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EXPANDING KENYA'S DOMESTIC TEXTILES AND APPAREL INDUSTRY: LESSONS FROM RWANDA'S SECONDHAND CLOTHING MARKET

Jane Opiri PhD,[1] George M. Andayi [2]

[1]Assistant Professor University of Arkansas at Pine Bluff, AR, USA

[2]Senior Research Fellow, Prefix Research Ltd, Nairobi, Kenya

Abstract: **The textile and apparel industry has the potential to move an economy into middle income status by providing gainful employment to many people. Kenya, like other developing countries, has the capacity to use its textile and apparel industry to move its economy forward. But this has not been possible given the influx of secondhand clothing (SHC) from US and Europe and other related factors. This SHC market also known as *"mitumba"* has created employment for some while stagnating the domestic textile and apparel industry in Kenya. Although Kenya and other East African Community (EAC) countries threatened to stop the importation of SHC, threats from the US government to suspend them from African Growth Opportunity Act (AGOA) free trade pact made Kenya and others to retreat. Rwanda was more determined and went ahead to gradually and eventually ban the sale of the SHC. Therefore, the purpose of this review is to outline lessons from Rwanda's textile industry that can help boost Kenya's textile and apparel industry. Following its 2015 policy against SHC, Rwanda increased tariffs on these clothes, gradually withdrew them, and eventually banned their importation in 2019. Despite Rwanda losing AGOA benefits of duty-free US market, the launch of "Made in Rwanda" brand made the industry to thrive. Exports have grown, the textiles industry has expanded and created employment. Additionally, the rise of the global interest in contemporary African designs clothing has seen Rwanda fashion entrepreneurs access international markets. Similarly, Kenya can learn from Rwanda and boost its own domestic textile and apparel industry.**

Keywords: **Kenya, Rwanda, Secondhand clothing, AGOA, textiles and apparel industry.**

1. INTRODUCTION

Secondhand clothing (SHC) is a common feature of the textiles and apparel industry in most developing countries and is often a main source of clothing for the population. SHC exports have increased globally in value and quantity in the last few years from 1.9 million tons in 2003 to about 4.4 million tons in 2014 (Calabrese, Balchin & Mendez-Parra, 2017). In 2015, the main exporters were the United States (with 20% of global exports by value), the United Kingdom (13%) and Germany (12%) (Calabrese, Balchin & Mendez-Parra, 2017). SHC represents more than half of textiles imported in Kenya, Ghana, Rwanda, Malawi, and Tanzania (Watson et al., 2016 in Norup et al., 2019). The presence of SHC has increased due to the invention of fast fashion which is cheaper and easily available to consumers in the west (Katende-Magezi, 2017).

Organizations like Oxfam, Salvation Army and Goodwill have been in the forefront of SHC donations. SHC began as a donation to African countries to help the poor who could either wear or resale them for to meet other needs (Chipambwa et al., 2016; Bradley, 2013). Bradley (2013) argues that the increase of new clothing in the West due to of fast fashion has created large amounts of SHC that are donated to African countries. Additionally, these fast fashions are available in a short time (two weeks), are cheaper and have reduced quality. Thus, consumers in the West can afford to wear and discard them easily within a short period of time (Katende-Magezi, 2017). The quick turnover leads to more supply than demand, and shorter clothing life span. Consumers, therefore, have excess clothing to dispose and donate to Africa and other poor nations (Katende-Magezi, 2017). According to some scholars, the donations have a hidden agenda which is to dump the excess clothing in poor countries thereby, protecting the environment of developed countries at the expense of the former (Milner, 2014). Moreover, the presence of cheaper clothing in developing countries undermines their long-term development thus keeping them weaker and dependent on their developed counterparts.

2. LITERATURE REVIEW

2.1 Why Secondhand Clothing?

SHC appeals to consumers in poor countries because of its affordability, durability, fashionability, and good quality associated with international brand names (Abubakar et al., 2018; Norup et al., 2019; Wetengere, 2018). For instance, affordability makes SHC popular among African consumers because of their higher levels of poverty and low purchasing power. In addition, poor government policies have made domestically produced clothing unaffordable to them (Chipambwa, Sithole & Chisosa, 2016; Hansen, 2000). According to Chipambwa et al., (2016), price is an important factor that motivates consumers to buy SHC. For example, "a pair of knickers will cost you one American dollar (US $1) whilst the same product will fetch at least five US dollars (US $5) in the fashion stores in town" (p 4). Likewise, the low purchasing power of these consumers and the low price offered for SHC, new clothing is deemed to be expensive and unaffordable.

