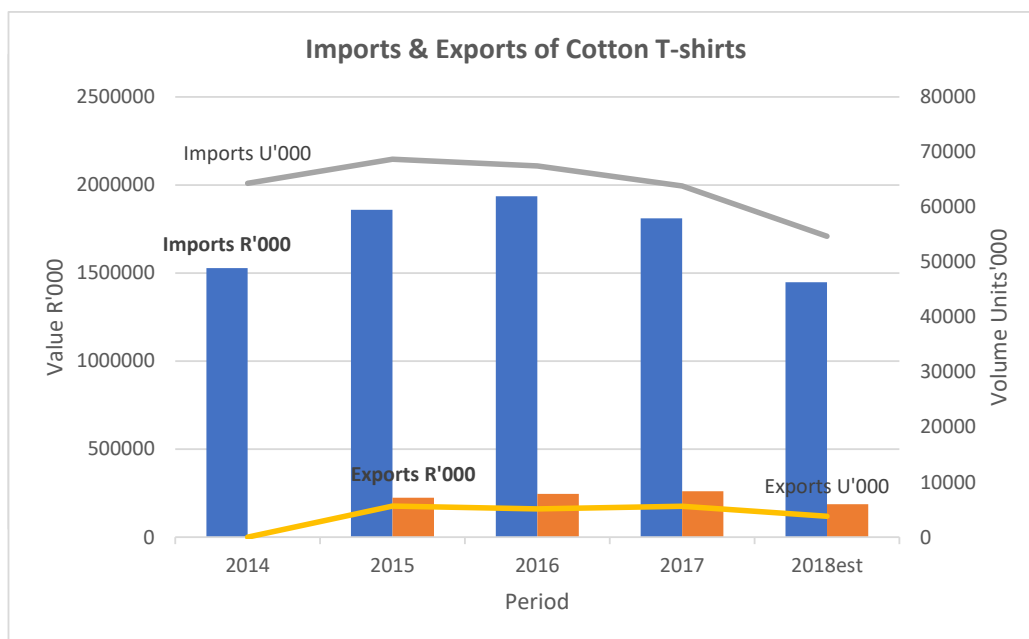
Imports of **cotton knitted fabrics** (2 886 tons in 2014 to 6 576 tons in 2017) showed an increase of 128%, The value of 2017 (R397 million) is 57% more than in 2014. The value of exports of knitted fabrics since 2014 showed an increase of 85%, while the volume increased by only 16% in 2017 (795 tons to 920 tons). The estimated volume for 2018 showed a further decline, even lower than the 2014 figure.

It seems as if the knitting sector is benefitting from the conditions provided by the Cluster. Although the volume of production index (2015=100) showed a decline (107.1 to 93.8) the value of ex-factory sales increased by 28% to R2 622 million. More jobs were created in the knitting sector since 2014 (4 750 to 6 071 in 2017).

A product that is receiving special attention is **cotton t-shirts**.

There was an increase in the volume of t-shirts imported from 2014 to 2015, but from 2015 onwards there was a decline in the volume of t-shirts imported. The value of imports of cotton t-shirts show a similar trend.

However, exports of cotton t-shirts showed an increase from 2014 to 2015, but has flatten since then, with an estimated decrease expected in 2018.



Source: SARS (Customs & Excise) [The lines represent units while the bars represent the values]

Another product that was earmarked for benefits from the Cluster, is **men's cotton trousers ("chinos")**.

The volume of **men's cotton trousers** ("chinos") showed in general a decrease since 2014. It is evident that the value of cotton trousers during 2014 and 2015 does not follow the same trend (low priced imports). Since 2016 the value followed the same trend as the volumes.

However, exports of chinos since 2014 showed a flattened trend, both in volume and value.

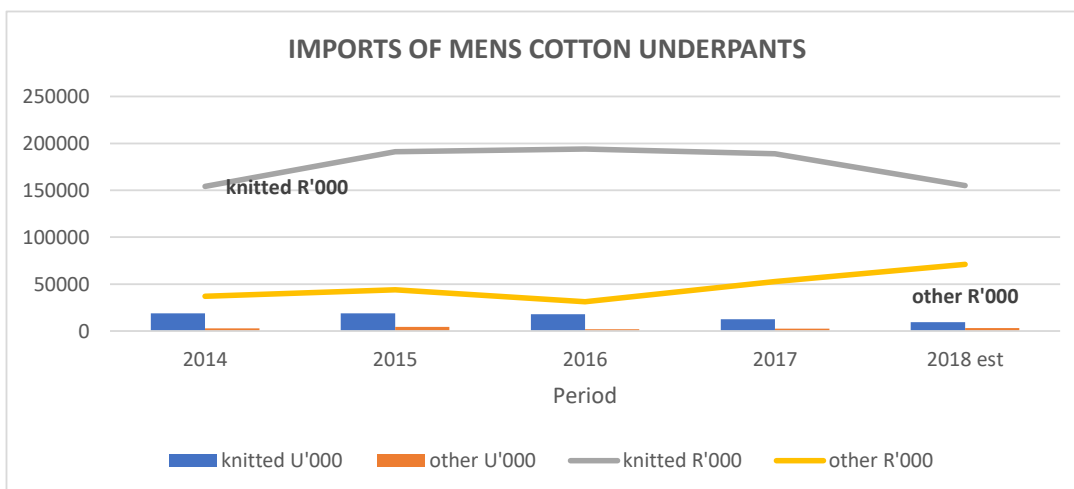


Source: SARS (Customs & Excise) [The lines represent units while the bars represent the values]

Employment in the clothing industry decreased from 40 841 workers in 2014 to 36 941 workers in 2017. The estimated figure for 2018 showed a possible further decline.

