Retailers left out of China quota talks

By Mathabo le Roux, Trade and Industry Editor

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The trade and industry department is to hold talks today on the possibility of extending quotas on Chinese clothing and textile imports, but retailers, who are affected most, will be excluded.

This has raised fears of decisions being taken without proper consultation.

According to sources familiar with the meeting, representatives of the South African Clothing and Textile Workers Union, the South African Revenue Service, the International Trade Administration Commission and SA's largest clothing and textile manufacturer, Seardel, will attend the meeting.

Representatives of the retail sector were yesterday unaware of the meeting.

National Clothing Retailers' Federation executive director Michael Lawrence said the industry had received no communication from the department on whether the quotas would be extended. “If it is even remotely true that the government is contemplating the extension of the quotas, it would be absolutely scandalous that they have not properly consulted with us,” he said.

The department's chief director for industrial policy, Nimrod Zalk, could not be reached for comment while this article was being prepared.

Several government officials mooted a possible extension of the quotas recently.

A damning new report on the effect of the quotas says implementation was flawed, and they failed to stimulate growth and employment in the embattled sector, which continues to shed jobs.

The report, authored by Mike Morris and Lynn Reed of the University of Cape Town's school of economics, found that only 9% of clothing manufacturers supported the import restriction, while 31% said the quotas had hampered their business.

The report is critical of the policy process followed, and cites a delay in implementing a customised sector programme (CSP) as the primary reason for a large share of the job losses between August 2006 and July last year.

The state envisaged that the lull in imports would provide a window to help manufacturers recover through an ambitious recapitalisation mooted in the CSP. However, the plan was never implemented because the trade and industry department lost the buy-in from retailers, who would have helped fund the recapitalisation.

Ironically, some of the sharpest criticism of the quotas was from the manufacturing industry, the sector they were supposed to help.

Jack Kipling, executive director of Clotrade, said his organisation's lack of support for the quotas was not “in principle, but in the detail”, and the timing of the quotas had been the government's most crucial error.

Morris said yesterday he was “flabbergasted” that the department would make the same mistake again. “I cannot believe the department would engage in ad hoc policy-making without proper research and adequate consultation with the players who drive this industry,” he said.

Source: *Business Day*

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