Since the value of SHC bales is never declared, traders pay less taxes and sell for less thus compete unfairly with new clothing trading (Abubakar et al., 2018). Additionally, consumers believe that consumption of SHC has an economic advantage, subsequently they can buy more fashionable brands with less money (Guiot & Roux, 2010). Other motivations for SHC include: the need to be trendy, unique and the ability to get luxury brands that could be unaffordable when new (Isla, 2013). Similarly, quality and design of SHC is important to consumers, since SHC last longer because of its quality and there is a wide variety to choose from (Chipambwa et al., 2016). Moreover, SHC has been linked to other positives such as generation of revenue, and creation of employment to merchants (Calabreses, 2016; Wetengere, 2018).

2.2 SHC and the Economy

Even though SHC are durable, stylish, and affordable, they have some negative impacts on the economy (Wetengere, 2018). Nonetheless, SHC have been associated with the collapse of the textiles and leather industries in many African countries (Brooks, 2015; Chipambwa et al., 2016; Frazer, 2008; Slotterback, 2007). Additionally, this business has also led to job losses. For instance, for every SHC job five are lost through the entire production and distribution value chain (Mburu, Marandu & Amanze, 2018). Accordingly, in his analyses of the link between the influx of used clothing and apparel production in several African countries, Frazer (2008) found that there is an inverse relationship between increase of SHC and apparel production in many African countries. Specifically, increases in SHC imports, leads to less local apparel production. The importation of SHC accounts for 40% of the decline in apparel production and 50% of the decrease in employment in these countries (Frazer, 2008). In some cases, these bales are undervalued and re-exported across the borders to neighboring countries further damaging their economic development too.

Moreover, SHC consumers are aware of risks they face while using these goods for instance, physical and mental health concerns that they can spread infectious disease. Subsequently, SHC use is associated with low self-esteem among users, and can lead to cultural and traditional value conflicts among users (Chipambwa et al., 2016; Katende-Magezi, 2017; Wetengere, 2018). In addition, health problems such as skin diseases and ringworms have been linked to the use of SHC. For example, SHC hand towels, bras, panties, and socks have been found to harbor colonies of potentially harmful pathogenic bacteria and fungi (Muthiani, Matiru, & Bii, 2017).

Nevertheless, textile and apparel industry is a good starting point for industrialization of poor countries because of its lower cost and labor intensive characteristics, and potential for growing their international trade (Bair & Gereffi, 2001). Moreover, countries can use it to grow economically. During the 1960s-1980s, African economies excelled partly because of the textiles industry that created employment and generated revenue from the export of textile and apparel products (Katende-Magezi, 2017). Later, the influx of SHC donations attracted merchants who began to trade and sell it at the expense of locally manufactured clothes. Eventually, this became a lucrative business both for importing and exporting countries (Chipambwa et al., 2016) and killed local textiles industries in many African countries. For example, twenty two out of the twenty-four textiles industries that existed in Tanzania in the 1990s collapsed due to the onslaught of SHC (Mashindano, 2017).

In 1980, the textile and apparel sector accounted for more than 30% of manufacturing in textiles which decreased to less than 6% by 2010 (United Nations Industrial Development Organization various years). During this time, the liberalization of the economic environment encouraged influx of cheap SHC thus destroying the East African Community (EAC) economies (Bradley, 2013). While the goal of liberalization was to separate politics from economics it instead compromised the industrialization efforts of many African economies and created a gap that encouraged SHC trading through global market competition (Behuria, 2017). Consequently, the decline of the textile and garment industry in Africa and the increased imports of SHC have been attributed to the World Bank - IMF structural adjustment programs and liberalization policies that African countries were forced to adopt from the 1980s onwards (Brooks & Simon 2012). Similarly, many African countries were forced to start trading in the SHC market.

2.3 Rwanda and SHC Marketing

The liberalization of the economic environment encouraged the influx of cheaper SHC and goods that destroyed EAC 's textile and apparel industry and other related economic sectors (Bradley, 2013). For instance, in 2013 US, UK and Germany were the highest exporters of SHC to Africa with values of $685, $600 and $500M respectively (Katende Magezi, 2017); while Uganda, Tanzania, Angola, Ghana, Cameroon, Benin, Kenya and Togo were the top most importers of SHC. Currently, seventy percent of the total SHC donations go to Africa compared to the rest of the world. Additionally, in 2017, 12.5% of the global SHC was exported to EAC countries - Rwanda, Kenya, Uganda, and Tanzania (Kuwonu, 2018). Moreover, Rwanda like many other African countries was affected by the trade liberalization. Similarly, the World Bank-IMF policies of 1980s, economic mismanagement, Chinese imports, and the excess importation and of SHC negatively impacted the domestic apparel industry of Rwanda and other African countries (Tara, 2018).

