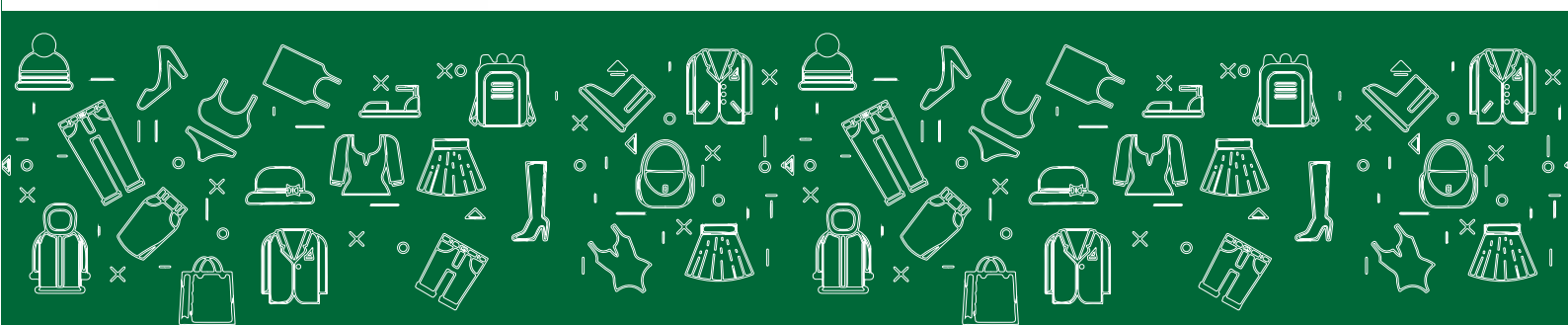


THE GLOBAL PRODUCTION NETWORKS OF THE SECOND-HAND CLOTHING INDUSTRY

Impact on Africa

Mitumba Consortium Association of Kenya

By Anuja Prashar April 2022



This report demonstrates that the second-hand clothing sector makes a fundamentally important economic contribution to Africa and Kenya.

EXECUTIVE SUMMARY

The purpose of this report is to assess the strategic importance of the global second-hand clothing industry for Africa and to make recommendations for the development of the second-hand clothing sector for the future. At present, there is too much misunderstanding and misinformation regarding the economic impact of second-hand clothing, fuelled by successive attempts to shut down the industry altogether in certain countries. Moreover, it is a myth that the second-hand clothing industry weakens the domestic production of textiles, as shown in the report: the two sectors can work together for mutual benefit. There is no harm in textile producers facing healthy competition, which serves to encourage innovation while raising quality.

This report demonstrates that the second-hand clothing sector makes a fundamentally important economic contribution to Africa and Kenya. The industry provides jobs and livelihoods to millions, helping to increase consumer purchasing power. It helps to strengthen the demand for clothing in countries such as Kenya by raising fashion awareness. Moreover, the demand for second-hand clothing around the world is growing as there is increased awareness of the environmental cost of textile manufacturing.



INTRODUCTION

The mass manufacturing and wearing of new clothing, produced by a global textiles industry worth an estimated 1.3 trillion US dollars, is a relatively recent development in human history. For centuries, countries such as Kenya have relied on traditional textiles and second hand material as a sustainable means to clothe their populations. The mass production of new clothing, and the rise of so-called 'fast fashion', need to be understood as contemporary developments.

Nearly 100 billion units of new clothing are produced per year, serving markets around the world. Yet consumers are increasingly turning against the production of so-called 'fast-fashion' in unprecedented numbers. The environmentally-conscious consumer has been embracing second-hand and recycled clothing as a positive lifestyle choice. The demand for vintage clothing from the 1960s and 1970s, for example, has grown enormously. Meanwhile, cheap retail clothing is increasingly perceived as damaging to the environment. The sector is responsible for 10% of global carbon emissions (more than the total combined of global maritime and air travel), as the number of times an average clothing item is worn has fallen from 200 to 160 times in recent decades. The raw materials involved in textile manufacturing production also create toxic pollution and carbon emissions. McKinsey (2016), for example, calculates that making one kilo of fabric generates 23 kilograms of greenhouse gases.

In Kenya, the second-hand clothing industry is known by the term mitumba (literally meaning 'bundles' in Swahili) which refers to 'bales of second-hand clothing' imported from abroad. Mitumba confers a myriad of benefits to the Kenyan economy. These benefits would be enhanced if further sorting centres could be opened, improving the efficiency of the supply chain in second-hand clothing. For that to happen, policy-makers in countries such as Kenya need to follow an approach that is beneficial for the sector.

The origins of the industry are international. That is where our analysis begins, in order to fully understand the scale of the industry and its impact on the wider economy and jobs across Africa.

The demand for vintage clothing from the 1960s and 1970s, for example, has grown enormously.

The annual value of the trade was reported in 2016 to be between

\$1.5 billion and

\$3.4 billion and is estimated at over

\$8.0 billion currently.

This report considers the global network of the second-hand clothing industry (which includes all garments, shoes, handbags, belts and clothing accessories). A network approach has been chosen in order to research the non-linear networks – both relational and supply chains – to gain a fuller understanding of the industry. The key findings from our research indicate that:

1. The scale of international wholesale trade in second-hand garments is estimated to be between 2 and 4 million tonnes of used items traded per year and is increasing exponentially. The annual value of the trade was reported in 2016 to be between \$1.5 billion and \$3.4 billion and is estimated at over \$8.0 billion currently.
2. The global production network for second-hand clothing is not a direct transfer from North to South. A country's exposure to the production and distribution of second-hand clothing is dependent on its national policy and regulatory system, as well as the dynamics of international trade, rather than domestic forces of supply and demand alone.
3. At present only 20% of post-consumer garments are actually collected for reuse. Of these, approximately 40% end up in the second-hand clothing market – either sold through a charity shop in the same country as the donation was made, or in the international second-hand clothing market. As such, the scope to increase reuse and expand the second-hand clothing market is enormous. Doing so is likely to yield significant global and local environmental benefits.
4. It is recognised that Africa has one of the largest used clothing markets in the world. It is believed that four-fifths of those on the continent wear second-hand clothes, mainly imported from the USA, Europe, India and Pakistan. The global environmental benefit of such reuse is considerable.
5. There are still measurement problems in assessing the contribution of the second-hand clothing sector to national GDP. There is often a significant discrepancy in the reporting of 'value' regarding the global production networks of second-hand clothing. Indeed, exports of second-hand clothes often appear to be worth considerably more than imports, so it is hard to accurately assess the impact of the sector on local economies. Improvements in national regulation should help to ensure better measurement of the sector's contribution.
6. A significant body of authoritative research links the relative



decline of the manufacturing of clothing in Africa to the liberalisation of the textiles sector through exposure to international markets, rather than an increase in the size of the second-hand clothing sector. It is very unlikely that measures to undermine the second-hand clothing industry would lead to any revival in the domestic production sector for textiles.

7. In particular, the increasing flow of cheap 'fast fashion' products from Asia into Africa is likely to continue to undermine African domestic manufacturing of clothing, with negative consequences for employment and GDP. The second-hand clothing industry, on the other hand, is likely to remain a continuing source of employment, tax revenues and wealth creation as long as national governments provide a competitive operating environment that is conducive to the sector's long-term development.
8. It is well known that the clothing industry as a whole is having a negative impact on the global environment through increased emissions and energy use with damaging repercussions for climate change. By the simple act of reusing clothing that has already been produced, the second-hand sector has the potential to make a significant contribution to climate change risk mitigation while reducing environmental harm.
9. Most consumers in Africa continue to have weak purchasing power and therefore need access to cheap sources of clothing through the second-hand industry. The most significant markets for clothing manufactured in Africa tend to be situated in more affluent nations outside the continent. Trade agreements such as the US African Growth and Opportunities Act (AGOA) have led to increased growth and output, which is welcome. But these markets in themselves do not necessarily serve the needs of African consumers. It is vital to promote a buoyant second-hand clothing sector.

There is little doubt that the global second-hand clothing sector is a complex and multi-layered industry. There are large networks of suppliers and consumers. Technology and digitalization are playing an increasingly important role.

The focus of this report is on the four 'flows' that comprise the second-hand clothing sector in Africa, with a particular focus on Kenya, which is among the most important players in the African market. The purpose of the report is to describe the scale and distribution of the global second-hand clothing sector and to





assess the opportunities for creating responsible and sustainable consumerism that minimises negative environmental impacts by expanding the industry in African countries.

In recent decades, the international trade in second-hand clothing has been fuelled in the Global North by the rapid circulation, consumption and disposal of garments for recycling, export and reuse in the Global South (Norris, 2010). The societal, network and territorial embeddedness of global production networks reveal how there are coordinated and non-integrated patterns of trade within the industry. Migrant and diaspora populations play key roles in coordinating activities between some exporters and importers, whereas in other networks British charities undertake the more profitable collection and sorting activities and are separated from African wholesale and retailers. The resale market for second-hand clothes fashion in the Global North is increasing at a rapid rate. The rise of the conscious consumer is a major factor in this growth. Environmentalism has gone mainstream, informing people's attitudes to the food they eat, how they travel and now the clothes they wear too.

The report itself has three sections. Part I focuses on the impact of global supply chains. Part II considers the dynamics of national production and supply in the textiles industry as a whole. Finally, Part III addresses the implications of the report's findings for domestic policy and regulation. The data in the report draws on existing sources and the large volume of secondary literature that relates to the textile and second-hand clothing industries. The research seeks to map global production networks using a relational approach to analyse the impact and value of the sector around the world.

