COMPANIES

# Lasher lands multimillion-rand order as virus shutters China’s factories

Some local manufacturers are experiencing demand in the wake of shortages in China, but experts argue the bad by far c

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Police and volunteers stand at a gate in Beijing, China, March 11 2020. Picture: GREG BAKER / AFP

It is almost impossible to think that a conversation with the word coronavirus in it could contain any fragments c
Albert Louw, the marketing manager for the 90-year-old Lasher Tools, proves the exception.

As factories across China, the origin of the Covid-19 illness, closed, the world’s supply chains have frozen up, and
scrambled to find other sources of everything from clothes to pharmaceutical ingredients.

Lasher has been at the receiving end of this scramble. The local hand tool manufacturer, that has four factories w
according to Louw, landed a multimillion-rand order from a large local retailer.

“It has reignited our factories,” he said.

Other retailers have followed, Louw said, and though there is still "stock on the ground" and inventory in retailer
believes the pickup could continue.

> " **Retailers have had no option but to review their procurement strategies and source locally** "
>
> - *Yusuf Vahed*

Lasher has the advantage that it sources 98% of its inputs locally, said Louw, including the steel it uses to make i
wheelbarrows. He believes the crisis has forced retailers to rethink their own supply chains. But for other manuf
mixed.

"No market in the entire world, including in India, Bangladesh, Sri Lanka and Vietnam can do what China does," s
Kingsgate Clothing Group, Yusuf Vahed, in a recent statement.

The company, which makes most of its products in Southern Africa, is not a significant importer of ready-made g
shortage of textiles to make its clothes.

According to Vahed, there is "no effective local textile industry" in SA any more, and where it does exist, local tex
produce the variety of raw materials found in the Far East and Asia.

"Ever since the outbreak, our company, as well as all other companies in every industry that purchase from Chin
way or the other," he said.

These issues notwithstanding, retailers have had "no option but to review their procurement strategies and sour
group has experienced "significant" interest from retail customers. As long as manufacturers have access to raw
can, at short notice, switch on additional production space," he said.

Others, however, believe the prospects for SA, already plagued by recession and the intensifying of load-sheddin
bleak. With a moribund public health-care system, and no fiscal space to spend our way out of a deeper crisis, co
terrifying head has been added to the many-headed hydra threatening SA's economy.

Last week, Moody's Investors Service cut SA's growth forecast for a second time in less than a month on the back
SA to grow at 0.4% in 2020, under a baseline scenario that will entail "significant global disruptions". In a scenario
extended and prolonged slump, it expects SA to record 0% growth this year.

Michael Ade, chief economist at the Steel and Engineering Industries Federation of Southern Africa (Seifsa), says
a "two-way negative effect". Declining demand out of China will hit SA firms that export to the Asian giant. Mean
in SA are going to be negatively affected because of constraints on Chinese suppliers.

"Already, companies in China are applying for *force majeure* certificates because they are worried that they won'
contracts," Ade said.

Neva Makgetla, senior economist at industrial think-tank, trade & industrial policy strategies (Tips), puts it more
in a new bio-pandemic."

Makgetla is less concerned about the threats to SA from global trade channels than she is about China's role in h
and what this means for SA's mining sector.

According to Tips's research, SA's top 10 exports to China are dominated by minerals such as iron ore, manganes
items account for 86% of total exports to China. Tips noted that while there may be other markets for SA commo
— in almost every case the other market took up less than half what China did.

Another concern, and arguably the biggest, said Makgetla, is the question of what happens if the disease spreads
work in the informal economy, with little to no social safety net.

“You can’t tell a taxi driver to stay home with no income. If you can’t afford to be sick then you won’t self-quaran

Given the government’s fiscal constraints, it is unclear what stimulus measures the state can put in place to addr needs to consider tapping into surpluses in social welfare funds such as the Unemployment Insurance Fund (UIF she argued.

Efforts could include extending the UIF to everyone with a doctor’s note confirming they must be quarantined sl paid into the fund, they could be cross-subsidised, she said.

“Obviously the cost to everybody in society, including workers … would be much higher if you don’t sort some of