

Global business of secondhand clothes thrives in Kenya

REUTERS, Nairobi

Shaded by ragged squares of canvas, amid choking dust and the noise of hawkers, shoppers in Nairobi's Gikomba market can turn up Tommy Hilfiger jeans or a Burberry jacket for a fraction of the price in London's Regent Street or New York's Fifth Avenue.

But there's a catch: the clothes are all second-hand, discarded as worthless at charity shops or thrift stores. Europe or the United States and then shipped thousands of miles to another continent, occasionally in such pristine condition that an original price tag is still attached.

Kenya imports about 100,000 tonnes of second-hand clothes a year, providing the government revenues from customs duties and creating tens of thousands of jobs. It also offers quality clothes to Kenyans, many of whom earn less in a month what a pair of new Ralph Lauren khakis costs in the West.

To critics, the business raises the perennial problem of how Africa can build its own industry when it is flooded with cheap imports. But traders in Gikomba do not see it that way.

"It's a source of employment," said Clement Shuma from behind a pile of secondhand trousers - that includes British high-street makes like Topman and Next, and sometimes more internationally well-known labels like Levi's or Benetton.

"Even that person who's not well, who's earning little, at least can afford a piece of cheap (clothing), at a lower price instead of buying new," he said, adding prices ranged from \$40 to 1,000 shillings (\$4.50-\$120) per item, depending on quality and brand.

It is a common scene across Africa, with Ghana, Tanzania, Benin, Uganda and Kenya among the biggest markets. They provide clothing to many on a continent of 1 billion where economies may be growing many Africans struggle to get by.

"Before, if you see our people, the knees are torn

... you can see the thighs," said Regina Wanjiku, a used clothes importer and wholesaler at Gikomba, describing the sartorial challenge before the business took off two or three decades ago when Kenyans depended on more expensive local products.

How the trade has grown, in part, reflects the economic changes that have swept the continent. Until the 1980s, high tariffs protected home-grown garment and other businesses.

Then economic liberalisation programmes, backed by the World Bank and International Monetary Fund, started taking hold in Kenya and elsewhere. Tariffs were lowered and local factories had to contend with new competition. Many failed and shut.

Some industrialists say importing second-hand clothes, known in Swahili as "mitumba", undermines Kenya's own garment makers.

"That has hurt badly the domestic market," said Rajeev Arora, executive director of the African Cotton & Textile Industries Federation.

He said 85 percent of Kenya's textile plants had closed since the early 1990s, while cotton output was at tenth of 1990s levels.

Other experts say it was not the used clothing imports that drove factories out of business, but inefficient production.

Dorothy McCormick, a University of Nairobi professor who has researched Kenya's textile trade, said locally produced clothing was highly subsidised by the government and had always been too expensive to supply the domestic market.

"Mitumba" filled a gap in the market, cheaply, she said.

Kenya, a nation of 44 million people, is now building up a new garment-making business, but the focus this time is on exports. Kenyan factories exported garments worth \$355 million in 2013 and the business employed 40,000 people, says Jawaidi Bedi, a Kenya-based director of the International Textile Manufacturers Federation.

In part, the export business has grown because of a trade pact between the United States and Kenya, describing the sartorial challenge before the business took off two or three decades ago when Kenyans depended on more expensive local products.

Nairobi City Council estimates that about 65,000 people work in Gikomba, Kenya's largest "mitumba" market, with some people sharing stalls or working on different days of the week. In addition, there are a dozen or so smaller markets in Nairobi, and other markets around the country, creating more employment.

The informal nature of much of the trade makes it difficult to estimate precise numbers, though researchers and officials suggest it may employ hundreds of thousands.

Banks have spotted an opportunity and, since 2007, several have opened branches next to Gikomba to serve the traders.

"We actually follow the customer, from maybe a hawker to an importer," said Benjamin Karanja, a spokesman for Family Bank, which operates at the market. "So as they grow, we also grow."

He estimated the market's turnover was \$1.1 million a month.

The route from donor to new owner, described by officials, exporters, wholesalers, traders and academics, takes the used clothes halfway around the world with the money made at each point racking up to a multi-million dollar global business.