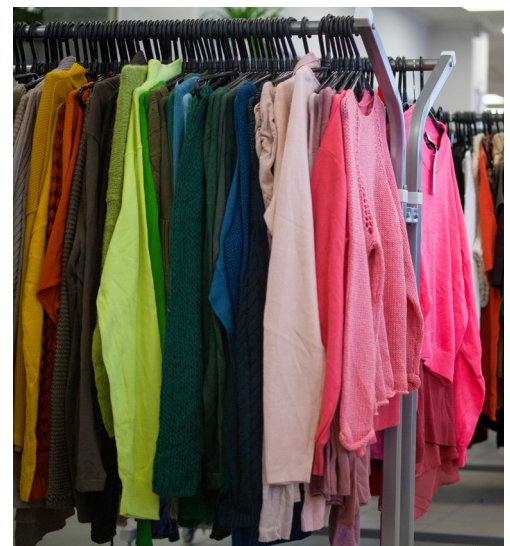
A key body of research focuses on whether second-hand trade reproduces the divide between 'Core' and 'Peripheral' countries, segregating those in the poorest countries. Other analyses provide evidence that the second-hand clothing industry produces employment opportunities, environmentally responsible consumption and generates revenues for national governments (Brooks, 2012). Some experts promote the argument that the sector leads to enhanced institutional development in localities while highlighting the role of ethnic and migrant networks in the organisation of local trade on the basis of social ties and trust relationships (Mhang & Nhiem, 2005; Bredeloup & Lombard, 2008;

Brooks, 2012). Another important study is concerned with the impact of the second-hand clothing trade on local textile industries (Frazer, 2008). Other research assesses the impact of the industry on gender relations and cross-border trade. (Milgram, 2012; Machado & Loureiro, 2015; Hernandez & Loureiro, 2017; Sandoval-Hernandez, 2018; Ryder & Morley, 2012; Tarlo, 2012).

The report concludes by making concrete policy recommendations by which the long-term contribution of the sector to national wealth, employment and environmental sustainability can be enhanced:

- First, there needs to be more effective regulation of supply chains for second-hand clothing in Sub-Saharan Africa. There should be an expansion of sorting centres at key strategic hubs as part of a supply chain network. Kenya is among the most significant hubs for trade.
- Second, given the increased demand for second-hand clothing throughout the world economy as environmentally conscious consumers seek more reused products, African countries need their own long-term growth and development strategies. We know that at present, only a quarter of all clothing products are actually recycled. The scope for expansion is enormous. Policy needs to focus on opening up opportunities for trade that benefits both businesses and consumers. Nation-states in Africa would benefit from taking control of the industry through effective policy-making and regulation which opens up the opportunity for trade – both imports and exports- generating increased economic benefit for local citizens and the finances of national governments.
- Third, policy-makers need to move away from treating the expansion of domestic textile production and the growth of the second-hand clothing industry as a zero-sum game where gains for one sector mean losses for the other. There is no convincing evidence that a strong second-hand clothing sector crowds out the development of the local textile industries. Many discarded items of clothing around the world are still not recycled. As such, the potential to grow the sector is considerable.

Policies that encourage the growth of businesses for the full processing of clothing and discarded textile materials would help increase the rate of recycling, with the benefits of job creation, economic growth and environmental sustainability.



The scale of the international wholesale trade in second-hand garments is estimated to be between 2 million and 4 million tonnes of used items traded per year.

Part 1 – Global Supply Chains

This section of the paper elaborates on the scale of the global supply chain for second-hand clothing. It shows how vital the trade in second-hand clothing has become to economies in Africa, particularly Kenya. The scale of the international wholesale trade in second-hand garments is estimated to be between 2 million and 4 million tonnes of used items traded per year. The annual value of this trade was reported in 2016 to be between \$1.5 billion and \$3.4 billion. As a comparison, the retail market for new clothes is worth around \$1.3 trillion per year⁵. As such second-hand clothing sales are worth a small fraction – around 0.25% – of the market for new clothes.

Major exporters of second-hand garments include the USA, China and the UK, followed by Germany and South Korea (see Table 1). The leading country importers include Pakistan, Ukraine and India. Different export sources target different import markets – for example, most US exports of second-hand clothes go to South America, while most UK second-hand clothing goes to Eastern Europe or Africa. The overall global picture for the industry for second-hand clothing reveals considerable diversity in distribution and growth.

Existing research shows that imported second-hand clothing is the main source of garments for consumers in the Global South (Hansen, 1995, 2005). Although second-hand clothing officially accounts for only 0.6% of the international clothing trade, exports from OECD countries were still valued at over US\$1.9 billion in 2009 (UN COMTRADE, 2011; Velia et al., 2006, p. 4).

The trade is especially important in Africa. By volume, second-hand clothes are frequently the largest consumer import, accounting for over 50% of the clothing market in many sub-Saharan African countries (Baden and Barber, 2005, p. 1; Frazer, 2008; Hansen, 2000).

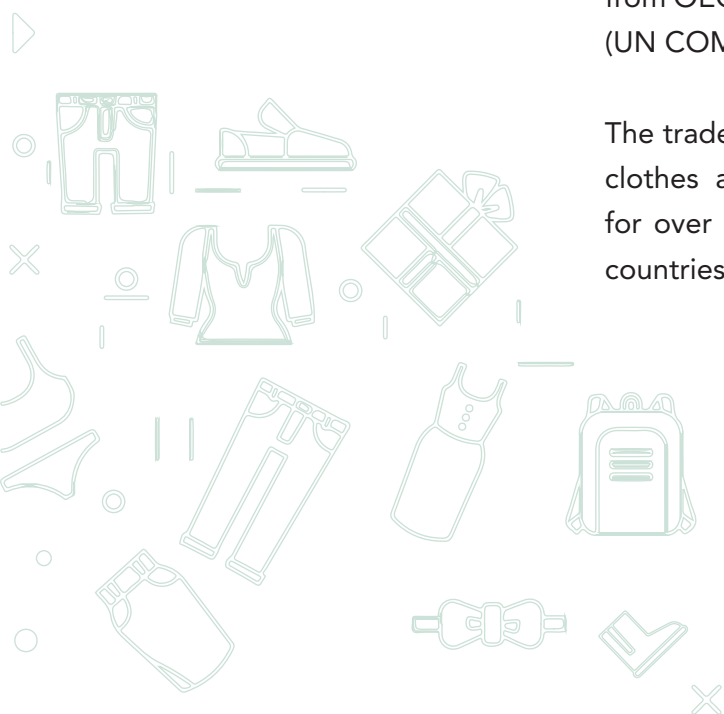
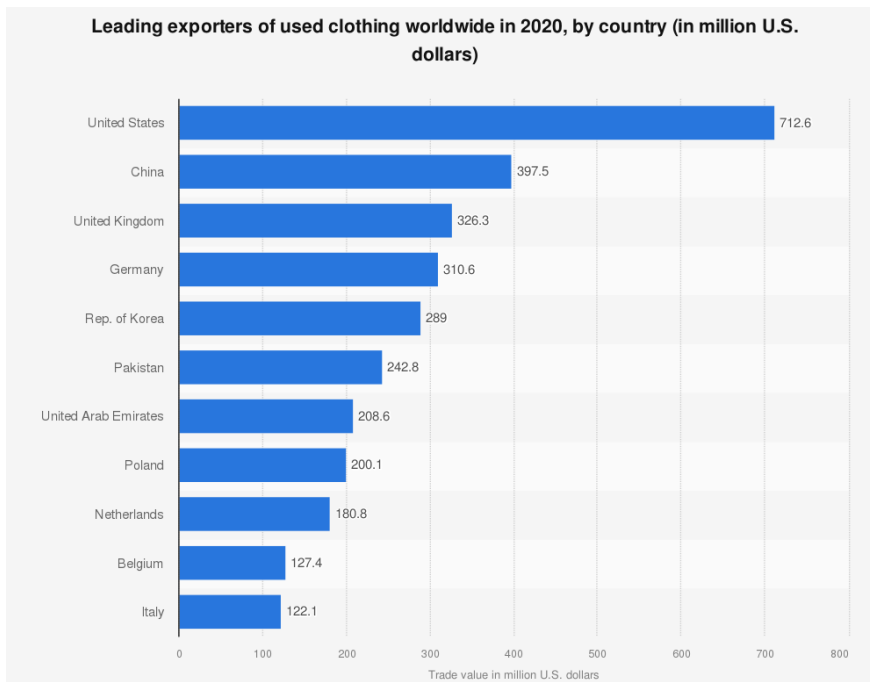


Table 1: Leading exporters of used clothing worldwide in 2020, by country(in million U.S. dollars)



(Source: UN Comtrade Statista 2022)

Exports of second-hand clothing from the Global North destined for Africa transit via transport hubs such as Dubai or export processing zones in India. That makes the final destination of these items harder to discern. (Canam International, 2009; Field, 2000; O'Connor, 2010). An African hub for the processing of second-hand garments would have considerable benefits. Kenya is a prime location for such a sorting centre. This would create jobs and increase the export of textiles to the largest African markets alongside the ever-increasing second-hand clothing market of Global North countries. Sorting facilities will help realise Kenya's goal of becoming among the leading high-value economies in Africa. It is estimated each facility can directly create up to 500 jobs with further employment in related sectors. Kenya is well-positioned geographically to act as a global hub linking other markets throughout Africa to the US and Europe.

