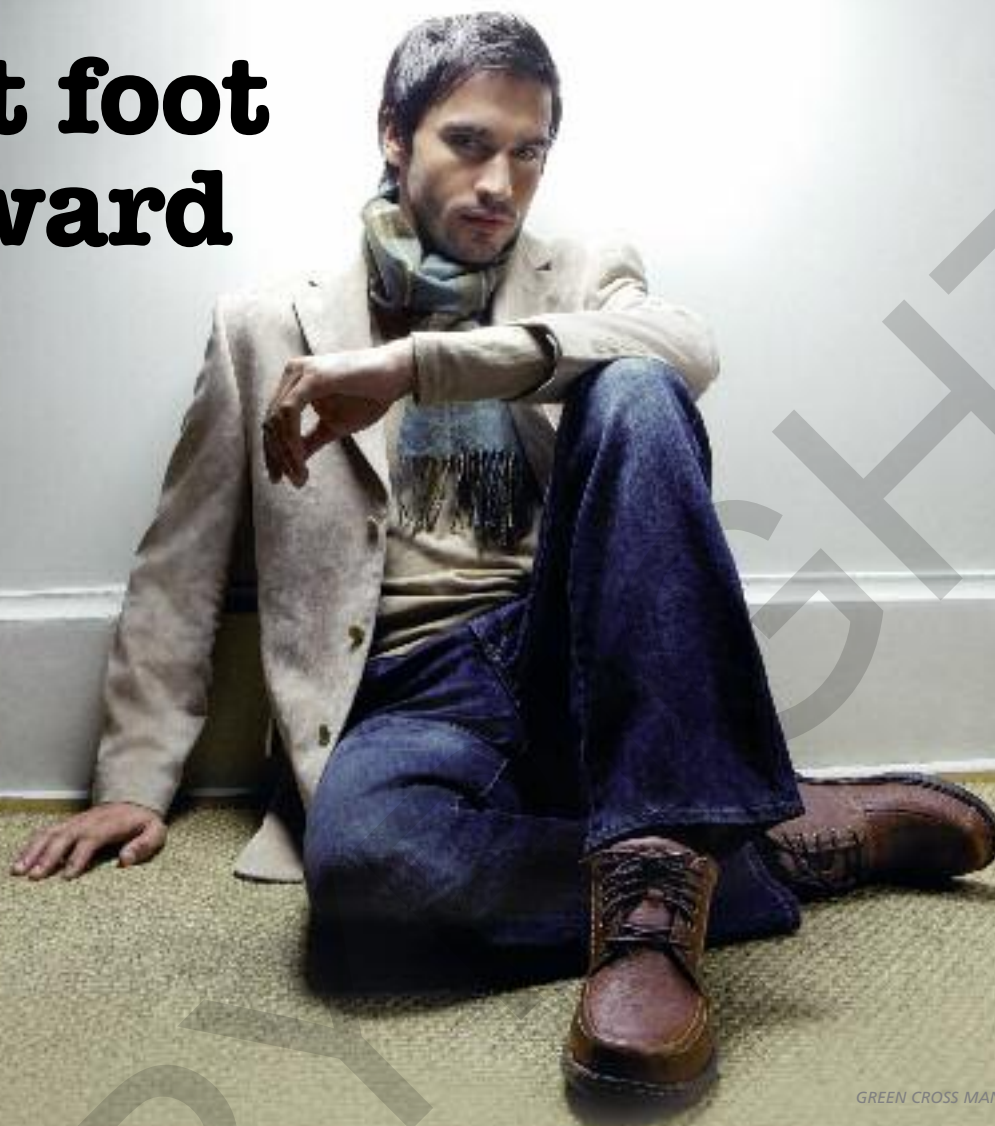


Best foot forward



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The footwear sector in South Africa has really suffered in recent years, according to industry representatives. However, there are high hopes that a recently introduced government initiative will benefit the industry in a number of ways. It is hoped the new industrial plan of action (IPAP) introduced by trade and industry minister Rob Davies on February 18 will create new jobs and boost production. The new plan has been welcomed by the Federation of Unions of South Africa (FEDUSA), the Southern African Clothing and Textile Workers Union (SACTWU) and the Congress of South African Trade Unions (COSATU).

The problem explained

According to the government's department of trade and industry (DTI), the footwear sector has been under-achieving for some time. The reasons it gives for this are numerous: production plants and equipment are outdated; there is not enough focus on exports; there are many problems associated with illegal imports and under-invoicing; and there is a shortage of design innovation. Added to this, it claims investment in research and development is declining, and that there

is a real lack when it comes to training and skills development. As a result, the country's footwear sector has struggled to attract investment and to become competitive on a global scale.

Dr Davies claims the new IPAP, known as IPAP2, which builds on the National Industrial Policy Framework (NIPF) and the 2007-08 IPAP, will help all of the country's industrial sectors. "It represents a significant step forward in scaling up our efforts to promote long-term industrialisation and industrial diversification beyond our current reliance on traditional commodities and non-tradable services," he says. "Its purpose is to expand production in value-added sectors with high employment and growth multipliers that compete in export markets as well as compete in the domestic market against imports.

Supporting the workforce

The DTI believes IPAP2 will have a particularly profound effect on the footwear, leather, clothing and textile segments. "These industries are labour-intensive and are often used by developing countries as a platform for sustained economic growth and job

creation. In South Africa the employment trend has been downward across the sector. The trade balance increased negatively from 2000 to 2008 in all the industries across the sector, with the clothing industry being the worst affected," states the DTI.

