



South African Cotton Cluster (SACC) Report Q3/2019

The South African cotton clothing industry: Is the fashion sector sustainable?

Definition of Sustainability

Sustainability is the ability to exist constantly. In the 21st century it refers generally to the capacity for the biosphere and human civilizations to co-exist. When it comes to sustainability, we need to be concerned about three key areas, namely economic (profit), environment (planet) and social (people).

Economic sustainability refers to practices that support long-term growth, without negatively impacting on social, environmental and cultural aspects of the community. It encompasses financial cost and benefits.

Cotton: Start of the pipeline

Cotton is the most widely used natural fibre in the world, with more than 250 million people across the world depending on cotton cultivation and processing for their livelihoods, including millions of smallholder farmers and their families. Owing to a large number of people employed world-wide, cotton is one of the world's most important fibres and cash crops.

The cotton sector faces several sustainability challenges. According to a study, around 99% of the world's cotton farmers across 70 countries are smallholders, who produce approximately 75% of the global cotton production annually.

Other sustainability issues include its impact on soil quality and biodiversity as well as profitability, working conditions, gender, health, safety and child labour. However, in a number of countries (example India and Mozambique) this issue is being addressed by the Better Cotton Initiative (BCI).

Cotton supply chains are fragmented, spanning over long geographic and market distances, with limited visibility from retailers into sustainability issues at different points within the supply chain.



There is a number of factors that influence competitiveness, such as the cost and availability of inputs, labour cost, transport, production volumes, subsidies, import duties, and orders.

World prices for cotton is unstable. The reason could be unpredictable changes in quality, growing and harvesting conditions, production and demand, substitution with synthetic fibres, and subsidies granted by key-cotton producing countries. International cotton prices have been depressed by government support to cotton producers/exporters, notably the USA and China.

Most traded cotton lint is handled by trading companies.

Government support

A great deal of local government activity and support focusses on improving industry competitiveness, while other interventions focus on increasing local demand and creating efficiencies throughout the value chain from supplier to retailer. These support initiatives include the Clothing and Textiles Competitive Programme (CTCP), the Customised Sector Programme (CSP), and the establishment of a number of regional and product specific clusters (for example the Cape Clothing and Textile Cluster, the KZN Clothing and Textile Cluster and the South African Cotton Cluster, amongst others).

The City of Cape Town has plans to commission a clothing, textile and fashion study to unpack the economic contributions of the sectors. They hope that the study will help to map out the value chain, provide a snapshot of the dynamics of the sectors and to help identify potential opportunities and inherent constraints for the local industry. The City of Cape Town also provides funding to support the Western Cape Clothing and Textile Service Centre (Clotex) on an annual basis. This benefit students undergoing training at the facility and to support small, medium and micro enterprises. It also provides funding support to the Cape Town Fashion Council, the Cape Craft and Design Institute (CCDI) and the Cape Clothing and Textile Cluster. The support focus mainly on training.

It has been 5 years since the Department of Trade and Industry (Dti) launched an initiative to increase capacity and competitiveness in South Africa's textile and clothing industries. One of the other aims is to create jobs. This initiative resulted in the establishment of, amongst others, the South African Cotton Cluster (SACC).

Concerns

The Deputy Minister of Trade and Industry, Mr Bulelani Magwanishe, mentioned in an article in the “Mercury” recently, that the industries had to succumb to severe international pressure, leading to the dwindling of local manufacturing capacity, resulting in job losses. [He attended the launch of one of the country’s biggest 100% black-owned clothing factories (“African Blaize Apparel”) that recently opened its doors in Verulam, KZN. This factory supplies its products to Pep, Mr Price and a number of other retail stores in the South Africa.] He also said that Government had considered increasing tariffs to protect the local industry from foreign competitors. According to Magwanishe “the biggest challenge we are facing is the competitiveness of the industry”. There is also concern because many clothes are imported illegally from neighboring countries, while some clothes are “dumped” on the local market from other low-cost countries.