Following 2015, the EAC countries realized the damage caused by SHC to their own local textile industry and collectively decided to ban SHC from their markets by 2019. Thus, in 2016, the EAC in embracing its vision 2050 of strengthening domestic through manufacturing sector, decided to stop SHC imports to build their own domestic industries and realize this goal. In adopting this policy, the EAC realized that it had resources that could create a successful textile industry i.e. very fine silk from Rwanda, cotton from Tanzania and good textiles factories in Kenya (Behuria, 2017). Therefore, the EAC policy paper of 2015 outlined the SHC importation would be phased out gradually to achieve self-reliance in the textiles and apparel sector by increasing domestic production (Behuria, 2019).

However, under threat from its domestic SHC trade sector, the US threatened to end the participation of the four EAC countries from African Growth and Opportunity Act (AGOA) treaty in 2017 (Behuria, 2019; Kohnert, 2018). AGOA which had been introduced in 2000 by President Clinton, had the objective of boosting trade and investment in Africa by creating duty free access to the US of some 6500 exported products from Africa (Behuria, 2019). All but Rwanda adapted the EAC 2015 policy. Thus, despite threats from the US, Rwanda pulled out of the SHC trade. At the time, the president of Rwanda Paul Kagame justified this action thus; "Do you choose to be a recipient of SHC under threat of [exclusion from the]African Growth Opportunity Act (AGOA), or to grow the textile industry that Rwandans deserve… Rwanda and other nations under AGOA have to do things , we have to grow our economies, our industries" (Kuwonu, 2018, p.1). Thus, in June 2016, the Rwandan government decided to implement its non-SHC policy by first increasing taxes on SHC imports from US$ 0.2/kg to US$ 2.5/kg on clothes and from US$ 0.5/kg to US$ 5/kg on shoes (Behuria, 2019).

By mid-2019, Rwanda had totally banned the imports of SHC, and this gradual withdrawal before final exit greatly boosted the domestic textile industry. Rwanda realized that industrialization and exports of its home grown products would lead to a better economic growth (Mashindano, 2017). While, Rwanda lost the AGOA benefit of duty free United States market, the launch of "Made in Rwanda" brand caused its textiles and apparel industry to thrive, increasing its exports from $559 million in 2015 to $944 million in 2017 (Wetengere, 2018).

Rwanda was able to achieve this growth by initially raising tariffs which reduced imports by 97% and finally banning SHC. In addition, Rwanda has grown its local apparel companies further by protecting them from unregulated imports, providing them from technology and favorable policies and investing in the research and development of innovative designs (Chipambwa, 2016). For instance, 2016, the government started to give preference to local manufacturers in the sourcing of school uniform, police, and army uniforms. Since then the "Made in Rwanda'' campaign has mobilized support for local entrepreneurs and artisans as well as encouraged companies to improve their garment production quality. Additionally, the Private Sector Federation (PSF) of Rwanda, which promotes the interests of the local business community, is encouraging collective investments in the textile industry. Similarly, government is encouraging civil servants to wear Rwandan designer clothes on the last Friday of every month (Dahir, 2019).

Undoubtedly, the Rwanda government has also trained some apparel production workers and supported the establishment of Kigali garments factory (Behuria, 2017; 2019; Eom, 2018). Therefore, Rwanda is an example of an economy that is leading through banning SHC, encouraging local production, reducing poverty, and encouraging patriotism by eliminating dependence on SHC trading (Abubakar, 2019). Despite this success, Rwanda's transition to no SHC had challenges such as lack of skills, limited domestic market, competition from new ready to wear apparel from China, low wages, and limited accessibility to markets and finances (International Labor Organization Report, 2018). In contrast exports grew from $559 million in 2015 to $944 million in 2017. In summary, the industry has expanded and created employment as well. Additionally, the rise of the global interest in contemporary and sustainable African designs has seen Rwanda fashion entrepreneurs access international markets. Rwanda has overcome these challenges that other countries like Kenya can learn from. Today, Rwanda's textile and apparel industry is thriving and employing thousands of people. Additionally, the rise of global interest in contemporary African clothing designs has seen Rwanda fashion entrepreneurs access international markets on their own terms. Similarly, Kenya can learn from Rwanda and boost its own domestic textile and apparel industry

