



Chairman's Report

General

It is now two years since I last reported and I had hoped that I would be playing a minor role in the CLOTEX setup in order to allow for new ideas to take the organisation to the next level of its development. Regrettably Stuart Gottschalk had some health problems which meant that he was not able to carry on in the Chair but I am happy to say that he has fully recovered and once again has been a major influence in the development of the organisation's operations and in particular the further development of the Trading House concept. I am sure all concerned will join me in wishing Stuart good health for now and the future.

This has been a difficult year overall within the industry at a time when we were hoping that things could not get any worse. However, the recent agreement signed with the Chinese government may alleviate the situation a little but by no means will it be the panacea for all that ails the industry. Once again we have seen the demise of some good small companies as well as some of the bigger more established companies and to blame it all on cheap Chinese imports will be far too simplistic. It is our firm belief that the industry as well as Government has to a large degree been too re-active and not sufficiently pro-active. At this stage we should already have had a research team in India to assess how they managed to learn from the Chinese phenomenon. More than two years ago CLOTEX proposed a study of why the industry in North Africa grew by 36% whilst in the same period ours contracted by more than 40%.

Current Performance

CLOTEX on the whole has again had a very good year in which we have consolidated our core functions of training, mentoring and network facilitation. This has paid great dividends in project management and has added greatly to our income streams as well as established CLOTEX firmly as the voice in the industry for the SMME sector. CLOTEX has also established itself at provincial level at least, as the sounding board for the industry on Policy development and plotting the direction in which the industry should move. The grass roots intelligence at our disposal allows us to have a finger on the pulse of the industry in both the formal and informal sectors and gives us the opportunity to facilitate partnerships between the two sectors and thereby creating a unified strategy for the future of the industry.

CLOTEX has successfully negotiated in

partnership with a formal sector manufacturer for the supply of uniforms to a major parastatal which will benefit the SMME sector quite significantly, as part of the order will be outsourced to CMT's on the CLOTEX database and ones who have had the benefit of CLOTEX mentoring in order to upgrade their standard of production. It is significant to note that not only SMMEs benefit from the CLOTEX mentoring programme but even major manufacturers take advantage of this facility. The partnership between the two sectors is a constructive attempt by CLOTEX to develop closer working relations between the sectors in order that the SMME sector can learn and take on board all the other disciplines that make for a good business environment and creates the necessary comfort level that retailers require from their manufacturers.

The ultimate aim is that retailers both locally and abroad will acknowledge that the South African industry, be it formal or informal, will produce quality goods and meet delivery deadlines.

Finance

Our audited accounts will be presented for adoption and though from the balance sheet it shows a deficit, I am reliably informed that this is merely an accountancy phenomenon and that we are in fact in a healthy financial state. I shall, however, leave it to the auditors to elaborate further and to deal with any queries raised.

It is however, worth noting that CLOTEX is gradually developing alternative income streams from much needed projects both in the commercial and purely social sectors where its training programmes are creating new job opportunities and also sustaining existing jobs in a very hostile environment. With the funding assistance from Government, we have adopted the approach of teaching "how to catch a fish rather than providing a fish on a daily basis". Funding is also forthcoming from other sources such as the Department of Labour, SEDA, WESGRO and others.

CLOTEX needs to take advantage of the plethora of funding available in the global market and to do thorough research on the available funding and the projects for which they are available. Most of the developed world have funding programmes available provided it is accessed, processed and implemented in an acceptable way and meets all the criteria of international best practices. In my view CLOTEX is ideally suited since it has always operated responsibly and in a transparent manner.

The Way Ahead

There will be a new Chairperson under whose direction CLOTEX will forge ahead. I have no doubt that the new Board will give the new Chairperson all the support to implement the new vision and mission for the year ahead - all of which will no doubt dovetail with the activities outlined in Stuart Gottschalk's report on the Trading House activities. I am convinced that CLOTEX will achieve the goals set by the new Chairperson by means of the policies that the new Board will put in place and develop the necessary strategies that will be needed to meet the current challenges. The current Board has begun the process of re-drafting the Memorandum of Articles of the organisation and a technical task team has been formed to work through the necessary documents.

CLOTEX must also in the coming year consider the possibility of developing closer working relationships with similar structures in other Provinces and perhaps even look at taking its model national without being prescriptive to existing structures. This will enhance the chances of developing a national policy for the industry and identify those niche markets that we could target without having to compete with others in the global bulk supply market.

On the home front CLOTEX needs to further cement its partnerships with established manufacturers in order to create opportunities for the SMME sector in the supply chain and we need to aggressively make our pitch for Government and local authority Tenders. A case in point being the SAA uniform contract which I understand will be due for renewal soon.

We would like to acknowledge all the support we have had over the last year such as Provincial Government, Cape Town Unicity, WESGRO and many others too numerous to mention, not to mention the Board and the staff of CLOTEX. It remains only for me to wish the new Chairperson and Board success for the future and to reiterate my commitment and support for CLOTEX.



YUSUF (JOE) EMERAN