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LSF study points to R8bn boost and 34 000 jobs if retailers deepen local sourcing

SIPHELELE DLUDLA

SOUTH Africa's garment industry could secure an additional 81 million locally produced garments a year by 2030, lifting manufacturing output by nearly R8 billion and creating up to 34 000 jobs, if retailers, manufacturers and policymakers align behind a focused localisation drive.

This is the central finding of a comprehensive feasibility study released on Wednesday by the Localisation Support Fund (LSF), which maps out a practical pathway to expand domestic sourcing in line with the objectives of the Retail-Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan.

The year-long study, commissioned by the LSF and conducted by industrial development consultancy BMA, assessed demand among major South African retailers, mapped capacity and capability across nearly 200 local garment manufacturers, and developed a commercial business case and action plans to accelerate localisation.

According to the report, local retailers placed orders for approximately 250 million units of apparel and footwear with domestic manufacturers in 2019.

By 2024, that figure had risen to 389 million units, representing 34% of total sourcing among Masterplan signatories and supporting nearly 75 000 formal sector manufacturing jobs.

While this marks meaningful progress, it remains well below the Masterplan's 65% local sourcing target by 2030.

The study identifies significant latent demand from retailers that could help close the gap. Importantly, retailers signalled that their interest in localisation is increasingly driven by commercial considerations rather than social compact commitments alone.

Shorter lead times, improved replenishment flexibility and supply chain risk mitigation were cited as key advantages of sourcing closer to home.

Although demand was mapped across 32 product categories, about half of the total localisation opportunity is concentrated in just three: T-shirts, athleisure, and denim represent the largest demand opportunities by units and manufacturing value. The report suggests that targeted, category-specific strategies are more likely to deliver meaningful impact than broad, generalised interventions.

On the supply side, the research found that South Africa's garment manufacturing base has established capability and depth, particularly in KwaZulu-Natal and the Western Cape.

The alignment between existing technical capacity and the largest areas of mapped demand presents a tangible opportunity to scale up production where competitive advantages already exist.

However, unlocking the full potential of localisation will require stronger coordination between industry and policymakers. While retailers expressed strong interest in increasing local procurement, price remains a critical factor.

Sean Mercer, principal consultant for BMA, said although many manufacturers have improved their cost competitiveness, certain categories — notably basic knits — still require further alignment with market price expectations.