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NEWS ANALYSIS

Energy crisis shreds textile sector

Billions of rand in potential sales lost because the industry is not competitive

By **NOMPILO ZULU** *Consumer Industries Writer*

The same soaring energy costs and unstable electricity supply that have crippled other sectors are now making the textile and clothing industry uncompetitive, an industry report has revealed.

The demand-mapping study conducted by BMA and commissioned by the Localisation Support Fund (LSF) suggests South Africa's clothing and textiles industry is flooded by cheaper imports and crippled by unstable energy costs.

Over the past decade, electricity tariffs have climbed exponentially while businesses have endured years of load-shedding, unplanned outages and voltage fluctuations.

For manufacturers, this has meant rising operating costs, production stoppages and growing uncertainty. In a sector in which margins are already thin and price is everything, the impact has been devastating.

The latest demand-mapping report prepared by BMA highlights what is at stake. Retailers say they would source up to 80-million additional garments locally by 2030, worth more than R7.9bn a year, if competitive conditions were in place, Business Day reported.

That would translate to more than 33,000 new jobs across the clothing value chain.

But price competitiveness remains a hurdle. The retailers say that imported basics such as T-shirts can be 25%-40% cheaper than local versions, highlighting the cost gap local manufacturers face.

In energy-intensive segments such as denim and athleisure, which require processes such as dyeing and washing, rising electricity tariffs and unreliable supply make it even harder for factories to invest in the modern, efficient infrastructure retailers demand.

The local textile and clothing industry struggles to compete against imports from countries with lower input costs. File

This has meant that the sector, like many others, relies heavily on imports. Annual imports are estimated at R72bn, with China accounting for about 45%, according to Webber Wentzel.

Economically strained consumers favour cheaper imported goods, and retailers competing in a highly price-driven market follow suit.

This has widened the trade imbalance. While exports of textiles and textile products reached R1.29bn by February 2024, according to the South African Revenue Service, imports continued to outpace exports significantly.

Energy costs are central to this imbalance. High electricity prices feed directly into unit production costs, making local garments more expensive before they even reach retailers.

When load-shedding intensified, many businesses relied on diesel generators, adding to their expenses. During severe stages of load-shedding, large retailers reportedly spent up to R100m a month on diesel alone.

The textile industry's struggles mirror broader trends in manufacturing.

According to Oxford Policy Management, the energy crisis has reduced South Africa's economic growth by about two percentage points annually. The foundry sector lost 100 of its 265 foundries in 2007-16, shedding about 6,000 jobs.

Data from Stats SA shows manufacturing production declined 1.4% year on year in December 2025, with full-year output down 1.3%. Vehicle and parts production fell sharply, and overall factory sales contracted, Business Day reported.

Other energy-intensive sectors have also felt the strain. Mining, which consumes about 14% of Eskom's output, rising to about 30% when smelters are included, faces rising input costs and supply uncertainty, which complicate long-term investment.

Agriculture, where energy accounts for up to 20% of variable costs, has been hit by above-inflation tariff increases averaging 9% annually, contributing to higher food prices and squeezing farm margins.

In manufacturing more broadly, the pressure from cheaper imports has already forced closures. Packaging manufacturer Mpact recently announced the discontinuation of its Springs Mill, citing imported carton board priced about 20% below local production costs.

In textiles, the LSF report shows additional structural challenges, including limited upstream capability in local fabric production and dyeing. But energy costs underpin many of these weaknesses. Without affordable and reliable electricity, it becomes harder to justify capital investment in automation, washhouses or energy-efficient upgrades that could narrow the competitiveness gap.

Solar investments

To manage risk, many companies have shifted towards self-generation. Private energy capacity soared in 2023 as firms invested in solar and battery systems. Yet smaller manufacturers often lack the capital to install such systems, leaving them exposed to rising tariffs and operational disruptions.

Meanwhile, the government recently moved to tighten customs duties on low-value online imports, particularly Chinese value chains Shein and Temu, to protect local industry and enforce the principles of the retail-clothing textile footwear leather master plan, which aims to increase localisation, create jobs and substitute imports by 2030.

However, trade policy alone cannot offset structural cost disadvantages. The LSF's findings suggest there is a chance to revitalise the clothing and textile industry but only if underlying competitiveness constraints are addressed.

Yet as long as electricity remains expensive and unreliable, local factories will continue to struggle to compete with cheaper imports.

For an industry once seen as a major employer and industrial anchor in provinces such as KwaZulu-Natal and the Western Cape, the energy crisis is no longer just a technical challenge; it is a competitiveness crisis.

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