Among the most influential arguments against the escalation of the second-hand clothing sector is that it undermines the local African garment industry. However, an influential body of research suggests that the decline of African clothing industries is the result of neoliberal policies domestically and increased exposure to global trade (Gibbon & Ponte, 2005; Harrison 2010). The so-called Washington Consensus stipulated that opportunities for economic

An African hub for the processing of second-hand garments would have considerable benefits. Kenya is a prime location for such a sorting centre.



growth and development were only possible through reducing state control and liberalising markets. Yet these structural changes have clearly disadvantaged most African clothing manufacturers (Harrison, 2010).

An assortment of studies indicate that the decline of the African clothing manufacturing industry has been due to liberalisation since the 1980s. Country studies include: Andr  and Beckman (1998) on Nigeria; Brooks (2010) and Koyi (2006) on Zambia; Gebre-Egziabher (2007) on Ethiopia; Gibbon on Lesotho (2003a) and Zimbabwe (1996); Hart (2002) and Skinner and Valodia (2002) on South Africa; Kinyanjui et al. (2004), McCormick (1997), McCormick et al. (2007) and Phelps et al. (2009a, 2009b) on Kenya; Mbwambo (2004) and Mbwambo and Kuzilwa (2004) on Tanzania; and Pitcher (2002) on Mozambique. The implications of this research are that the second-hand clothing industry should not become the easy scapegoat for the decline of Africa's clothing manufacturing industry.

This report seeks to ascertain the scale and distribution of the global second-hand clothing industry into Africa, revealing the opportunity to create a responsible and sustainable global market.

There are several factors that affect the growth, distribution and development of any international trade sector, including key social and economic trends.

Clearly, market forces play a role. But in a sector such as second-hand clothing, domestic policies and regulations have a decisive impact, explaining the huge variance in the sector's impact across countries.

There are also influential international trade agreements, notably:

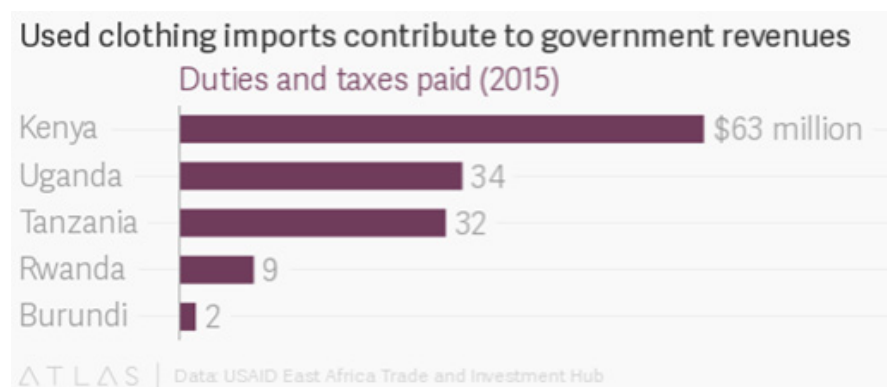
- The African Growth and Opportunity Act (AGOA).
- The Sustainable Development Goals (SDGs), also known as the Global Goals were adopted by all United Nations Member States in 2015 – particularly SDG 10, 12 & 13.
- The impact of the unfettered importation of second-hand clothing from Asia (particularly China).



A – The African Growth and Opportunity Act (AGOA) is a United States Trade Act was enacted on 18 May 2000 as Public Law 106 of the 200th Congress. AGOA has since been renewed until 2025. The legislation significantly enhances market access to the US for qualifying Sub-Saharan African countries. The intention was to set requirements for local textile fabric sourcing where it was considered that sufficient quantities were available in AGOA-eligible countries. The third country fabric provision, (related only to denim initially) would thus first have to be sourced locally or regionally before third country imports could be utilised for onward exports of denim garments. A subsequent legislative revision in September 2012 extended the apparel provisions to the end of 2015 to coincide with the current expiry of the AGOA legislation.

The apparel provisions are unique in that they grant countries defined by the legislation as “lesser developed”, being those that meet certain income thresholds (GNP < \$1,500 per annum in 1998) and which have implemented a special apparel visa system, favourable rules of origin (RoO) requirements.

It is generally assumed that the second-hand clothing industry in Africa is largely an informal sector activity. In Africa, however, this is not necessarily the case and the government revenues generated from the second-hand clothing industry provide strong evidence to support that claim.



(Source: theatlas.com)

After completing its initial 15-year period of validity, the AGOA legislation was extended on 29 June 2015 by a further 10 years, to 2025. AGOA builds on existing US trade programs by expanding the (duty-free) benefits previously available only under the country's Generalised System of Preferences (GSP) program. Duty-free access

The [AGOA] legislation significantly enhances market access to the US for qualifying Sub-Saharan African countries.



to the U.S. market under the combined AGOA/GSP program includes approximately 6,500 product tariff lines, newly added “AGOA products” include items such as apparel and footwear, wine, certain motor vehicle components, a variety of agricultural products, chemicals, steel and many others.

The overall impact of AGOA and the removal of the ‘ban’ on second-hand clothing has been positive for Kenya – an issue discussed in detail in a later section of this report.

B – The Sustainable Development Goals (SDGs), known also as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet, and ensure that all citizens could enjoy peace and prosperity by 2030.

The 17 SDGs are integrated—that is, they recognize that action in one area will affect outcomes in others and that development must balance social, economic and environmental sustainability.

It is increasingly understood that second-hand clothes, contrary to fast fashion, represent a circular and sustainable economy. The reuse of resources and reduced waste and overproduction serve to mitigate climate change and environmental degradation. As a consequence, there has been a boom in second-hand clothes’ popularity in recent years, among consumers in Europe and North America. The conscious consumer of the global north and the low-income consumer in the Global South are together creating increasing demand for second-hand clothing.

Research on the environmental cost of the textile industry indicates that:

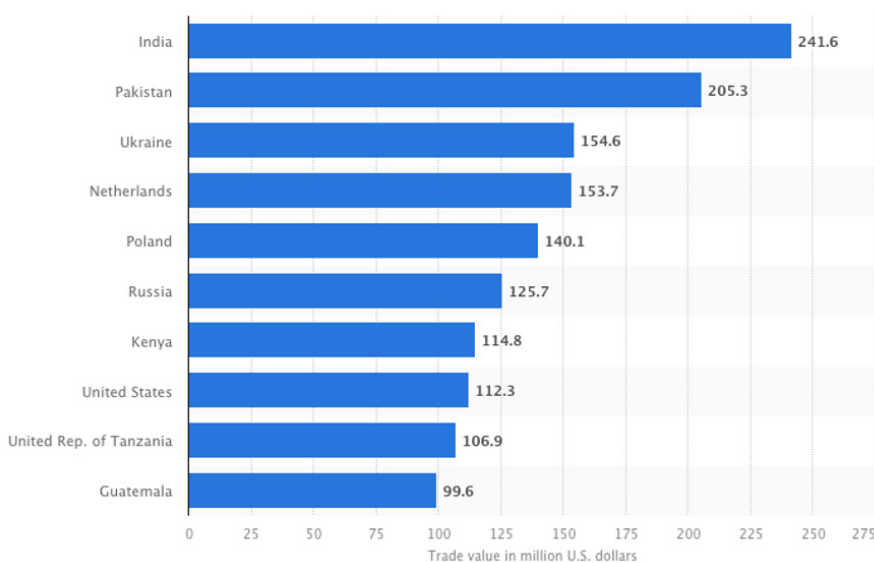
- Making one kilogram of fabric generates an average of 23 kilograms of greenhouse gases (McKinsey 2016).
- Plant cotton is linked to water depletion and accounts for 30% of all textile fibre consumption (McKinsey 2016).
- Although the cultivation area of cotton covers only 3% of the planet’s agricultural land, its production consumes an estimated 16% of all insecticides and 7% of all herbicides (Greenpeace 2017).
- It takes about 170,000 litres of water to grow a kilogram of wool (Julian Cribb ‘The Coming Famine’ 2010). Each year 1.3 trillion

gallons of water is used for fabric dyeing alone (World Resources Institute 2017). It takes about 10,000 litres of water to produce enough cotton for a pair of jeans (WRAP 2011).

To ensure a sustainable textile industry, the recycling of second-hand clothing is crucial. Therefore, better policies are needed alongside the global production networks that can develop and enhance the positive effects of recycling. Of vital importance is creating an infrastructure of localised sorting centres alongside better control of dumping of unused textiles.

C – Unfettered import of second-hand clothing from Asia (particularly China) has had a significant impact on the trade supply chain, as described in the section below.

Leading importers of used clothing worldwide in 2020, by country (in million U.S. dollars)



(Source: UN Comtrade Statista 2022)

In the countries of Europe and North America, there are many companies and charities who specialise in collecting donated clothes. Most are run as commercial businesses that sell donated clothes for profit. Charities raise funds for their projects with the profit from collecting and selling the clothes. They usually sell the clothes exactly as they are received without processing. These clothes are called 'original clothes'.

Better policies are needed alongside the global production networks that can develop and enhance the positive effects of recycling.



Most large collectors of donated second-hand clothes operate with collection bins or drop boxes where people can drop off their clothes. Every city in the USA and Europe, and many other parts of the world, have drop boxes at strategically situated places where it is easy for people to access and donate.

The next section of the report focuses on how Sorting Centres operate and how the value-added of this process benefits the local economy, by creating jobs and revenue through exports.

1A: Current Global Trade

Second-hand or used clothing has become an important source of apparel in low- and middle-income countries, much of which is recycled from wealthier nations. However, there is considerable scope for realising efficiencies and creating more sustainable supply chains in this growing consumer sector. It has been estimated that currently only a fifth of post-consumer garments are collected for either reuse or recycling.² Of these, approximately 40% end up in the second-hand clothing market – either being sold in a charity shop in the same country as the donation was made or more often sold on the international second-hand clothing market.

