

Dube TradePort

Export fact sheet: Textiles



1 Overview of textiles manufacturing and exports within the DTP catchment area

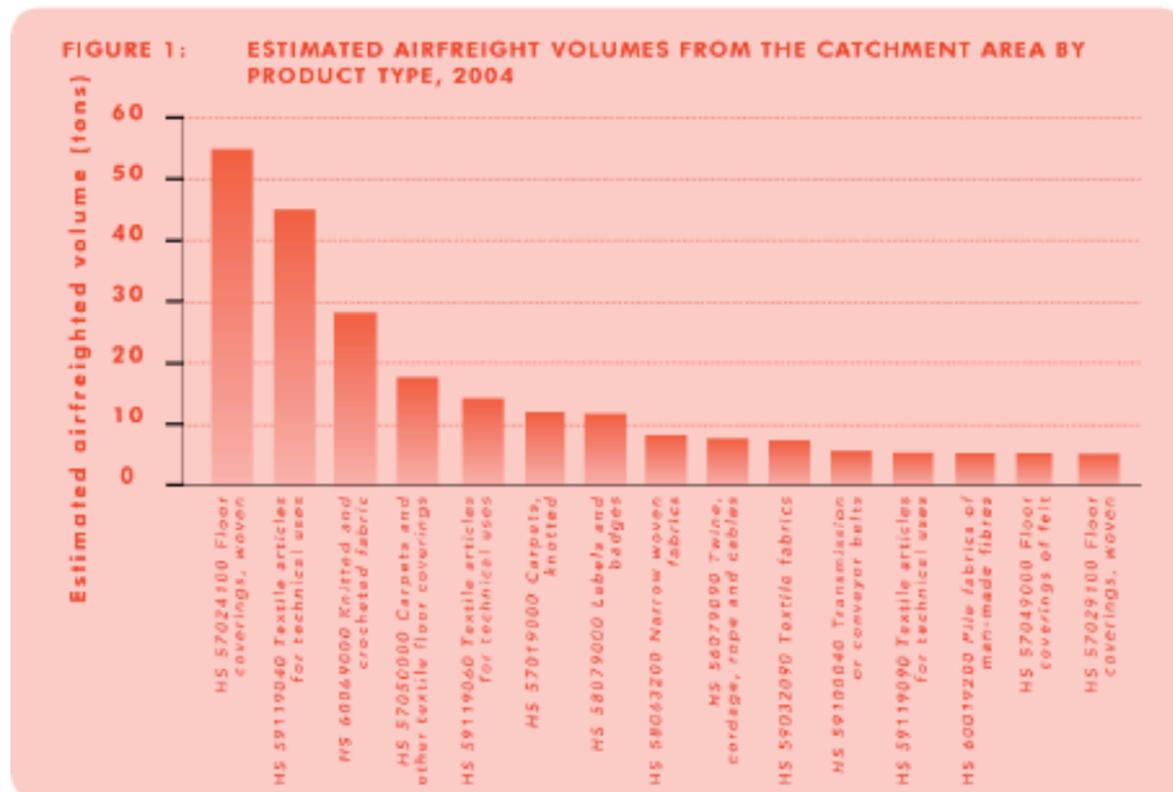
Textiles production in the catchment area has benefited from easy access to raw materials through the port, and innovations in the production of synthetic fibres from the timber and petrochemicals industries. While some textiles producers supply the clothing value chain, there is a strong focus on home textiles, floor coverings, industrial textiles, and specialised niche products.

The preferred mode of transportation for the majority of textiles exports is sea freight, given the pressure on cost competitiveness and the bulk of most export orders. In addition, the shape of floor coverings inhibits the use of small belly freight spaces. Airfreight is therefore primarily used to send samples, for urgent orders, and for large construction projects where other modes can cause significant delays or losses.

The following table highlights the rand value of airfreighted textiles exports from the entire DTP catchment area in 2004:

TEXTILES	R
Estimate of DTP catchment area exports airfreighted (2004)	76,620,000
Estimate of total exports from DTP catchment area (2004)	625,370,000

