

UK Market Report – BIR Textiles Division – Paris 2014

The value of UK used clothing has fallen by around 40% in the last 12 months. British used clothing has traditionally been perceived as being highly fashionable and of premium quality and therefore has been able to command the highest prices in Africa and Eastern Europe. However, charity shop grade clothing has fallen from its peak of around £600 GBP/tonne (€750/tonne) to around £340 GBP/tonne (€430/tonne) today. A similar percentage sized drop has been experienced for textile bank grades with values dropping from around £440 GBP /tonne to £270 GBP/tonne.

Confidence in the market has dissipated; collectors are being much more selective about where they collect from and what items they will collect. In the silly season that ran from 2005 to 2013 it was very difficult for used clothing collectors keep a lid on the over inflated prices, even though a large number were economically haemorrhaging and large numbers of businesses went bust, as I have previously reported.

Many UK based collectors are predicting that the value of British used clothing will continue to fall and when you look at the various factors it is hard to disagree. The conflict in Ukraine and significant unrest across several Sub-Saharan African countries, which in some instances includes the rise of Al Qaeda, Ebola and the collapse in some African currencies have all had their impact. These more difficult trading conditions have forced importers tighten their belts and when they do this the more expensive goods are usually the first to be targeted. In this case the more expensive British used clothing imports are being squeezed.

However, putting all these factors aside, there is still another significant issue being faced by British exporters alone. Even though the British establishment is to some extent trying to manage the public's expectations, the UK economy is doing rather well. It is outperforming other struggling economies including the Eurozone. This new confidence in the wider economy is being reflected in the performance of the British Pound. The Pound is now around 10% higher than it was 12 months ago against the Euro, thus effectively making British exports effectively 10% more expensive compared to our European counterparts and effectively squeezing the value of UK used clothing further.

I think it is safe to say that the UK used clothing industry is in a new reality and British charities and local authorities need to accept that the good times are over for now. Of course charities have a duty to try and maximize their income from all their donations and local authorities are accountable to their public and need to be able to demonstrate that they are providing a value for money service. However, everyone should understand that a headline rate per tonne is a poor indicator of likely income. To put it simply, if collector A pays 50% more per tonne than collector B, but collects half the amount, then the income from collector A will be 1/3 less.

In addition, as the value of used clothing looks set to decline further but the need to remove textiles from the waste stream remains, the time is now right for local authorities to change their priorities and put more emphasis on awarding agreements to those collectors that can deliver higher collection rates. Income should not be the primary consideration.

Finally, on a couple of positive notes, the excellent work that WRAP are continuing to deliver in the UK goes on and you will hear about their future plans from our guest speaker Andrew Gilbert shortly.

Last week also saw the launch of a report on the scale of theft of used clothing and textiles in London. The report was produced by the Textile Recycling Association and its project partners and was commissioned by the London Waste and Recycling Board. In previous reports to the BIR, I have highlighted the scale of theft of used clothing and bogus charity collections, and whilst there have been various estimates about how much was being stolen, this is the first piece of independently verified research that we are aware of, that has attempted to quantify this anywhere in the world. It is a ground breaking piece of research and the news is good.

Theft from door to door collections in London are now much lower than they were a few years back. It is estimated that less than 2% of clothing is being stolen from these collections. In addition, the occurrence of bogus charity collections seems to be minimal. The research showed that theft from textile banks seem to be higher (at around 11%) but still lower than previous industry estimates. The report has made a series of recommendations on how to reduce theft with bank design, collection, monitoring and enforcement all playing an important role.

Written and presented by:

Alan Wheeler
Director
Textile Recycling Association
General Delegate – BIR Textiles Division.