

# Covid-19: Factory closures in China may swell demand for SA-made products

Albert Louw, Lasher Tools marketing manager, says that the company has gained new business as a consequence of the outbreak of coronavirus in China and the closure of manufacturing in the country in an attempt to stem the spread of the deadly virus.



Albert Louw

## World's largest manufacturing economy halted

"For the first time, a big local retailer placed a multi-million-rand order with Lasher for products that the company has never bought from us before," Louw says, adding that the order was a direct result of the curtailed supply of tools from China.

The outbreak of the novel coronavirus was first reported in Wuhan, China, in December 2019, according to the World Health Organization (WHO). Worldwide a total of 89,254 cases of the virus have been reported and 3,058 people have died. The vast majority of infections and fatalities have occurred in China. Outside China, there have been more than 8,000 cases of the novel coronavirus reported in over 50 countries. Three infections have been confirmed in Africa - in Egypt, Algeria and Nigeria.

On 30 January, WHO declared the outbreak a global emergency and set up a committee to oversee its response. The mandatory closure of Chinese factories has left a massive gap as the country is the world's largest manufacturing economy. These closures are providing opportunities for South African manufacturers, including getting in fresh orders for products as well as reaching new consumers.



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Peter Hall 27 Feb 2020



## Securing SA's manufacturing value chain

Louw stated that more than ever before, South African companies and consumers should support products made by local manufacturers. Such support would translate into greater job security throughout the manufacturing value chain at a time when local economic growth is stagnant, and unemployment is near record levels.

Lasher is a 90-year-old South African company that sources 98% of the materials for its hand tools from South African businesses. It employs over 800 people at four local factories in South Africa. Louw says that local manufacturers need to stand together and work with the government to maintain and expand the sector, which until recently had faced an increasing onslaught from low-priced imported Chinese goods.

Chinese imports have had a detrimental impact on local manufacturing, jobs and reduced demand for local goods and services. The South African manufacturing industry has declined from 20% of the gross domestic product in 1994 to 14% today. The local sector continues to contract, and in 2019, South African manufacturing output decreased by 0.9% when

compared with 2018, according to Statistics South Africa.

"Lasher equipment lasts nine to forty-five times longer than competing imported Chinese equipment, and this provides a clear rationale to buy local Lasher tools. The company provides its customers with aftercare service and Lasher's products have a return rate of less than 0.01%, which gives customers a high level of confidence when purchasing a Lasher product," Louw concluded.



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Marius Lombard 19 Nov 2018



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## Opportunity to capacitate local industries

In a [recent report](#), Eustace Mashimbye, chief executive from Proudly SA, said, "With China's manufacturing output hamstrung by the coronavirus, South Africa has an opportunity to review what it imports and capacitate local industries to secure the supply chain of local products.

"While we do not in any way celebrate what has befallen China, and like the rest of the world we join in sending our sympathies and hopes for a speedy end to the infection, we have to recognise that it exposes the vulnerabilities of markets to single-supplier sources and offers opportunities to others to strengthen their own domestic capabilities."

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