2.4 Kenya's Contemporary Textiles and Apparel Sector

From the 1960 to early 1980s, SHC were not traded in Kenya. During this time, the government promoted domestic production of textile and apparel, and protected its cotton industry from foreign competition. During the mid-70's to late 1980s, SHC started to trickle in in the form of donations for refugees who had settled in Kenya from neighboring war torn countries**.** During this time SHC were imported duty free as aid to the refugees (UKEssays, 2018). Similarly, the high demand for cheap SHC lead to donors changing their rules and charging some fee which resulted into accessibility and thus commercialization of the SHC (UKEssays, 2018). Nonetheless, in the 1990s, Kenya had about fifty-two textile mills devoted to fabric and yarn production and approximately one hundred and ten large-scale garment manufacturing companies (Kenya Association of Manufacturers, 2019). Additionally, the textile industry was the second largest employer after the public service. Unfortunately, Kenya has only seventeen textiles and apparel companies in spinning, weaving, knitting, and fabric finishing and four fully integrated textiles mills (Kenya Association of Manufacturers, 2019). Today SHC is traded in all parts of Kenya for its quality, fashionability, and affordable prices (Abubakar et al., 2018; Norup, 2019; Wetengere, 2018)) and this has affected Kenya's textile and apparel industry negatively.

2.5 Lessons for Kenya Textiles and Apparel Industry from Rwanda

Kenya's economy can move forward if its manufacturing industry especially the textiles and apparel, are revived. However, this has been hindered by factors including importation of SHC. Kenya can learn from the bold steps taken by the Rwanda which banned SHC inorder to boost its local textile industry. Although US threats caused Kenya to withdraw from the initial 2015 SHC ban, that was agreed on by other EAC countries; Kenya can still learn from Rwanda and move forward with the development of its textiles and apparel sector. Kenya's high reliance on AGOA and US pressure, made it pull out of the implementation of the 2015 EAC policy that was to ban SHC gradually and finally phase them out (Behuria, 2019). The US, spared Uganda, and Tanzania from suspension because they had 'committed not to phase in a ban' for second-hand products (Dahir & Kazeem, 2018p.1). Nevertheless, Rwanda went ahead and banned importation and trading of SHC.

Kamana (2013) suggests that to overcome the negative impact of SHC, developing countries need to follow the Rwanda example. Such bold steps of SHC elimination can result in the growth of domestic textile and apparel industry. In contrast, not banning SHC will negatively affect the domestic market, even if other factors are considered because new clothes do not offer the same variety and quality, and consumers might still buy used clothing despite higher prices (Abubakar et al., 2018). Kenya, therefore, can phase out the SHC importation in a gradual manner.

A slow gradual exit will have less effect on the economic livelihoods of consumers and businessmen (Wetengere, 2018). Additionally, the government can create policies that hinder the uncompetitive trading environment that discourages local companies from trading fairly with SHC and cheap apparel from competitors. In fact, the Kenya government like Rwanda can continue to encourage government tenders of apparel products such as school and police uniforms) from local manufacturers, as this has seen positive results in some parts of the country. For instance, in Kitui county the governor insisted that government departments including schools should buy apparel products from the newly launched Kitui County Textiles Center. The same sentiments have been expressed by the president that government officials to do the same (Mutua, 2019). This is a great example of how other counties can follow this trend to build the domestic textiles industry in Kenya. Although, this has not been very effective Kenya like Rwanda has encouraged public servants to wear "Made in Kenya" just like Rwanda, did to boost the domestic textiles and apparel industry (Mutua, 2019).

Other factors that have contributed to the collapse of the textiles and apparel industry that indirectly promote SHC such as poor leadership, lack of capital, poor infrastructure and unfair business competition (Wetenegere, 2018) can be addressed by the government too. Kenya for instance can learn from Ghana and focus on enforcing laws such as intellectual protection laws that will help to minimize instances of textiles counterfeiting and smuggling. Moreover, the government can boost local consumption as well as stem smuggling and copyright infringements. Additionally, consumers can be educated on the downsides of SHC and its effects on their physical, economic, and physiological well-being. Similarly, this can change their perception and consumption behavior of SHC and thereby benefitting the domestic textile industry (Mburu, Marandu & Amanze, 2018).

3. CONCLUSION AND RECOMMENDATIONS

Rwanda's success in the textiles and apparel has implications for policy makers and governments in other developing economies seeking to revitalize their collapsing industries. Additionally, these governments can invest and make their domestic textiles and apparel industries competitive and profitable. Given the two options of new and SHC, consumers are still more likely to buy SHC because of quality, uniqueness, and durability. Nonetheless, Kenya and other developing countries textiles and apparel industry can invest in good quality new clothes. Although Kenya has started the journey by supporting domestic industries, encouraging buy "Made in Kenya" and other strategies such as complete banning SHC imports would bring more significant results.

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