The volume of production index for clothing showed a decrease from 2014 to 2017, while the value of ex-factory sales showed an increase of 14% from R16 038 million to R18 295 million.

Men's cotton underpants is also a product that is earmarked for special attention under the cotton cluster initiative.



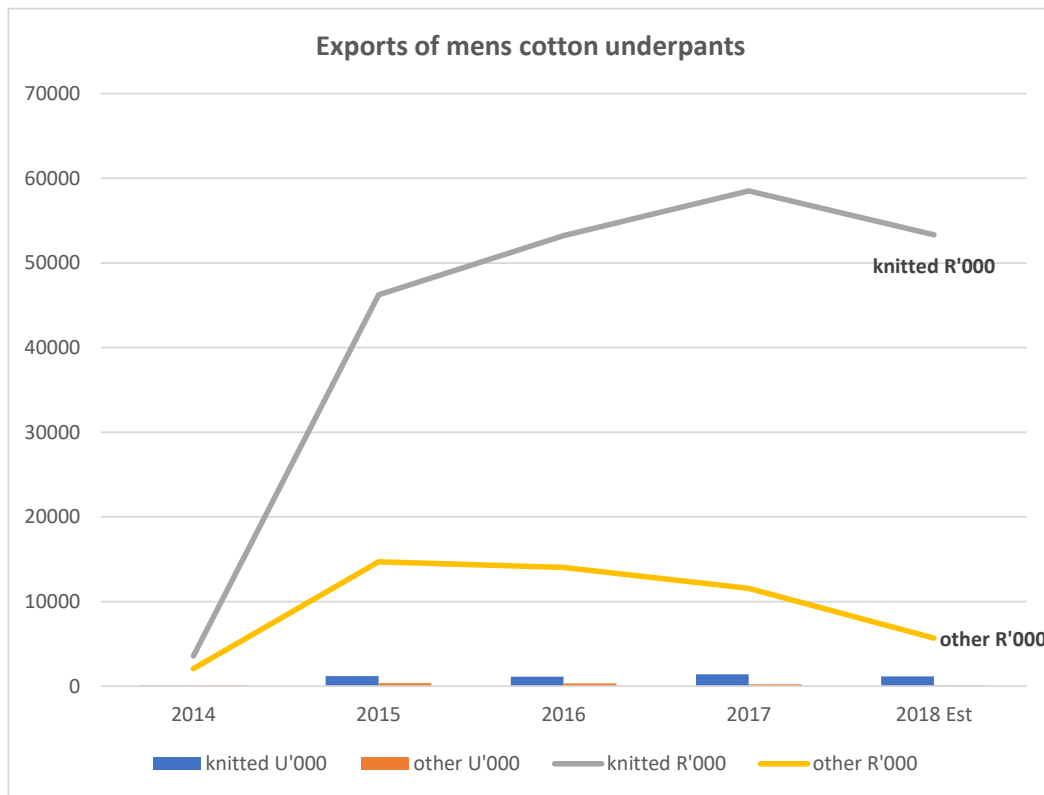
Source: SARS (Customs & Excise) [The lines represent values and the bars represent units]

The volume of mens knitted **cotton underpants** show a decline of about 32.6% since 2014 (18.7 million units to 12.6 million units). The import value increased from R154.1 million to R189 million from 2014 to 2017.

The number of mens cotton underpants made from woven fabrics increased by 16% from 2.07 million units in 2014 to 2.4 million units in 2017. The import value increased from R37.1 million to R52.9 million.

In respect of exports of mens knitted cotton underpants, the volume of exports from 2014 to 2017 increased from 0.08 million to 1.2 million units. The value in 2014 was R3.6 million, compared to R58.5 million in 2017.

The volume exports in respect of other cotton underpants doubled from 0.01 million units in 2014 to 0.02 million units in 2017. During the same period the value of exports increased from R2.1 million to R11.6 million.



Source: SARS (Customs & Excise) [The lines represent values while the bars represent the units]

The volume of imports of **cotton towels** during 2014 was 4 937 tons with a value of R387.8 million. During the same period a total of 893 tons of towels were exported with a value of R70.7 million. During 2017 a total of 6 818 tons of towels were imported with a value of R527.6 million. A total of 865 tons with a value of R92.1 million was exported. [Other information in respect of towels is not available.]

CONCLUSION

The expected down-turn in 2018 could be as a result of the current economic conditions in South Africa.

According to the available information it seems as if the knitting sector benefits from the cluster as this sector is the closest to comply with the KPI's set out in the beginning.

The other sectors showed mixed results, with no increase in employment.

Compiled by H Claassens

COTTON SA

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