Fashion

Fashion is one of the world’s largest sectors and one of the most labour intensive industries. Sustainable fashion is about meeting today’s needs while ensuring that the way we go about meeting these needs, also meet future needs as well. It is also about benefiting the people involved throughout the fashion supply chain – from farmers to consumers.

Fashion is a tool that people use to communicate who they are and what they believe in.

Clothing production doubled from 2000 to 2014. Globalisation, fast fashion, economies of scale, social media and offshore production have created a storm for cheap, easy and abundant fashion consumption. Our rapid consumption and desire for the cheapest clothes from wherever we can find them, is causing a problem in the global market. When it comes to the world of fashion, many products are made using cheap materials.

Many negative comments have been attributed to the fashion industry. One of the statements is that fashion production is modern slavery. Fashion is rife with gender inequality, environmental degradation and human rights abuses. The poorest people on the planet and their cheap labour are exploited to make fashion clothing. Obtaining cheap offshore labour occurred mostly in the clothing industry.

There is a difference between small brands and large brands. Small brands focus on creating a culture of sustainability by producing less from the onset. They use

strategies like producing made-to-order, not making more than what is sold. They design clothing to be of the highest quality, ensuring durability and longevity, so that clothes last a long time. Big brands, however, wish to conquer markets by distributing, amongst others, fashion clothing at lower prices.

In general, retailers wish to make profits, and therefore they will import goods at very low prices. It is then sold at much higher prices. Many consumers are more interested in the brand name than in the price.

The clothing industry is currently experiencing an emerging global trend known as “*fast fashion*”. Fast fashion in the garment industry is how quickly garments move from catwalks to department stores. This relies on the speed at which goods can be brought to the market.

Some ideas that have been presented by fast fashion companies include recycling, but the capabilities to recycle clothing at the scale needed, do not exist. It is typically more energy-intensive to recycle than to produce new clothes.

Can any fast fashion retailer claim sustainability? The fast fashion growth model used by large companies is based on limitless growth and disposable consumption.

Switching to sustainable fabrics while producing fashion clothing will not make any fast fashion retailer sustainable if it continues to import cheap clothing. There is no such thing as a hundred per cent sustainable fabric. Fabrics require a tremendous amount of energy, time and other resources to produce. Sustainable fabrics are just less harmful by reducing their environmental impact.

Furthermore, fast fashion is regarded as not eco-friendly. We live in an era of hyper-consumption in the middle of a climate crisis.

The *second-hand clothing* industry is competition for the fast fashion industry. Due to the relatively short “lifetime” of a garment, millions of fast fashion items are discarded and go to the landfill. This has given rise to a growing eco-movement in favour of second-hand clothing. From reselling, recycling, gifting, swapping and reusing, the second-hand industry is becoming one of the largest growing consumer segments. According to some people it “makes sense in a tough economy”.

Fast fashion as well as recycling is generally not described as sustainable. A Chinese official made the comment that fast fashion will never leave China, tariffs or not.

At present business models are mainly linked to large volumes of sale and production. In large parts of the world retailers feel the effects of store closures,

trade and wars and customers' inability to invest in sustainability (which, I'm sure, is also the case in South Africa).

Consumer behavior

The characteristics and dynamics in the South African consumer environment centers around various segments, such as household income and size, education levels, urbanisation, age distribution, unemployment, debt and food access.

The disposable income of households per capita increased by real terms from 2008 to 2018 and has been under pressure in recent years. From 2017 to 2018 disposable income increased by only 0.1% in real terms. The average household size in South Africa has decreased from 4.5 members in 1996 to 3.5 members during 2016/2017.

According to information, the education levels in South Africa have been improving over time. This could lead to people moving to cities in order to find work or who are employed in urban areas. Increasing urbanisation is a key feature of the South African consumer landscape. It has been recognised as one of the key drivers of the nutrition transition ("take-away" food), which is often associated with negative health outcomes.