"It creates new livelihoods and it creates new value in a commodity, which otherwise would have been dumped," said David Simon, a geographer at

the Royal Holloway, University of London.

Charity or thrift shops in the West sift donated items, often keeping just a quarter of the items. The rest are sold to exporters for up to 90 U.S. cents a kg, then wrapped in 45-kg bales and packed in containers - a standard 40-foot container holds about 350 bales, equivalent to about 25 tonnes of clothes.

At Kenya's Mombasa port, customs agents collect duties of 1.2 million shillings or more per container, officials and traders say. Although officials did not have total revenue figures, the state statistics agency said imports amounted to 100,000 tonnes worth about \$90 million in 2013 alone.

This would mean at least 4,000 containers and potential duties amounting to 4.8 billion shillings (\$54 million) a year, according to a Reuters estimate.

At market, Nairobi City Council profits by charging a 50 shilling fee each day from informal hawkers. Bigger shacks or shops pay 4,000 to 15,000 shillings a year. Experts estimate there are about 10,000 shops and stalls in Gikomba.

"Many families depend on Gikomba," said Wanjiku, the Gikomba wholesaler, sipping tea in her warehouse as porters unloaded bales from a delivery truck outside.

Many people start with as little as 1,000 shillings, she said, enough to buy a clothes bundle that will earn a small profit. "And then he has food for his children," she said.

Turnover, the most important indicator of the market, gained 11.1 percent to Tk 975 crore, compared to the previous day.

Gainers beat the losers by 156 to 125, with 22 issues remained unchanged on the DSE.

Stocks break two-day losing spell

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The shariah index, DSES, of the premier bourse, rose 8.67 points or 0.69 percent, to close at 1,248.

Having optimistic support of large-cap stocks, the market reversed last two sessions' correction mood, IDLC Investments said.

Meanwhile, investors started rebalancing portfolios ahead of upcoming third-quarter earnings disclosures, the investment bankers said.

Better earnings in some mutual funds also spurred investors to take position and assisted most mutual funds to close in green zone, with six of them attaining positions on the top ten gainers' list.

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MJL Bangladesh was the most liquid stock of the day with 34.71 lakh shares worth Tk 55 crore changing hands, followed by Square Pharma, Titas Gas and Grameenphone.

Trade balance plunges in August

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At the close of the second month of fiscal 2014-15, the current account was \$327 million in the surplus, which was \$656 million a year ago. At the end of July, the current account surplus stood at \$997 million.

Meanwhile, foreign loans and foreign direct investment soared to take the overall surplus at August end to \$782 million, a year-on-year increase of 19.4 percent.

Foreign loans soared 50.93 percent year-on-year to \$326 million during the July-August period and net foreign direct investment 10.41 percent to \$244 million.



Md Faizur Rahman Chowdhury, chairman of Bangladesh Submarine Cable Co Ltd (BSCCL), presides over the company's sixth annual general meeting at Hotel Ocean Paradise in Cox's Bazar on Sunday. BSCCL announced 10 percent cash dividend for the year ended on June 30. Md Abdus Salam Khan, managing director (additional charge), was also present.

Intel gives rosy Q4 revenue forecast

REUTERS, San Francisco

Intel Corp gave a current-quarter revenue forecast above expectations and said the supply chain was in good shape ahead of holiday season as demand for personal computers recovered.

A global slump in personal computer demand that began with Apple Inc's launch of the iPad four years ago has stabilized in recent months, in part due to companies replacing employees' older laptops.

Intel said in a statement on Tuesday that demand for its chips was in good shape.

"The worldwide PC supply chain appears to be healthy, with inventory levels appropriate in anticipation of the fourth quarter retail cycles," Intel said.

BASIC Bank lost many trusted clients for graft

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Of its 2,249 employees, the number of incompetent and excess manpower was around 700, it said.

On July 31, non-performing loans in 543 accounts amounted to Tk 4,560 crore out of its total loans of Tk 11,237 crore.

The board in its report also provided the government with a description of the steps taken and to be taken to improve the condition of the bank.

As part of the steps, the contractual service of the secretary to the board was terminated and 14 employees with fake certificates or documents were dismissed, the report said.