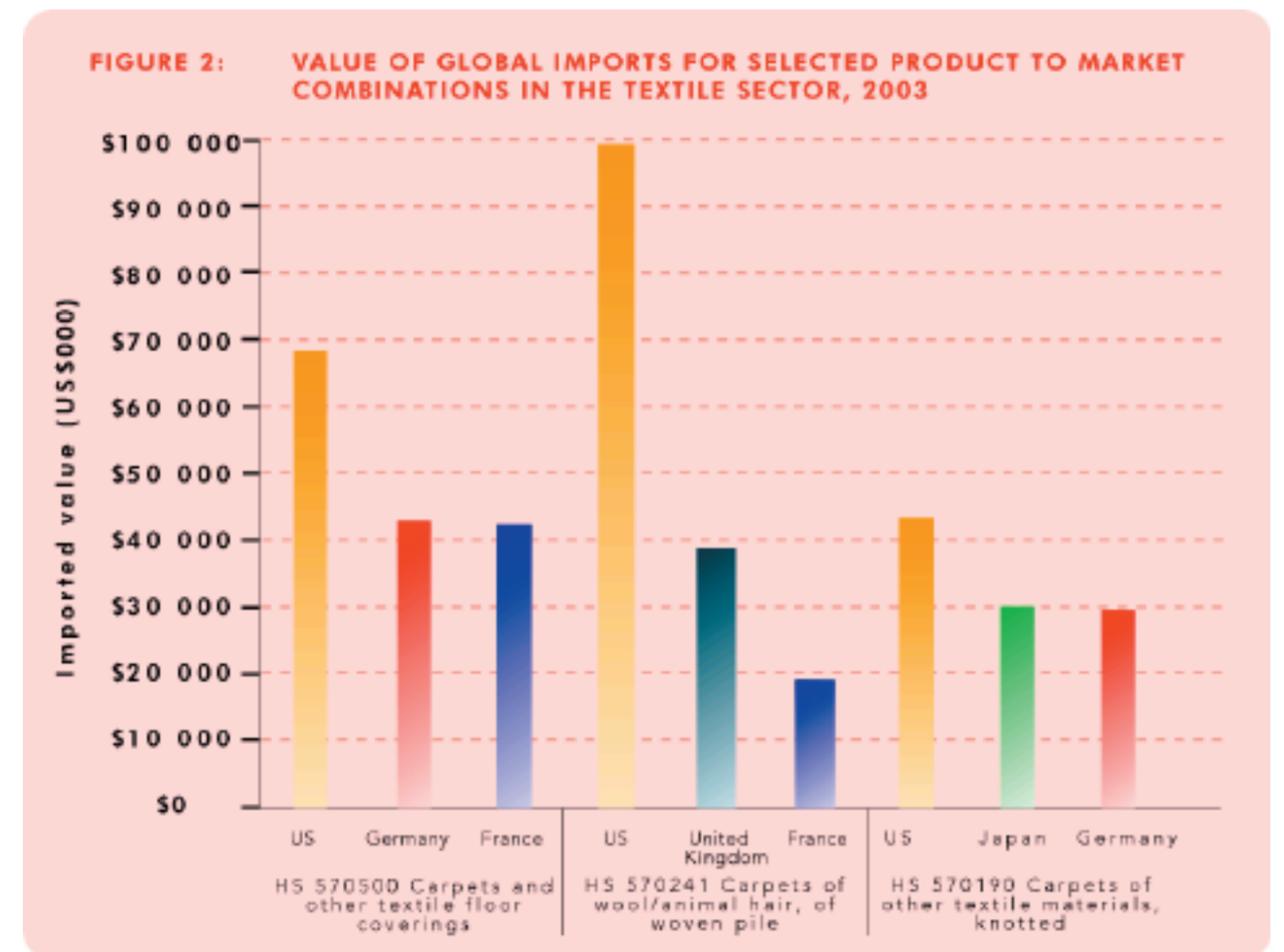
The graph below summarises statistics derived from customs data for current airfreight exports of textiles from the catchment area. Consultations with industry confirm that the majority of these exports are samples and urgent orders of carpets and specialised industrial textiles.



2 International market trends

The world's biggest textile exporters in 2003 were the EU and China respectively, and the biggest textile importers in the same year were the EU, US and China respectively. Current estimates value the global textiles market at US\$360bn, a figure that is expected to increase to US\$650bn by 2010 due mainly to the dismantling of trade quotas.

The graph below indicates import market volumes for the top three markets of the three dominant airfreight export categories of floor coverings from the catchment area. This important segment is discussed in further detail in the section below.





SPECIAL FOCUS: FLOOR COVERINGS

GLOBAL OVERVIEW

World carpet demand is forecast to grow at 3.6% on an annual basis through to 2006. Growth in the sales of carpets and rugs by most developing countries in Asia/Pacific, Eastern Europe, Latin America, Africa and the Middle East is expected. Turkey, China, India, Brazil and South Korea are expected to record some of the largest market shares due to the large volumes of demand in these countries.

Carpets for non-residential buildings are expected to be the fastest growing market, due to the increase in non-residential construction, especially in Asia. Demand for floor coverings used in transportation equipment and residential buildings will increase until 2006 but lag behind non-residential floor coverings, as residential construction activity moderates in the US and parts of Western Europe.

UNITED KINGDOM

The UK demand for carpets has been decreasing over the past few years, while the demand for rugs has been increasing due to increased demand for wood flooring. Despite this, carpets are likely to remain the largest sector of the floor coverings market in the UK, accounting for £1.3bn in 2004. Tufted carpets are dominant with a share of around 60%, while woven carpets represent around only 20% of total demand. Industry experts highlight the following growth opportunities from which the South African woven floor coverings industry could benefit:

- ◆ Potential growth in the rugs segment, driven by the increase in demand for wooden flooring amongst younger consumer groups
- ◆ Increasing preference for woollen over synthetic carpets
- ◆ Anticipated growth in the contract market (already around 40% of UK carpet sales) related to an increase in investment in the health and education sectors

Demand for non-woven carpets is likely to increase due to developments in carpet weaving technology that improve quality and reduce production costs.

Retailers are increasingly sourcing products directly from overseas, as domestic supply struggles with price competition. Consumers have relatively low awareness of manufacturing brands, but rather tend to focus on retail brands. This makes it easier for retailers to source carpets and rugs from all over the world, regardless of the manufacturer's brand. South African suppliers are seen as competitive versus main competitors such as India, Nepal, Pakistan, Iran and strong new market entrant Turkey in terms of quality and product range in the mid- to high-end market. However, retailers are increasingly seeking to reduce their level of stockholding and consequently require carpets to be delivered to stores at shorter notice. European suppliers are therefore seen to have a clear advantage over South African suppliers in terms of logistics and supply reliability – Belgium is the main exporter of carpets to the UK market, accounting for approximately 50% of imports.

UNITED STATES

Tufted carpets and rugs are expected to account for approximately 90% of total carpet and rug shipments through to 2007, while the demand for woven carpets remains small. In spite of strong competition from tile, wooden, and laminated flooring, demand for carpets and rugs is forecast to rise at just over 2% per year to 2007.

The growth in demand for carpets will be due largely to commercial and industrial activities, as the demand for residential construction in the US is currently decreasing. Demand for modular carpets or carpet tiles is therefore expected to increase due to applications in non-residential markets, as well as advances in printing that enable precise patterns to be developed.