KEY FACTS FOR THE GLOBAL SECOND-HAND CLOTHING SECTOR:

- Only a fifth of post-consumer garments are reused or recycled – and less than half of these reach the used clothing market.
- Most of these – between 2 million and 4 million tonnes a year – are traded internationally, mainly to low- and middle-income markets.
- Estimates vary about the value of the trade – between \$1.5 billion and \$3.4 billion, which is just a small proportion of the \$1.3 trillion market for new apparel.
- Africa is a major market for used clothing.

In Europe and North America, a high volume of second-hand clothes are sold locally in retail shops. The second-hand clothing market in the United States has grown twenty-one times faster than retail sales of new clothes over the past three years up to 2019. The market is currently worth around \$24 billion and is expected to reach \$51 billion by 2025. Many consumers view second-hand clothing as an alternative option to the trend in fast fashion, complementing their existing clothes purchases. At second-hand shops, they can find

good quality clothes at a reasonable price. The second-hand clothes sold in these shops are carefully selected at sorting centres. A new emerging and prevalent trend are second-hand clothing shops specialising in vintage style second-hand clothes.

Charities in countries such as the UK have benefited enormously from raising funds by collecting and selling second-hand clothes. There is a win-win as a result of charitable giving. Those on low incomes in the UK are able to benefit from the distribution and sale of second-hand clothing in charity shops.

Meanwhile, the second-hand clothing trade helps to alleviate poverty in African countries and provide more choice and quality for low-income consumers.

A key element of the supply chain infrastructure for reusable clothing is the role of sorting centres. Sorting centres that grade used or pre-owned clothes have become more prominent. At these centres, sorted garments are compressed into bales of 50 kilograms (110 lb) and then exported for sale.

Unsorted second-hand clothes can be compressed into bales of 500 to 1000 kg. The better graded used clothing is exported to Central American Countries while lower graded clothing is shipped to Africa and Asia. The hubs for commercial sorting of pre-owned clothes are in South Asia, Canada, Belgium, the Netherlands and Hungary.

The world's largest importers of used clothing are the Sub-Saharan countries in Africa, receiving over a quarter of global second-hand clothing exports. Some countries, like the Philippines and India, ban the import of second-hand clothes to protect their local textile industries. Other countries like Pakistan, Uganda and South Africa, all of which have flourishing textile industries, have limited or no restrictions. South Africa, for example, allows the importation of second-hand/pre-owned clothing only for charitable purposes and not for commercial resale.

The second-hand clothing trade varies from country to country in Africa, Rwanda banned second-hand clothing imports in 2018. The ban was aimed at boosting its domestic textile manufacturing industry. The result was that the USA administration removed Rwanda from the AGOA. Kenya, Tanzania and Uganda initially proposed to follow Rwanda, but have since succumbed to pressure, choosing the economic benefits that accrue from the trade agreement with the US.



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Intended to protect local textile sectors, the move is an ‘archetypal industrial policy’ that countries can choose to pursue (Warren-Rodriguez, 2010). The approach aligns with the 2012 EAC Industrialization Strategy and mirrors comparable protectionist measures taken by today’s wealthier nations (Amsden, 1989; Wade, 2003; Chang & Grabel, 2014). Yet the ban on second-hand clothing has mixed results for different EAC countries. The evidence suggests that a national ban on second-hand clothing merely imposes costs on consumers, used clothing retailers and foreign used clothing exporters.

In 2016, the Kenyan textile industry was the EAC’s largest while Rwanda had the smallest sector. During the 1980s and 1990s, African textile industries struggled in a period of global trade liberalisation and the rising economic power of Asia. However, with duty-free access to the US (under AGOA) and eyeing the space left open in global markets by China’s focus on services, some African textile and apparel industries staged a recovery (Berg et al., 2015).

Kenya is today the fourth-largest apparel exporter in Africa (Tyce, 2019), despite there being no ban on second-hand clothing, while the sector contributes 7% to the country’s net export earnings. Kenya as of now is the largest exporter of apparel under AGOA with about \$600 million worth of exports in 2017. This economic reality challenges the widely held belief that a larger second-hand clothing sector directly undermines domestic textile manufacturing production.

The mitumba industry of Kenya currently employs more Kenyans than domestic manufacturing. The Kenyan textile and apparel sector did not advocate a ban on second-hand clothing. Industry representatives at the Kenya Association of Manufacturers (KAM) had no official position and did not unanimously support the policy. The views of manufacturers reinforce the claim that there is no direct correlation between a weaker textile manufacturing sector and the development of the second-hand clothing industry in Kenya.

Meanwhile, Rwanda’s textile and garment manufacturing sector grew 83% between 2018 and 2020. This growth occurred despite the United States suspending the duty-free status for Rwandan apparel products in 2018, under the African Growth and Opportunity Act (AGOA). This followed a decision by Kigali to raise tariffs on second-

hand clothing to protect the domestic industry. As dramatically successful as that approach may seem, the industry was highly under-developed with very little capacity – so the rapid rate of expansion was only relative.

Indeed, statistics from the Rwandan Ministry of trade and industry indicate that Rwanda exported \$5.9 million worth of textile and garment products in 2018.

By 2020, the value had increased to \$34.6 million, as more garments were exported to markets in the Democratic Republic of Congo, Belgium, Germany and Hong Kong. While the growth appears to be significant, when compared to Kenya's textile sector in the same period and Kenya's current level of exports (over \$600 million), Rwanda has a long way to catch up. The validity and effectiveness of a ban on second-hand clothes to generate growth in the textile manufacturing sector remains a highly questionable policy.

1B: Future Projected Growth of Second-Hand Clothing

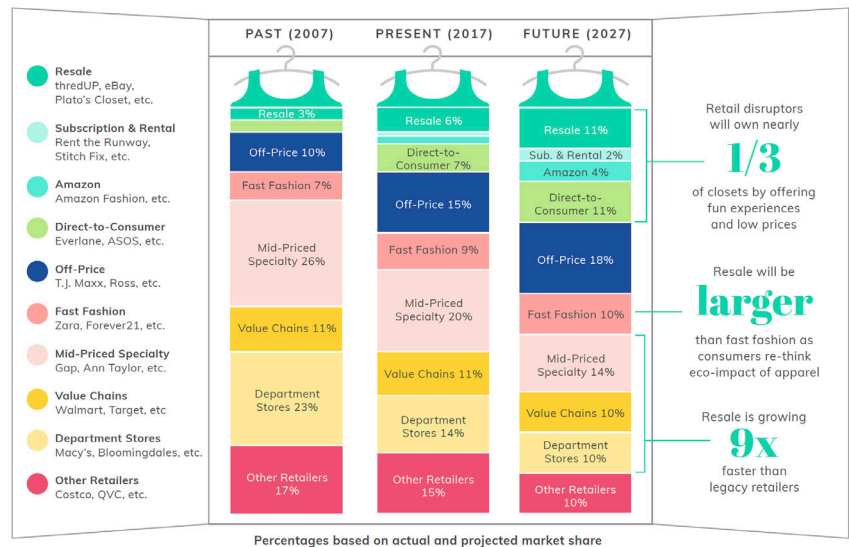
The focus on climate change globally has led to increasing interest in the circular economy and environmental sustainability across many disciplines, particularly economics. That growing interest has been triggered by environmental changes, demographic shifts, global wealth disparities, and consumption-oriented economic growth models that appear to be both wasteful and polluting. In contrast, a circular economy has the capacity to radically reduce waste through reusing, repairing, refurbishing, and recycling existing materials and products.

Existing research highlights the global relevance of the second-hand clothing trade in volume (Brooks, 2015, Hansen 2004). In Sub-Saharan African countries, second-hand clothes trade represents more than half of the total clothing trade (Brooks, 2015). It is important to assess the positive and negative impact of this form of commercial activity in Africa.

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In Sub-Saharan African countries, second-hand clothes trade represents more than half of the total clothing trade

RETAIL IS CHANGING, NOT DYING
Meet the Closet of the Future



(Source: cf-assets-tup.thredup.com)

Concerns have been raised about the public health consequences of high volume trade in second-hand clothing, particularly during the COVID-19 pandemic when it was feared that contaminated clothing may help to spread disease. In research on the perception of second-hand clothing across different countries (Hansen, 2000) it has been suggested that the media and trade ministers often refer to problems of hygiene and public health (similar opinions are reported in other studies: Hernandez & Loureiro, 2017; Field Et Al, 1996; Baden & Barber, 2005). Even so, the most widespread criticism refers to the negative effect of second-hand clothes on the local textile industry.

However, when the textile industry practically disappeared or collapsed in particular African countries, the main cause was policies that led to increased liberalisation and privatisation, stimulating openness to international markets and European and Asian imports during the 1980s. Hansen developed the idea of the cultural construction of demand to explain how traders and consumers of second-hand clothing, rather than destroying local textile industries, increase access to the global economy.

Hansen and Brooks develop the concept of the “global commodity chain” of second-hand clothing: the global organisation of the collection, selection, and trade of garments. The commodity chain includes a significant role for charitable associations (such as Goodwill, the Salvation Army, or Oxfam) and business associations

(recycling companies, brokers) in the distribution of clothing from countries in the North to countries in the South and their commercialization in informal markets in poor countries. The work of Hansen demonstrates that the second-hand clothing sector is diverse and multi-faceted rather than defined by a straightforward North-South relationship.

