Institute of Economic Affairs

MITUMBA CONSORTIUM ASSOCIATION OF KENYA

The State of Second-Hand Clothes and Footwear Trade in Kenya (2021)

Kenya is one of the largest importers of second-hand clothes in Sub-Saharan Africa because of its use and export to other countries. The second-hand clothes industry contributes to government revenues. The existence of second-hand clothes is a demand-side issue rather than a supply-side issue. For a considerable number of people, incomes in the country can only support the buying of second-hand clothes. This is a reflection on incomes rather than whether the supply of new clothes and footwear is available.

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The volume of imported second-hand clothes and footwear reflect the domestic demand for these goods among the Kenyan population. Therefore, it is essential to examine the corresponding value of the imports. The value of these imports for the corresponding years shows that the nominal value of imports into Kenya has risen by 80% from Ksh 10 billion to 18 billion in the same six-year period. What this growth in import volumes shows is that along with the overall economic growth and the rise in incomes, imports reflect the demand for second-hand clothing among Kenyan households and that this industry has supply stability.

In 2019, import taxes added up to US $15,000 per 40ft container (equivalent to 24 tonnes). Kenya imported 185,000 tonnes of second-hand clothing in 2019, equivalent to an approximate 8,000 containers. The taxes paid amounted to Ksh 12 billion. The sector contributes to at least 1 billion shillings in revenue per month. The traders also pay business license fees, among other payments to national and county governments. Apart from revenue generation for government, they offer livelihoods to almost two million people. The two million people estimated to be in the second-hand clothes industry are employed in more than one sector, such as farming. Trading in secondhand clothes can be seasonal, especially in rural areas. Employment covers, handling, alterations and refinements and distribution of clothing.

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The supply and demand for new purchases from the textile industry differ from used clothes. There is a significant difference in prices between the two products, with used clothes being considered to be cheaper. Given the second-hand clothes industry and formal textile industry are separate markets, players in those markets do not necessarily compete with each other. Analysis at the household level shows the majority of households buy new clothes when required such as school or workplace uniforms. 91.5% of households buy second-hand clothes worth Ksh 1000 and below, and 8.5% buy second-hand clothes worth Ksh 1000 and above. On the other hand, 74.5% of all households bought new clothes priced below Ksh 1000, and 25.5% bought new clothes priced above Ksh 1000, confirming the price sensitivity of second-hand clothes.

A fundamental revelation of this information is that in 2016, the value of the median and mean purchase of new clothes was Ksh 450 and Ksh 783 respectively for three months.

It demonstrates that half of the households that bought new clothes made purchases of Ksh 450 or less, with the other half spending more than that amount. The average cost of the clothing items purchased comes to Ksh 783 for the same period. Both the median and the mean value for purchases of used clothing and footwear are below the equivalent values for new items. With a purchase mean of Ksh 409 and median of Ksh 280, these values are 33% and 91% lower for used clothes respectively. This position confirms that the purchasers of second-hand clothing and footwear are price conscious and search for value due to their lower incomes. From a consumer's viewpoint, it is evident that purchase decisions reflected here are based on making choices on what items are available at the most cost-effective prices on each side.

Price sensitivity of second-hand clothes

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The typical income earner in Kenya spends about 40% of monthly earnings to procure food alone. The rest of the available income is spent on shelter, transportation, education, health, and other needs. 2.5% of private consumption in Kenya was spent on clothing and footwear for the year 2019. This spending amounts to Ksh 197.5 billion which comes to an average of Ksh 4,150 per person per year for all purchases of second-hand garments, new clothes and footwear. Compared to the rest of the middleincome countries, Kenyan consumers spend much less on clothes and footwear. An insight that comes from this is that imports of secondhand clothes constitute about 1% of all imports' monetary value while it accounts for 2.5% of all private spending. 67.8% of Kenyan households in urban areas spent Ksh 1000 and below, while the corresponding figure for rural dwellers was 79.2%. This finding is consistent with the evidence that rural dwellers have lower incomes and are more interested in affordable clothing and footwear.

There are linkages from the second-hand clothes industry to other sectors such as transport, finance, insurance, warehousing, research, amongst others. Second-hand markets have, in part, saved the environment from the emission of polluted air caused by the production of new clothes. Chalhoub, H. (2012) found that there is a high demand for polyester and cotton clothes in Kenya as the consumers find them easier to wash than fabrics such as silk. The purchase of 100 second-hand items of clothing would save between 60 to 85 new garments and a reduction of impacts resulting from collecting 100 garments for reuse ranging from a 14% decrease in global warming for the cotton T-Shirt to a 45% reduction of human toxicity for the polyester/cotton trousers (Farrant, Olsen and Wangel, 2010). Consistent with this, research has established that the carbon emitted through transportation of baled second-hand clothes by sea, air or bus is less compared to the carbon emitted in industries producing new clothes.

On the legal side, there is no statutory framework specifically regulating the trade of used clothes in Kenya. However, the regulation of businesses is made from importation protocols published by KEBS and the regional and domestic laws on trade. The Constitution of Kenya guarantees economic rights under Article 43 and further makes provision for consumer rights under Article 46. The object of these two categories of rights is to ensure Kenyans have access to economic activities that facilitate viable livelihoods while ensuring that consumers have access to goods and services of reasonable quality.

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