The South African population is dominated by younger individuals, with about 47% of the population below 25 years of age. Individuals younger than 15 years represented 30% of the population in 2018, while people of 65 years and older represented 6%. The unemployment rate is currently about 29% - nearly a third of the labour force.

South African consumers have consistently been increasing their debt levels. Both the number of accounts in the gross debtor book and the number of credit applications increased.

Retail trade sales in respect of textiles, clothing, footwear and leather decreased from 18% of total retail sales in 2017, to an estimated 16% in 2019. Retail sales of food, beverages and tobacco products was constant at 8% of total retail sales. One of the conclusions are that most of the household income is spend on textiles, clothing, footwear and leather goods (16% of total retail sales).

More than half of the fast fashion produced is disposed of in less than one year. Young people saw the price of a t-shirt, and marvel in the fact of how cheap and

amazing it is. Most people continue to fill their closets with lots of cheap clothing just because they can.

Possible solutions

Questions should be asked like who made the clothes, do I really need it, what is it made of, does the price reflect the effort and resources that went into it?

People (consumers) should learn to care for the clothes and don't throw it away. We need to reconsider what are our needs vs. our wants. The abundance offered to consumers is far greater than any need. Consumers should find alternative ways to be "fashionable" and build a personal style, as well as support ethical producers.

Transparency and traceability are key to sustainability. People need to demand transparency and accountability. The world cannot keep on chasing the cheapest labour and exploiting resources forever.

In order to lower its carbon footprint, the fashion industry must play an active role in changing how they operate, source, manufacture, distribute and approach markets. In order to be sustainable, companies will have to be transparent in what they do and how they operate. [In South Africa transparency could be a problem as many businesses keep information confidential.]

We need to bring back the idea of sourcing apparel locally, away from China and other low-cost countries. This will create opportunities for the domestic industry to reclaim its prominence. However, based on price, this could have a negative effect on the fast fashion industry.

It is not as simple to switching current textiles for more sustainable versions. Solutions to sustainability must include cultural change. Moving towards sustainable production is often a complex process for companies and they will have to adjust their expectations for returns. A company that commits to the sustainable development of resources may have more modest earnings.

Conclusion

How does these ideas around fashion effects the cotton industry, being the start of the fashion pipeline? It seems that fast fashion, and fashion in general, could not be regarded as "sustainable"

The limitless need for new clothes in large volumes as fast as possible has led to the movement of manufacturers out of the country (e.g. USA and Europe) and into other low-cost countries, in order to get the most product for the cheapest price. This also applies to South Africa.

It seems, however, that the fashion sector in general has increased its momentum to address climate change. In South Africa this forms part of the cluster initiative as well as the BCI strategy. The farming of cotton is becoming less and less responsible for global warming: most cotton is grown by large numbers of smallholder farmers on dry land and harvested by hand. Responsible farming practices are governed by BCI.

The future of the textile and clothing industries, as well as that of the cotton farmers, depends on increased production and sales in order to be competitive and to stay in business. However, in South Africa many retailers import a large part of their fast fashion from countries abroad that produced cheap goods, which has a negative effect on the local clothing industry, as well as the whole local textile pipeline.

Big brands often make pledges to sustainability, but it takes a long time to achieve sustainability goals. It appears as if investors are wary of companies who commit to sustainability. Although it can be beneficial to the share price, investors may be concerned about companies being transparent with their earnings and results. In this case it is possible that transparency and traceability could be a problem.

There are concerns that environment sustainability and economic sustainability could be at loggerheads. The environment wishes for less buying and consuming and more recycling, while the economy needs more production, sales and profits.

The conclusion is that *fast fashion* will always be available on the market, but it will be difficult to become completely “sustainable” according to the rules applicable to sustainability, and therefore it will not really be transparent and traceable.

In South Africa the teaching of the sustainability concept has still a long way to go and consumers will have to be educated in the importance of sustainability (maybe starting at school level).

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Sources: BFAP Baseline / Stats SA / Articles by Anika Kozlowski www.bizcommunity.com / Websites