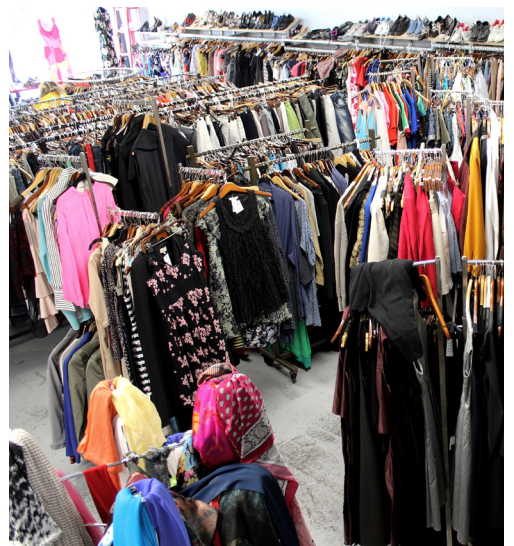
Hansen shows that the second-hand clothing sector has been liberating for local citizens and communities (especially women), reducing their reliance on handouts and support from the government. By providing jobs and allowing Kenyans to create small businesses within the mitumba production chain, the unemployment and poverty rate can be reduced. It is argued that second-hand clothes represent a form of democratisation. Second-hand clothing has come to represent what it means to dress well.

While it may be the case that the export of second-hand clothing from the North and its import to the South reproduces an unequal global order, Hansen points out that consumers in the South are more than passive recipients of these goods. The consumption of second-hand clothing is a matter of cultural economy, taste, and style. The second-hand clothing industry provides the opportunity for consumers on low incomes to express themselves.

Relationships between second-hand clothing traders are usually built on long-term relationships of transparency and trust.

Frazer, 2008 has sought to model the relationship between the second-hand clothing industry and the textile manufacturing sector across sub-Saharan Africa. However, Brooks and Simon suggest that Frazer's research relies on international trade data sets, and gives scant consideration to the actual dynamics of the used-clothing trade. A more nuanced analysis is required of the impact of new-clothing imports and the broader political and economic context of industrial decline in the face of economic liberalisation in the 1980s and 1990s (Brooks & Simon, 2017).

Other research demonstrates that observed growth of clothing production in certain key economies, such as Kenya and Lesotho, occurred independently of the African market for both new and used clothing in the 2000s. Mangieri (2006) has shown that used-clothing imports to Kenya grew at the same time as the increased





manufacture and export of apparel in the early 2000s. This finding indicates that the long-term relationship between industrial decline and used-clothing imports that still dominates the literature is outdated.

There is no compelling evidence that second-hand clothing is detrimental to the growth of the textiles manufacturing sector in Africa.

For the future, this report advocates a more formal and structured approach to regulation and policy implementation. Particularly crucial is the development of a network of local sorting houses that can help to create a more economically sustainable second-hand clothing industry.

1C: Environmental Impact

Many environmentalists have concluded that the fashion industry has a disastrous impact on the global environment. In fact, it is generally agreed that fashion is the second-largest polluter in the world, just after the oil industry.

The environmental damage created by textiles manufacturing is increasing as the industry expands. Fashion production makes up 10% of humanity's carbon emissions, dries up water sources, and pollutes rivers and streams. What is more, 85% of all textiles are dumped each year (UNECE, 2018).

The majority of clothing used in the Global North is not recycled. This has a negative impact on the environment. The amount which is recycled cannot be absorbed by the country in which it is collected. Looking at the US alone, a 2006 survey conducted by America's Research Group found that about 12–15% of Americans shop at consignment or resale stores.

On the other hand, the redistribution to the countries of the global south has an enormous economic and social impact across the globe. The management of excess second-hand clothing is an opportunity for realising efficiencies and the creation of a positive social and economic impact in the global south.

The Council for Textile Recycling (USA) estimates that 2.5 billion pounds of post-consumer textile waste are collected and prevented

from entering directly into the waste stream. This represents 10 pounds for every person in the United States, but it is still only about 15% of the clothing that is discarded. 30% of these textiles are turned into absorbent wiping rags for industrial uses, and another 25–30% are recycled into fibre for use as stuffing for upholstery, insulation, and the manufacture of paper products.

About 45% of these textiles continue their life as clothing, but not domestically. Certain brands and rare collectable items are imported to Japan, the largest buyer of vintage and American high-end fashion. Clothing that is not considered vintage or high-end is baled for export to developing nations. Data from the International Trade Commission indicate that between 1989 and 2003, American exports of used clothing more than tripled to nearly 7 billion pounds a year. Used clothing is sold in more than 100 countries. For Tanzania, where used clothing is sold at the mitumba markets throughout the country, these items are the number one import from the United States.

Imported apparel from America and Europe is bought in 100-pound bales of mixed clothing by small entrepreneurs. Like opening a piñata, these merchants sort through the contents of the bales to assess its value. Prices are set according to the latest fashions, the condition of the clothing, and its desirability.

Because women in the West tend to buy much more clothing and discard it more often than men, the world supply of used women's clothing is at least seven times that of men's. Winter clothes, although generally more expensive to produce, command the least value in the second-hand African markets.

Companies such as Trans-America are therefore seeking to expand into colder climes such as Eastern Europe.

Observers predict that the trend toward increasing exports of used clothing to developing countries will continue to accelerate because of the rise of fast fashion consumerism in the United States and Europe, and the falling prices of new clothing.

Others question this assumption, however. For example, the Institute for Manufacturing at Cambridge University issued a report in 2006 titled *Well Dressed? The Present and Future Sustainability of Clothing and Textiles in the United Kingdom*. The report raised concerns



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It is estimated that 600 kilos of used clothes could reduce CO² emissions by 2250 kilos; 3.6 billion fewer litres of water would be used.

that trade in second-hand clothes in African countries inhibits the development of local industries even as it creates employment. The authors of Recycling of Low Grade Clothing Waste warn that in the long run, as prices and quality of new clothing continue to decline, so will the demand for used clothing.

Whatever the future consumption trends in both developing and developed countries, domestic textile manufacturing production clearly impose significantly higher environmental costs. Recent research demonstrates that the collection, processing, and transportation of second-hand clothing has an insignificant impact on the environment in comparison to the savings that are achieved by replacing new clothing. The reduction of the environmental impact resulting from collecting 100 garments for reuse ranges from a 14% decrease of global warming for cotton t-shirts to a 45% reduction in human toxicity for polyester/cotton trousers (Farrant, Wengal & Olsen, 2010).

Studies indicate that the reuse of clothes can significantly contribute to reducing the environmental burden of clothing. It is estimated that 600 kilos of used clothes could reduce CO² emissions by 2250 kilos; 3.6 billion fewer litres of water would be used.

The US apparel resale market alone is projected to exceed \$50 billion in revenue by 2023, according to ThredUp, an online consignment retailer. At this rate the revenue, jobs and environmental benefits from the second-hand clothing sector are going to be significant, providing a major opportunity for countries willing to create a competitive business environment for the sector.

Part 2 – National Supply Chains

The next section of the report focuses on supply chains within countries as well as the nature of international trade. It also considers the environmental impact of the textiles industry, highlighting the significant difference in impact between the production of new clothing and the reuse of existing items. The trade between the USA and Sub-Saharan Africa is significant, and more importantly, increasing at a rapid rate. Total two-way goods trade between the United States and sub-Saharan Africa increased 5.8%, from \$36.9 billion in 2015 to \$39 billion by 2017.



Facts about trade between the US and Sub-Saharan Africa

Top US goods exports to sub-Saharan Africa: machinery (\$2.3 billion), vehicles (\$1.6 billion), aircraft (\$1.5 billion), mineral fuels (\$1.4 billion), and electrical machinery (\$864 million).

Top US export markets in the region: South Africa (\$5 billion), Nigeria (\$2.2 billion), Ghana (\$886 million), Ethiopia (\$873 million), and Angola (\$810 million).

Top US imports from sub-Saharan Africa: oil (\$11.2 billion), precious metals (\$4.1 billion), cocoa (\$1.2 billion), vehicles (\$1.2 billion), and iron and steel (\$950 million).

Top sub-Saharan African suppliers to the United States were South Africa (\$7.8 billion), Nigeria (\$7.1 billion), Angola (\$2.6 billion), Côte d'Ivoire (\$1.2 billion), and Botswana (\$772 million).

US investment in sub-Saharan Africa stood at \$29 billion in 2016 (the latest year available), down 23% compared to \$37.5 billion in 2014. The three largest destinations for U.S. investment were Mauritius (\$6.7 billion), South Africa (\$5.1 billion) and Nigeria (\$3.8 billion). Sub-Saharan Africa foreign direct investment in the U.S. stood at \$4.2 billion in 2016, up 164% compared to \$1.6 billion in 2014.

2A: Current Trade in Kenya

Kenyans are huge fans of second-hand clothing for a variety of reasons. They are one of the most cost-effective forms of clothing. They provide decent clothing for a relatively low price. Second, these items are often long-lasting. Second-hand clothing invariably outlasts new clothing. Because of its use and export to other countries, Kenya is one of the largest importers of second-hand clothing in Sub-Saharan Africa, according to this report.

In six years, the nominal value of second-hand clothing imports into Kenya has increased by 80% from 10 billion shillings to 18 billion shillings. Most households, according to a recent household analysis, buy new clothes when they are required, such as for school or workplace uniforms. 91.5 percent of households purchase second-hand clothing worth less than 1000 shillings, while 8.5 percent purchase second-hand clothing worth more than 1000 shillings. 74.5 percent of all households purchased new clothing for less than 1000 shillings, while 25.5 percent purchased new clothing for more than 1000 shillings,



91.5% of households purchase second-hand clothing worth less than 1000 shillings, while 8.5 percent purchase second-hand clothing worth more than 1000 shillings.

demonstrating the price sensitivity of second-hand clothing products.

