

## **UK Market Report – BIR Textiles Division – 20<sup>th</sup> May 2015 – Dubai. Used Clothing – The Red Herring Scapegoat.**

Since my last report to the BIR textiles division in October 2014, the values of UK used clothing and textiles has continued to decline, although the rate of decline has slowed. In the last six months the value of both charity shop grade clothing and clothing collected through textile banks has dropped by around £20.00 per tonne. According to the most recent WRAP Market Price Report the mid-price value for charity shop grade clothing is £325 per tonne. For the textile bank grade it is £255 per tonne. To clarify, these values represent the amount of money that used clothing collectors/sorters have to pay their charity or local authority partners.

UK collectors and sorters are reporting that these prices are still higher than their counterparts in other major exporting countries and there is still significant downward pressure on values of UK used clothing.

In previous reports, I have given a number of reasons as to why the UK market has been suffering so much over the last few years. Since my report in Paris, another factor has become prominent which has put the British sector at a distinct disadvantage compared to our European counterparts. The British Pound is now at a seven year high against the Euro. In the last 6 months its value has increased by 11 to 12%. To put it simply, this means that the price of UK exports relative to those clothing exporters based in the Eurozone have gone up.

Therefore in order to remain competitive, UK clothing exporters have to drop their selling prices and this in turn means that they are lowering the prices that they pay to charity shops and local authorities.

A number of economists are predicting that the Pound will continue to strengthen against the Euro for the rest of the year, putting further downward pressure on UK prices.

Clothing destined for Pakistan and recycling grades are also suffering with flocking, mixed synthetic hosiery and wipers being sold but at prices which are far from satisfactory.

Whilst there has always been a need to dispose of some of the items collected (typically up to 5%), the costs associated with disposing these items has and will continue to rise. I think everyone accepts that on the whole the cost of waste disposal should reflect the cost to society. However, there is a logical case to be made to give some dispensation to those re-use and recycling businesses whose core activities actually reduce the amount of waste being disposed of, particularly in these difficult times.

I would also like to take this opportunity to call upon members of the textiles division to collectively work together on challenging poor research and bad publicity which is contributing to unjustified decisions by politicians, particularly in countries which import used clothing.

In the UK, there has been a number of articles published recently claiming that the used clothing industry is “hidden” and that it is largely responsible for the demise of textile production in some parts of Africa. We are certainly open about what happens to used clothing and quite how you can hide an industry that employs tens of millions is questionable. This blaming of the used clothing industry I call a “red herring scapegoat”. Unlike most scapegoats who usually have a hand in what they are being accused of, there is little plausible evidence to suggest that used clothing has any significant role to play as far as struggling African textile producers are concerned. In other words it is a red herring.

What is of far more significance to textile producers was the ending of the Multi-fibre agreement in 2005, which in effect restricted exports of new clothing from China to the West. This allowed African textile producers to compete more effectively on the global stage. Other key factors include woefully inadequate electricity supplies, road, rail and other transport links.

The need to challenge such unjustifiable negative publicity has been highlighted by a decision recently made at the 16<sup>th</sup> East African Communities Head of State Summit.

A decision was made to direct:

*“The Council of Ministers to study the modalities for the promotion of the textile and leather industries in the region and stopping the importation of used clothes, shoes and other leather products from outside the region and report to the 17<sup>th</sup> Summit”.*

The 17<sup>th</sup> Summit is due to take place later in the year, so collectively the international textile recycling industry needs to act now, Through the BIR we need to actively lobby the East African Communities, to explain to them why banning imports of used clothing will do nothing to help textile production and jeopardize employment prospects for millions of people in the region and the economy as a whole.

Instead the Ministers need to tackle the actual problems facing textile producers. I do not pretend that this will be an easy option, but ultimately tackling the real issues head on, will not only help textile producers, but benefit their wider economies as a whole.

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Note:

EAC Member countries: Kenya, Uganda, Tanzania, Rwanda, Burundi.