Two ways in which IPAP2 will particularly help the footwear sector are that it includes the shoe industry in its clothing and textile production incentive (PI) and in its clothing and textile competitiveness programme (CTCP) for the first time. According to deputy director of the DTI's clothing and textiles division, Mpho Rantlha, including footwear within these schemes will "enable the sector to compete sustainably and effectively against international competitors in both the domestic and the export markets and the company level competitiveness will be improved substantially." The hope is that these initiatives will help improve both the stability and competitiveness of the shoe sector. The Industrial Development Corporation (IDC) will also be rolling out a new leather and footwear programme during the second quarter of 2011-12.

The government's job, according to Ms Rantlha, is to encourage the sector to take advantage of these initiatives. "The key opportunity," she says, "is to recapture domestic market share through improving competitiveness through a range of interventions including a focus on product, process and delivery efficiencies and harnessing proximity to local retailers. Ongoing clampdowns on under-invoicing and other illegal activity will help to level the playing field. The industry needs to seize the opportunity of a coherent and comprehensive set of support instruments in order to fundamentally transform its competitiveness."

According to Dr Davies, IPAP2 will create 2,477,000 direct and indirect jobs in total over the next ten years. "It will diversify and grow exports, improve the trade balance, build long-term industrial capability, grow our domestic technology and catalyse skills development," he claims.



South African shoe firms hope the new plan will help them increase production and exports.

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South Africa produces around 32 million pairs of shoes per year and its footwear industry employs around 17,500 workers.
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Welcome news

The various agencies representing the footwear sector and its employees appear to agree. FEDUSA believes IPAP2 will boost shoe production and protect local factories. "We certainly welcome the boost of commitment to the second phase of IPAP that promises to support the clothing, textile, footwear, and leather sectors, and its emphasis on local procurement and a strategic trade policy," the federation said when the terms of the IPAP were announced. However, it added that the creation of jobs and the plan to get young people into work would only be effective if the jobs available were suitable and sustainable.

General secretary of COSATU, Zwelinzima Vavi, also believes IPAP2 will be of great benefit to the footwear, leather, clothing and textile sector. He claims the financial crisis has had a crippling effect on the South African economy as a whole, taking its greatest toll on workers within this sector. "In the last nine months we lost 959,000 jobs, a new record, and workers lost a staggering R17 billion [\$2.3 billion], further widening inequality. Unemployment rose from 23.6% to 24.5%," he says. And, although conditions improved during the last quarter of 2009, Mr Vavi believes there is still a lot to be done.

"We warmly welcome the Industrial Policy Action Plan 2 released by the government's economic cluster," he said, adding he believed it would "go a long way to address the apartheid political economy fault lines and hopefully break the backbone of unemployment, poverty and inequality".

Nevertheless, like FEDUSA, he voiced some reservations. "For industrial policies to succeed they must be supported by appropriate macroeconomic policies, which remain heavily contested," he explains.

Mr Vavi's concern is that the underlying problems of worker exploitation and oppression will remain. "We have a two-tier labour market system already, in which, broadly, the workers covered by the collective bargaining system through workplace, sectoral and industry-wide bargaining councils are relatively better off, with better job security, pay and working conditions and are generally protected by the labour laws," he says.

"But there is a second layer, spread across all sectors



South African minister of trade and industry, Rob Davies, believes the new IPAP will help generate almost 2.5 million jobs.

WORLD ECONOMIC FORUM

of the economy...who are not unionised, not covered by bargaining councils, not protected by the labour laws and who face the brutality of labour brokers, merchandisers, farm and domestic employers. Unions and government have largely failed to protect this category of workers. Despite fine resolutions to organise them they remain outside the unions and government has not developed the capacity to protect them." He adds: "[The] government's threat to introduce a wage subsidy to incentivise employers to employ young people will mean the creation of a third category of the super-super exploited workers."

As a result, COSATU has decided to revive its campaign against unemployment and poverty, which was launched in 1999. By adding its own efforts to those of the government it hopes to bring long-lasting change to the footwear, leather, textile and clothing industries.

Reservations remain

Finally, SACTWU's general secretary, Andre Kriel, offered a similar response. "We welcome [the] government's new emphasis on industrial policy implementation," he said, pointing out that the country needed change to put an end to the rising unemployment figures and continual closures of

footwear, clothing and textile companies. Mr Kriel says: "[Unemployment] is the highest in the world among developed and large developing countries and we have the most unequal society in the world. The closure of countless factories, including textile mills and clothing and footwear manufacturers, has put us on the slippery slope to deindustrialisation."

But he feels help is now at hand. "We believe that [the] government's renewed commitment to industrial policy will help to address these problems," Mr Kriel says. He particularly welcomes the IPAP's support for the clothing, textile, footwear and leather sectors, and its emphasis on local procurement and strategic trade policy.

However, he adds a note of caution. "To succeed, IPAP and the industrial policy need to be well-resourced. It also needs a monetary policy that prioritises the creation of decent work and breaks with practices which have undermined job creation. These include inflation targeting and an overvalued currency," he says.

According to Intracen, there are approximately 200 factories in operation in South Africa at present with a collective manufacturing capacity of 32 million pairs per year. The industry employs around 17,500 workers and its major markets are across Africa, the EU and the US. 🌐