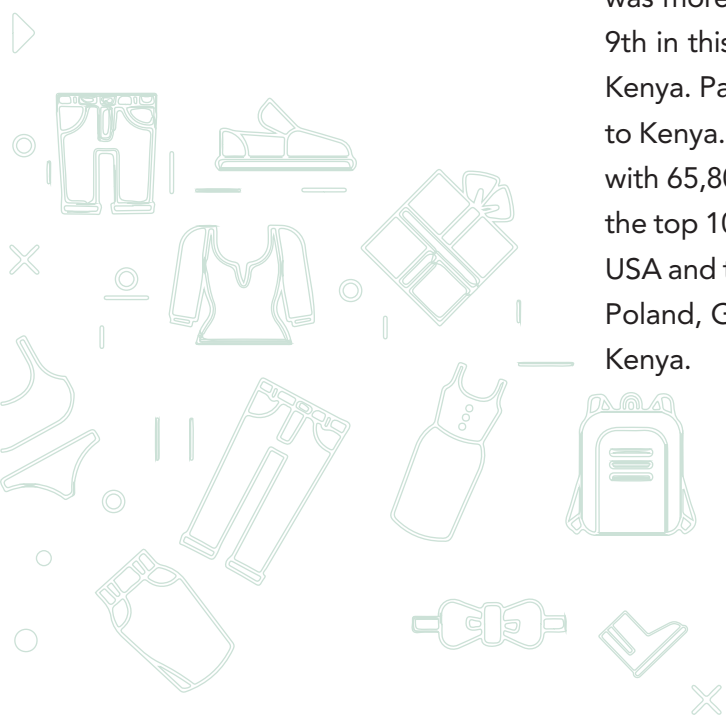
Kenya imported 185,000 tons of used clothing in 2019. This equated to around 8,000 containers. Import taxes increased to \$15,000 per 40-foot container in 2019 (equivalent to 24 tons). There are varied supply sources for Kenya's mitumba trade, which has an enormous impact economically and socially.

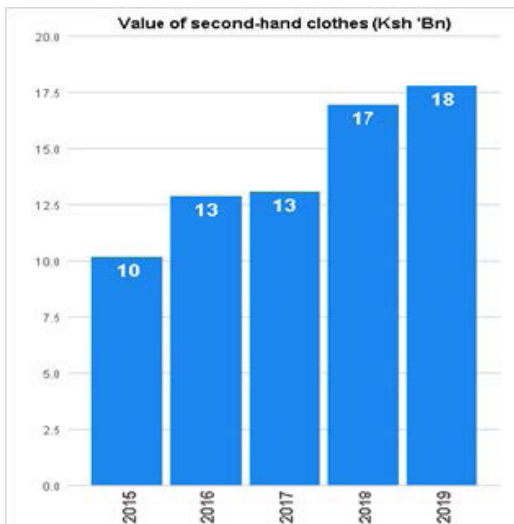
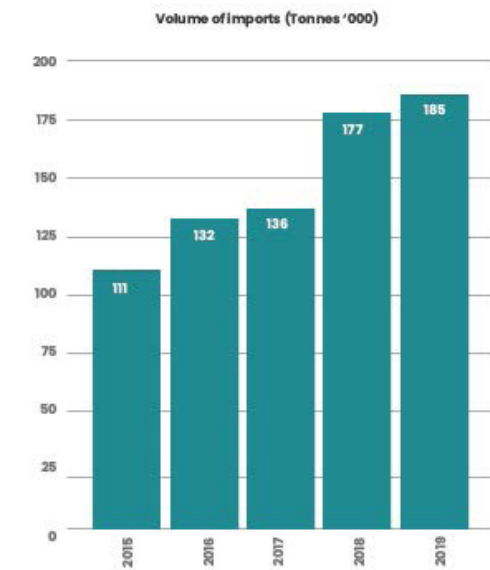
For instance, more than 70% of all repurposed clothing in the UK is exported and sold in Kenya. Approximately two million Kenyans work in the Mitumba market. Since the second-hand clothing industry and the formal textile industry are two distinct industries, players in those markets are rarely competitors.

In Kenya, second-hand clothes are the lifeblood of every household. They are worn by almost all citizens. Kenya not only imports used clothing for personal use but exports it to neighbouring countries. Mitumba is not just a clothing culture in Kenya; it is a major source of income for households.

Kenya imported the highest amount of second-hand clothing not from the USA or Europe, but China between 2016-2020. As a result of its contribution to employment and as a source of government revenue, the sector is critical to Kenya's economy.

More recently, the COVID-19 pandemic has impacted Mitumba markets throughout the nation. Prior to coronavirus, Kenya imported 231,531 tons of second-hand clothes from China alone. That figure was more than one-third of total imports over four years. India ranks 9th in this list with 24,471 tons of export of second-hand clothing to Kenya. Pakistan is in the top ten suppliers with 74,467 tons of exports to Kenya. This is more than Canada's supply that stood in 3rd position with 65,807 tons. The UK and the USA were somewhat surprisingly in the top 10 suppliers in fourth and fifth position. Total exports from the USA and the UK combined were less than half the exports from China. Poland, Germany, and UAE were also among the top 10 suppliers to Kenya.





(Source: ieakenya.or.ke)

2B: Projected Growth

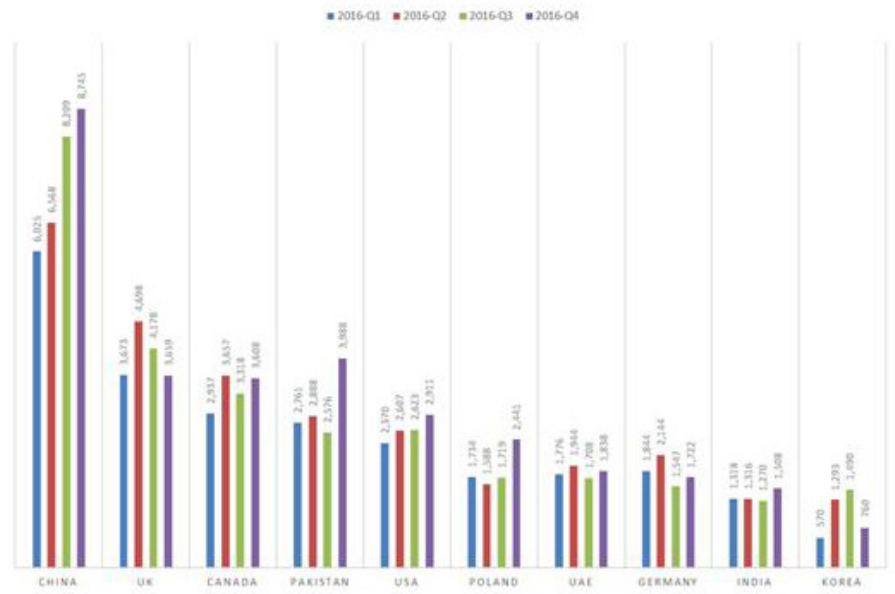
China's supply to Kenya has more than doubled between 2018 and 2019 when compared to the supply of 2016. Every country's supply in 2020 was low since Kenya had banned the import of second-hand clothing from March 2020 due to infection control measures required by the COVID-19 pandemic.

China is the leading supplier of second-hand clothing to Kenya. Its total supply was 29,548 tons in 2016. China was followed by the UK and Canada with 12,212 and 13,520 tons of supply respectively. India was the ninth-largest supplier and Korea tenth. Korea's supply of second-hand clothing increased in every quarter of 2016 but then fell drastically from 1,490 to 760 tons.

Pakistan's supply was noticeably higher in the 4th quarter of 2016, landing it in fourth position. UAE's total supply for the same year was just 10 tons more than Germany's total supply for that year.

It takes
10,000 litres
 of water to
 produce one
 kilogram of cotton;
 or approximately
3,000 litres of
 water for one
 cotton shirt.

TOP 10 SUPPLIERS OF SECOND HAND CLOTHING TO KENYA IN 2016



(Source: textilevaluechain.in)

2C: Environmental impact

The global fashion industry consumes a tenth of all of the water used industrially to run factories and clean products. To put this into perspective, it takes 10,000 litres of water to produce one kilogram of cotton; or approximately 3,000 litres of water for one cotton shirt. Furthermore, textile dyeing requires toxic chemicals that subsequently end up in our oceans.

Approximately a fifth of the wastewater worldwide is attributed to this process, which accumulates over time. The wastewater created is highly toxic and, in many cases, cannot be treated to become safe again. Meanwhile, concerns have been rising about pollution, from chemical waste to microplastics. Among the developments exacerbating these problems is fast fashion – cheap clothes bought and cast aside in rapid succession as trends change. This data has startling implications and should be taken into account when advocating the expansion of clothing manufacturing in Kenya rather than the second-hand clothing industry.

The Intergovernmental Panel on Climate Change (IPCC) says that the global clothing industry must change. They set out a number of ways it could become greener, including embracing renewable energy and developing new methods for recycling, as well as reducing the use of polyester – a non-biodegradable fibre, produced from petrochemicals, that dominates the fashion industry.

Recycling of clothes, through the second-hand clothing industry, will benefit the environment as a whole. However, in Africa and particularly in Kenya, policy support for the industry and regulation of supply chains through the creation of local sorting houses will lead to improved outcomes.

Waste accumulation is a huge problem. Landfills are filled to the brim and are expanding every second; when people throw away clothes, they're adding to that waste. Fast fashion in the Global North is generating more and more textile waste: only 15 percent of clothing is recycled or donated, while the rest goes directly to the landfill or is incinerated. When these products hit the landfill, they take up to 200 years to decompose.

