

CHAIRMAN'S ADDRESS

SAAA's 95TH ANNUAL GENERAL MEETING

HELD ON

FRIDAY: 20TH NOVEMBER 2020

Dear Members,

This year was characterized by an unprecedented pandemic - we know as Covid-19.

The world has had to grapple to respond to the public health and economic implications that this crisis has caused.

South Africans were thrust into a period of shock, disbelief and uncertainty on the 28th of March this year when the President announced the start of a stage 5 lock-down with the intention of curbing the spread of the virus.

We have all had to live through an unprecedented 9-months and have been forced to navigate the uncertainty and sizeable emotional and financial consequences that comes with it.

On reflection, it is nothing short of miraculous, that our sector survived this once in a 100-year disruptor to the global economy. It is remarkable that so many in our industry survived.

Despite the severe hardships that resulted in job losses and business closures, it has been lower than anticipated.

Unfortunately this cannot be said for our South African domestic economy as a whole, and more so for our local clothing and textile industry.

More than 2-million South Africans have lost their jobs in the second quarter, bringing into sharp focus the devastating economic blow of one of the harshest Covid-19 lock-downs globally.

You will all be aware that our Association, its Executives and more specifically our Executive Director, did everything possible within the limit of our resources, to help so many of our members during the many weeks of lock-down.

Unlike many other Associations across many industries, this was only possible to the very effective methods we used in being able to communicate with all our members. As such we were able to pin-point the most severe of the consequences and direct our energies towards resolving or minimizing those first, and with what remained we were able to address some of the more specific requirements that were related to individual members.

Stats SA, which released the results of the Quarterly Labour Force Survey in the first week of October, said the total

number of jobless people stood at 14.1 million – that is one in four of SA’s 60-million population.

The number of people classified as “not economically active” also rose to almost 21-million from 15,4 million in the first quarter.

The pandemic has further more decimated many of the historical ways of doing business and has undoubtedly accelerated a structural shift towards the 4th Industrial Revolution.

Vladimir Lenin is famously quoted as saying: “There are decades where nothing happens, and weeks where decades happen”.

Looking back, it's clear that a decade's worth of change has happened in just 9-months in South Africa.

Many of the changes and support that has been implemented to combat the Covid-19 virus is clearly not sustainable.

If there is one thing all South Africans agree on, is that employing its citizens, is the only manner of creating sufficient economic stimulus, to create the growth required for a future healthy South African economy.

Across the political spectrum everyone realized that jobs are preferable to un-sustainable grants and the financial handouts of the past.

When it comes to economic growth we already know the situation is desperate. The economy slowed by 16.4% in the second quarter of 2020, in comparison to the first quarter.

Should this trend continue for the next 3 quarters evasive growth would have essentially slowed by 51%.

Such a decline is unprecedented outside of war-torn nations or instances of global systemic economic collapse.

The Reserve Bank and National Treasury all estimate that the economy will shrink by 7,5% this year.

The good news, in fact, if you can call it good news, is that all indications are that we will not lock-down in the coming months, irrespective of the second wave of infections, and the fact that in the third quarter the economic recovery is progressing more rapidly than expected.

In the previous two AGM's much attention was paid to the retail lead R-CTFL Master Plan.

Much work has been done by the Executive Committee headed by the Minister of the DTIC, Mr. Ebrahim Patel, the respective CEO's of most of the large Apparel Retailers, and the respective CTFL industries stakeholder representatives.

The EOC, (Executive Oversight Committee) of the Master Plan has been effectively established and is now functioning, and this has allowed the 7 Task Teams to begin its work with even more vigor and hopefully bring some relief to our industry.

Each Task Team has specific objectives that need to be achieved in specific time frames, the detail of which is clearly described in the Master Plan document, which was previously broadly distributed and is also available from the Associations office. The Task Teams are:

- Trade Licensing – SARS
- Illicit and illegal trade and manufacturing - SARS
- Effective tariff protection – ITAC
- Future supply side incentives and support - SAAA
- Skills and productivity development - NCRF
- Export competitiveness & preparing for the African Continental Free Trade Area – yet to start
- Strategies for adjacent and niche CTFL value chains – yet to start

It is historic, that in my almost 4 decades of working in our industry, that all large Apparel Retailers have supported such a strategic initiative and have also committed to specific local

procurement targets, off-take agreements and employment figures.

You will remember that I reported that the Apparel Retailers, who are the signatories to the R-CTFL Master Plan, committed themselves at an event at the Sandton Convention Centre, where their commitment to local and those of the industry, were done in the presence of our State President.

These commitments are now individually assessed by the Minister and the respective Retail CEO's on a 6-monthly basis, in which each Retailer independently reports on the progress.

When you combine this with the achievement, in a very short time of the Task Teams, there is an incredibly positive silver lining emerging out of this terrible pandemic.

The words of Minister Patel of the DTIC addressed parliament for his budget vote in July this year stated: “History suggests that from the greatest human crisis, the greatest human advances can be made. So, in the darkest hour, we must prepare for a brighter future – at the heart of which must lie a new economy – fit for future purpose, fair and just, sustainable and resilient, so that future shocks can be absorbed. We must lift our heads above the dark clouds and work hard together to get it done”

I would like to conclude by thanking all the members for their resilience, fortitude and will to survive throughout the last 9-months.

In this regard and on behalf of all of you, I would like once again to thank our Executive Director; Mr. Johann Baard, who spent many more than his required 8-hours per day, and most weekends in supporting and assisting so many of our members in trouble, and in dealing with their many operational hardships.

Edith, thank you too for all your assistance to Johann and our members in the year to date.

I have seen reports and personally experienced hundreds of orthodox and some of your un-orthodox self-help initiatives. This has thankfully resulted in so many of our members surviving this terrible crisis.

Many battered and bruised, but still able to continue and work towards a far more sustainable future.

Your achievements over these last 9-months prove what is possible. Well done to all of you!

I believe, “the secret of change, is to focus all of our energy not in fighting the old, but on building the new”.

To all our members, thank you for your trust and support shown to myself and the Executive throughout this year.

On behalf of all of us, I wish you and your loved ones, good health, a peaceful festive season and some time to pause and enjoy a welcome well-deserved break.

Thank you.