

## **Textile industry looks at novel ways to thrive**

Not everyone in this sector accepts its woes as insurmountable, writes **Mathabo le Roux**

**Photo Caption:** A STITCH IN TIME: The business-to-business apparel initiative may offer new opportunities for SA's troubled textile factories.

WHILE the woes of the clothing and textile industry are worsening, an apparel initiative to promote a regional response to global demands shows that not everyone in the industry has surrendered to the grim outlook. A two-day African apparel business-to-business (B2B) event, linking firms across the value chain in Africa with buyers from Europe and the US, was hosted in Pretoria last week.

Supported and funded by the Global Competitiveness Hub divisions in Africa and the ComMark Trust, an agency of the UK's Development Fund for International Development, the goal is to foster closer ties between regional players in the value chain, which it is argued would help strengthen competitiveness in the region.

Already in its fifth year, the event's past success speaks volumes. Last year's B2B generated business deals worth more than \$10m and the organisers expect that this year's event, which attracted the likes of UK retailer Top Shop, will generate more strategic linkages.

At the heart of the painstaking link-up is the imperative to cut down lead times. Many firms source their inputs from Asia, which puts them at a distinct disadvantage to deliver according to the aggressively tight time frames increasingly dictated by seasonal fashion changes.

The B2B meetings are based on the sourcing, outsourcing and sales requirements of participants and involve a painstaking pre-selection and match-up of firms.

The selection and screening of participants is facilitated by industry stalwart Joop de Voest. Months ahead of the event, De Voest travels across Africa to find suitable participants and match them with one another.

The B2B this year attracted 65 companies and 85 delegates including buyers, sourcing houses, retail- ct-s and manufacturers. Previously reticent South African retailers clamoured to be part of the event this year, with Mr Price. Pep Stores and Edcon in attendance.

'What the B2B brings is a wealth of information,' says Kevin Ashton of Hanger Dynamics, a coat-hanger manufacturer with operations in SA, Mauritius and Kenya. Ashton first attended the B2B two years ago and

the event prompted him to set up shop in Mauritius. He is about to invest in a new plant in Lesotho.

Opening shop in Lesotho — likely at the expense of his established operations in Cape Town — makes business sense. Operations close to the export-orientated manufacturers in Lesotho could open up lucrative business links.

With no corporate tax levied over five years, factory space costing a quarter of the rent being charged in SA, and wages a third of SA's, the Lesotho government has made it exceedingly attractive for potential investors to move plant there.

Ashton says it is all about being close to the customer. “Freighting out of China is a big exposure, and then there is enormous congestion at the Durban port. What we'll bring (to Lesotho manufacturers) is a door-to-door service which cuts out 25 days on the water and delays at the port, which sometimes stretch lead times to a month,” he says.

Glen Isserow of Ideal Fastener, which supplies clothing accessories and has offices in Hong Kong, Johannesburg, Cape Town and Durban, says the B2B event is a ‘phenomenal’ way to meet potential business partners in a cost-effective way. I will sign business out of this without a doubt,” he says.

While Ideal Fastener's operations are still largely South African based, Isserow reiterates Ashton's sentiment, predicting that the strength of the industry is moving out of SA and into the rest of Africa.

“Because of the cost and low productivity (in SA), major retailers will increasingly look at garment factories in Africa, such as Kenya, Tanzania and Ethiopia. These industries have evolved. First-world countries do not see a stigma attached to African product anymore,” he says.

The B2B approach takes its lead from the linkages that industry experts moot as the only realistic option for African countries with small markets to gain a foothold in the international trade arena. The idea is to create economies of scale with a united bloc that can trade with the rest of the world.

But it is also about price. Pep Stores buyer Stella Romanis says the retailer's first bite at the B2B cherry was a promising experience.

“We are keen to pursue some of the potential link-ups in Lesotho, Mauritius, Tanzania, Madagascar and Zimbabwe.’

Apart from SA, Pep Stores sources only from Lesotho. But while these countries present opportunities, she insists price and service reliability will weigh heavily when the retailer decides about switching suppliers.