The global fashion industry is a major polluter generating greenhouse gases during the production, manufacturing, and transportation processes of millions of garments purchased each year. The carbon footprint of a garment largely depends on the material. While synthetic fibres like polyester have less impact on water and land than grown materials like cotton, they emit more greenhouse gases per kilogram. A polyester shirt has a greater carbon footprint than a cotton shirt (5.5 kg vs. 4.3 kg, or 12.1 pounds vs 9.5 pounds). Polyester production for textiles released around 706 billion kg (1.5 trillion pounds) of greenhouse gases in 2015, the equivalent of 185 coal-fired power plants' annual emissions.

Given these facts, there is an urgent need at the local level to mitigate the effects of the garment industry. The second-hand clothing sector provides an opportunity. The 'intuitive' argument for supporting the textile manufacturing industry has often won the debate, and as a consequence, most national policy in Africa (especially in East Africa) does not support the second-hand clothing industry. Research demonstrates that the collection, processing, and transporting of second-hand clothing has a far less significant impact on the environment compared to the savings achieved by replacing new clothing. The reduction of impacts resulting from collecting 100 garments for reuse ranges from a 14% decrease in global warming for the cotton T-shirt, to a 45% reduction of human toxicity for polyester/cotton trousers (Farrant, Wengal & Olsen, 2010). The results of this study show that clothing reuse contributes significantly to reducing the environmental costs of the textile industry. It is estimated that

Recycling of clothes, through the second-hand clothing industry, will benefit the environment as a whole.



600 kilos of used clothes could reduce 2250 kilos of CO² emissions, 3.6 billion litres of water used, and 144 trees planted.

When weighing up the environmental costs of the textile industry versus the environmental benefits of the second-hand clothing industry, the evidence from this report clearly shows that the benefits from second-hand clothing are too significant to ignore.

Part 3 – Policy, Supply & Impact

The final section of the report addresses the impact of domestic policy and regulation on the second-hand clothing sector. It argues that governments in countries such as Kenya have to take responsibility for managing supply-chain infrastructure in second-hand clothing, notably by facilitating the opening of new sorting facilities for the industry. The East Africa Community (EAC) comprises Burundi, Kenya, Rwanda, Tanzania, and Uganda. In 2017, the EAC proposed a ban on the import of second-hand clothing to boost the local manufacturing sector, help the economy and prevent local textile industries from declining. The other reason behind the proposal of a ban was hygiene. The EAC claimed that importing used clothes is unhealthy and involves low sanitary standards. The proposal was eventually rejected, while Kenya continued to import second-hand clothing from various countries. Many governments concede that they still rely on market access to the US but relatively few countries in Africa have been able to seize all of the economic opportunities afforded by the African Growth and Opportunity Act (AGOA).

However, the growth in the total annual importation of second-hand clothing was notably lower due to the EAC's proposed ban.

Research drawing on twenty-one semi-structured interviews specifically on the EAC ban debates of 2018 reveals that the EAC's stance can be explained by its vulnerability to the interests of foreign-owned apparel firms and donors (A.E Wolff, 2021). Foreign-owned firms had great influence as they were largely export-oriented and so faced the threat of losing access to the US market. The US exercised 'go-it-alone power' (Gruber, 2000, 2001). However, the impact of the US intervention on the EAC's policy space reflected domestic configurations of power influenced by the regime's sources of legitimacy. Policies in each country vary according to the distribution of power in society, as policy enforcement is more likely when it aligns with the interests of powerful groups (Khan, 2010).

A variety of factors influence a group's relative power, shaped by context and 'historical patterns of conflict and organisation' (Goodfellow, 2018, p. 205).

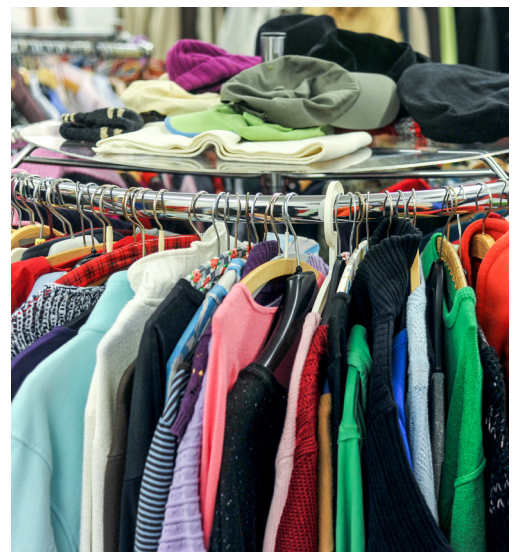
Economic strength matters since wealthier groups can employ more costly influencing strategies. However, a group's political capabilities are crucial, notably, the 'capacity of their leadership to mobilise and enthuse and their skill in identifying and rewarding the right people through formal or informal networks' (Khan, 2017).

This is no less true for policy-making in relation to the second-hand Clothing industry in Africa. A deeper understanding of supply chains and their associated networks are essential when formulating policy for the industry.

3A: Background – Second-hand clothing policy development

Despite the weakness of demand in domestic markets for new clothing due to low incomes, the long-term trend of decline since the early 1980s has not been uniform across Africa. In recent years, there has been some growth in African clothing manufacturing for export to the global North (Traub-Merz, 2006). In Kenya, larger firms have moved out of the local market to focus on f exports while clothing factories operating under export processing authorities produce for the US retail market (McCormick et al., 1997; Phelps et al., 2009a).

According to the Kenya National Bureau of Statistics, clothing accounts for 2.5 percent of overall household consumption in Kenya, worth 197.5 billion shillings. This figure equates to an average of 4,150 shillings spent per person on all clothing and footwear purchases. The formal textile industry and the mitumba sector are separate entities. The formal Kenyan textile industry includes yarn and clothing production, as well as research and development, design, manufacturing, and distribution. Mitumba is a business that buys and sells used clothing. As a result, there is a significant price difference between the two sectors, with used clothing being considered less expensive for the consumer. Nevertheless, the Kenyan government has been keen to discourage the importation of second-hand clothes in favour of the local textile industry.



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Politically motivated preferential trade agreements changed the terms of trade in a process independent of used-clothing imports. This had a positive effect on clothing production and employment in some African nations such as Kenya and Lesotho in the early 2000s (Gibbon, 2003a; Phelps et al., 2009a). These positive impacts may, however, have been local and largely unsustainable as was the case in Kenya following the enactment of AGOA: 'The direct employment created has been substantial although it has declined since the high watermark in 2003' (Phelps et al., 2009b: 88).

Around two million Kenyans are employed directly by the second-hand clothing sector, with many more employed indirectly. Mitumba traders, who import used clothes in bulk and supply them to retailers, then sell the clothes on the market and are among those directly employed by the industry.

More policy work is required to achieve the necessary balance between promoting local textile industries and support for a growing and jobs generating second-hand clothing sector. The introduction of policies to support the expansion of sorting centres in Africa and a hub in Kenya requires the integration of economic, social and environmental benefits from the second-hand clothing industry.

3B: Policy in post COVID-19 times

The weak purchasing power of African consumers persists today while household expenditure remains low in both urban and rural contexts. For example, in Mozambique, monthly household expenditure on clothing is 303 meticaïs (US\$ 10.45) in urban areas and 167 meticaïs (US\$ 5.76) in rural areas (INE, 2010, quoted in Paulo et al., 2011: 7). This severely limits what can be purchased. Data collected in Maputo demonstrates that second-hand clothing sale prices are on average 37.7 per cent of the cost of new clothes for comparable items, based on a sample of equivalent new and used men's trousers and shirts and women's skirts and blouses and tops. The cheaper second-hand items are in greater demand among the majority of the population which has weak purchasing power.





(Source: Economist.com)

The salient point is that observed growth of clothing production in certain key economies, notably Kenya and Lesotho in the 2000s, is independent of the African market for both new and used clothing (Mangieri (2006). Moreover, studies have shown that used-clothing imports to Kenya grew simultaneously with the increased manufacture and export of apparel in the early 2000s.

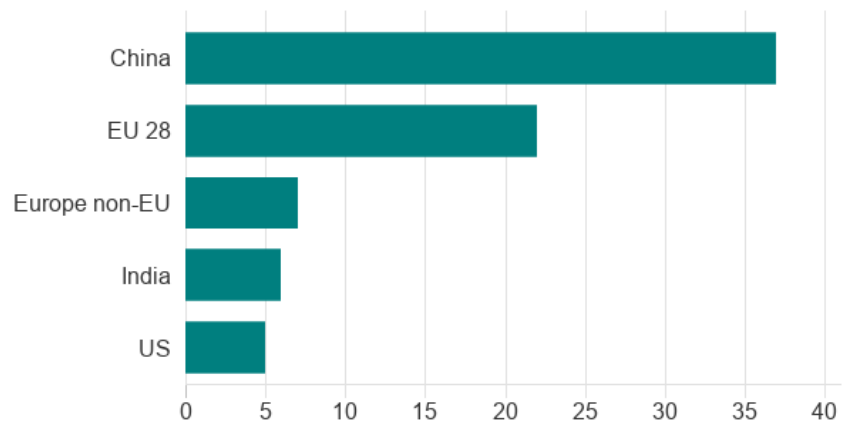
The clothing industry has followed different trajectories in neighbouring African countries. On a modest scale, the Mozambican clothing sector has grown since the mid-2000s, but to the detriment of South African factories. This clothing industry growth came as a result of Mozambican factories producing for export markets, as demonstrated in relation to Kenya and Lesotho.



It is low labour productivity that makes production expensive and uncompetitive compared to used clothing which has relatively low 'production' costs.

Top exporters of textiles in 2015

■ Share in %

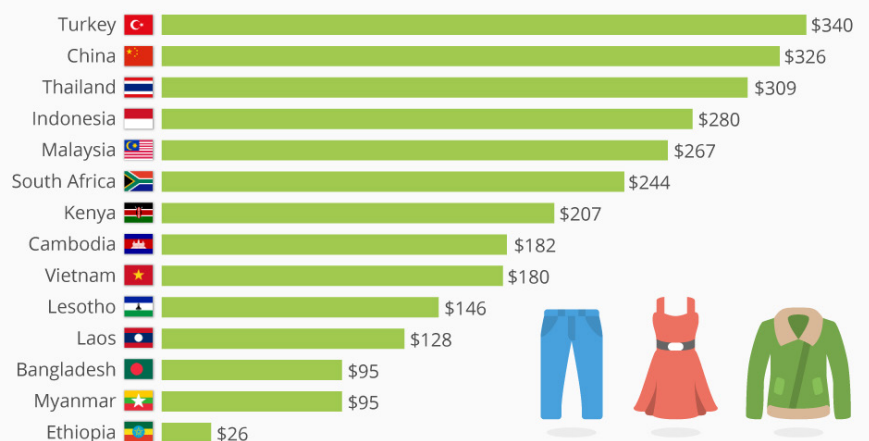


(Source: WTO BBC)

A key issue is that labour costs in Africa are relatively high in comparison to East Asia. In South Africa and Zambia real wages are, however, lower due to the higher local cost of living: surviving on these wages is difficult and working conditions are often poor (Brooks, 2010; Hart, 2002). It is low labour productivity that makes production expensive and uncompetitive compared to used clothing which has relatively low 'production' costs.

Where Pay Is Lowest For Cheap Clothing Production

Monthly minimum wage in the global garment industry in 2018 (selected countries)



© StatistaCharts

Source: NYU Stern Center for Business and Human Rights

(Source: UN Comtrade Statista 2022)

In African markets, imported used clothing is invariably competing with new-clothing imports from Asia. In such cases, the negative impact of used-clothing imports to Africa will not principally affect African producers

(that cease to manufacture), or those manufacturing mainly for export, but rather affect Asian clothing manufacturers that export to Africa (Baden and Barber, 2005).

3C: Future policy synced with environmental policy

As this report has shown, Africa has one of the largest used clothing markets in the world. It is thought that four-fifths of those on the continent wear second-hand clothes mainly imported from the USA, Europe, India, China and Pakistan.

Citizens across the world are increasingly aware of the damage and degradation inflicted by global climate change. As a result, we must do our part to help reduce waste by reusing and recycling products.

The purchasing of second-hand clothing and accessories is part of a cycle of reusing products that would otherwise be discarded in landfills, further polluting the atmosphere.

The initial stage in the second-hand clothing trade is the generation of a surplus of used clothing in the Global North where stimulated demand — principally from the fashion industry— promotes heavy consumption of new clothing so that people discard unwanted items that can be worn again (Gregson and Beale, 2004). Used clothing donated in affluent countries, such as Australia, Canada, Spain, the United Kingdom and the United States, is collected by charitable bodies or commercial firms, sold for profit. Much collected used clothing is locally undesirable and is traded to markets where consumers are poor — from Haiti to the Philippines, but especially to Africa.

The trade pattern is influenced by multiple geographical and political factors while used clothes are also re-exported and traded between poor countries.

What is required are policies that support the long-term development of the second-hand clothing industry, providing a sustainable source of employment and increasing economic value. Every job in the second-hand garments sector supports additional jobs in the informal sector. Many citizens depend for their livelihoods on family members employed in second-hand clothing businesses. The industry has helped incubate new Small and Medium-Sized



Many citizens depend for their livelihoods on family members employed in second-hand clothing businesses.

Enterprises (SMEs) and encouraged the growth of self-employment. Many traders are involved throughout the supply chain. Formal sector jobs result in tax revenues being paid into the Kenyan economy, creating further employment in local economies through increasing consumer purchasing power. But to succeed, the sector requires managed supply-chains and a network of local sorting centres that protect traders and maintain quality and choice for the consumer. That means leadership from governments.

CONCLUSIONS AND RECOMMENDATIONS:

The scale of demand for high-quality and affordable clothing is rapidly increasing throughout Africa and around the world. However, in most African countries, it cannot be met by the current capacity of the manufacturing industry. It is estimated that four-fifths of the population of Sub-Saharan Africa purchase second-hand clothing due to their low purchasing power.

As well as being under-reported in official data sets, the trade of used and unwanted garments from the Global North to markets in Africa is an important economic policy issue that has received only limited attention in the academic literature and popular commentary, despite being vitally important to millions of lives (see Baden and Barber, 2005; Field, 2000, 2008; Haggblade, 1990; Hansen, 1994, 1995, 2000; Mangieri, 2006; Velia et al., 2006; Wicks and Bigsten, 1996).

There are geographical imbalances in the supply and demand for used clothing, just as there are in the location of the production and markets for new clothing. In the new clothing trade, imbalances are created principally by differences in wage levels and per capita GDP. It has been widely documented that new clothing is produced primarily in low-wage countries and traded internationally to affluent consumer societies (Gereffi and Memedovic, 2003; ILO, 2005; Morris and Barnes, 2009).

The pattern of production, distribution and consumption of second-hand clothing is far more complex: it is not as simple as transfers from the Global North to the Global South. This report on the globalised used-clothing trade has shown how difficult it is to analyse the local economic impact in Africa of a trade pattern with complex and dynamic geographies. Many casual observers have linked the decline



in African clothing manufacturing to the import of used clothing (see Koyi, 2006; Majtenyi, 2010; Patel, 2004; Webster, 2003). However, there is little concrete evidence to support this assertion while the recent history of economic liberalisation in Africa (Gibbon, 1996; Harrison, 2010; Onimode, 1988) is more likely to explain the perceived decline of domestic production.

Moreover, the environmental cost of the textile industry and cloth wastage can be mitigated and offset by the environmental benefits from second-hand clothing and recycling. What is required is a global model of the circular economy in which the textile and second-hand clothing industries benefit individual nation-states in Sub-Saharan Africa as well as the rest of the world.

In order to create economic and environmental benefits, a new policy and regulatory framework are required which reflects the fact that second-hand clothing is of growing importance to the Kenyan textiles industry and the economy as a whole. It is simply a myth that the second-hand clothing industry weakens the local textiles sector. A growing market for second-hand clothing creates a virtuous circle: increased economic activity leads to higher purchasing power, greater interest in fashion and clothing as a whole, and hence raises consumer demand for clothing items, which in turn increases employment opportunities and household incomes. In short, regulation and legislation need to be designed to support the second-hand clothing sector and ensure this virtuous circle is maintained. The report's findings lead to the following key recommendations:

- First, there needs to be more effective regulation of supply chains for second-hand clothing in Sub-Saharan Africa. There should be an expansion of sorting centres at key strategic hubs as part of a supply chain network. Kenya is among the most significant hubs for trade in Africa. It is essential that where possible, sorting facilities are established in free zones, given the advantages this confers in allowing goods to enter the zone without tariffs being imposed. These sorting facilities will help realise Kenya's goal of becoming among the leading high-value, high-wage, high-skill economies in Africa. It is estimated each facility will directly create up to 500 jobs with further employment in related sectors. If all second-hand clothes were sorted in Kenya rather than abroad, Kenya would gain up to 14,000 additional jobs.





Kenya is well-positioned geographically to act as a global hub linking other markets throughout Africa to the US and Europe.

- Second, given the increased demand for second-hand clothing throughout the world economy as environmentally conscious consumers seek more reused products, African countries need their own long-term growth and development strategies. We know that at present, only a quarter of all clothing products are actually recycled. The scope for expansion is enormous. Policy needs to focus on opening up opportunities for trade that benefits both businesses and consumers. Nation-states in Africa would benefit from taking control of the industry through effective policy-making and regulation which opens up the opportunity for trade – both imports and exports- generating increased economic benefit for local citizens and the finances of national governments. A sorting facility will allow Kenya to export clothing to high-demand markets in the US and Europe where there is growing consumer resistance to ‘fast fashion’, enabling Kenya to acquire foreign currency while reducing the country’s trade deficit.
- Third, policy-makers need to move away from treating the expansion of domestic textile production and the growth of the second-hand clothing industry as a zero-sum game where gains for one sector mean losses for the other. There is no convincing evidence that a strong second-hand clothing sector crowds out the development of the local textile industries. Many discarded items of clothing are still not recycled. As such, the potential to grow the sector is considerable. Policies that encourage the growth of businesses for the full processing of clothing and discarded textile materials would help increase the rate of recycling, with the benefits of job creation, economic growth and environmental sustainability. The evidence that mitumba processing leads to reduced demand for local textile production is generally believed to be ‘weak’ (IEA, 2021). The domestic market is highly segmented between high-income households who generally purchase new clothing, and low to middle-income consumers who predominantly purchase second-hand clothes. Moreover, overseas markets in Europe and the US increasingly demand second-hand clothing, catering to the tastes of environmentally conscious consumers. Kenya’s strategy should be to leverage agglomeration effects, using regulatory policy to

build up its cluster of textile producers alongside second-hand clothing operators, creating capacity for long-term innovation and growth.

In summary, the presence of increased second-hand clothes processing capacity will have positive spill-over effects across the entire Kenyan textiles industry. It will bring new skills, technologies and operational processes into the country, creating critical mass in textile production to the benefit of Kenyan consumers and the economic well-being of citizens.



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