After a board meeting yesterday, the management was asked to take action against seven officials who are now facing cases lodged by Anti-Corruption Commission.

Consumer confidence jumps

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Only Australia and South Korea were the only markets out of the 16 to remain below the 50 point neutral mark.

Taiwan's consumer confidence also grew by a large percentage, up 24.6 points (from 33 points in H2 2013 to 57.6 points in H1 2014).

Other significant, double-digit improvements in consumer confidence were recorded by Thailand, which went up 14.6 points, Singapore 13.2, Indonesia 11.3 and New Zealand 10.8.

Myanmar, Indonesia and India recorded the Asia Pacific region's highest consumer confidence scores of 94.1 points, 94.0 points and 89.1 points respectively.

Meanwhile, Australia recorded the largest dip in consumer confidence, down to 37.2



Le Meridien Dhaka and Four Points of Sheraton Dhaka organised a charity run to help Shishu Polli Plus, in Gazipur on Sunday. Top hotels in 27 major cities across Asia Pacific organised similar charity run events on the day.

Auction Notice

Station Supply Depot

Bogra Cantonment



It is hereby notified for the general information of all concerned that, huge number of serviceable/repairable/unserviceable empty soyabean oil barrels, drums, tins, polythene/nylon/gunny bags, plastic cans and also various kinds of empty packing materials will be sold by open auction at 1100 hours on 12 Kartik 1421/27 October 2014 at "Station Supply Depot, Bogra Cantonment." All interested bidders are to collect a list of packing materials from the main gate of "Station Supply Depot, Bogra Cantonment" from 0800 hours to 1000 hours on the auction date and will deposit a bank draft of Taka 1,00,000.00 (Taka one lac only) in favour of Officer Commanding Station Supply Depot, Bogra Cantonment as Security Money (refundable). The auction will be held on the same day by a board of officers. Highest bidder of each lot has to deposit 25% of total auction value, 5% of income tax and 4% VAT or applicable rate on income tax and VAT fixed by the Govt of Bangladesh on the total value in cash immediately after the auction. After the necessary approval by the competent authority highest bidders will collect his auctioned materials within the next 06 working days after depositing the remaining 75% of auctioned value. Other rules and conditions will be intimated on the day of auction. The authority reserves all the right to accept or cancel any bid without showing any reason.

ISPR/Army/2014/2836

12/10/14

GD-3861

Officer Commanding

Station Supply Depot

Bogra Cantonment

Global denim suppliers eye Bangladesh for expansion

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Appreciating Bangladesh's growth in the apparel sector, Pankaj Saran, Indian high commissioner in Dhaka, said: "Bangladesh, today, is a serious player and can't be ignored."

The exhibition is a shining example of Bangladesh's emergence as a global garment manufacturer and exporter, Saran added.

The Indian envoy appreciated Bangladesh's progress in meeting the highest standards in its products for the global consumers.

Bangladesh is addressing three issues - workplace safety, eco-friendly products and building better infrastructure -- to grab more business, said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

Bangladesh has 28 green factories, he said. "We have gained a positive image through the Alliance and the Accord."

He urged the media to send a positive message that Bangladesh is the best in the global garment market. "I must say there is no need to go to the East or West for high quality garment."

Expressing satisfaction over positive responses from the participants, Islam said Bangladesh has proved that all the factories are not substandard.

Referring to the Rana Plaza building collapse, he said this is a unique example

of how a country can re-emerge as a vibrant sector after experiencing a disaster that tarnished its image in the global market.

In the first such expo in March, Saran had inaugurated the event and visited each of the stalls and interacted with the participants.

This edition of the expo is focusing on industry growth and luring in buyers to Bangladesh for quality jeans and related apparel.

Bangladesh is the second largest denim apparel maker country in the world after China. Bangladesh has been introduced worldwide as a denim and jeans maker," said Sandeep Agarwal, founder of denimsandjeans.com.

Bangladesh exported about 74 million pieces of denim apparel to the US market in 2013 and around 140 million to Europe, according to denimsandjeans.com.

The country was also the largest exporter of men's jeans to Europe in 2013 with 89 million pieces compared to 65 million from China.

Denim apparel exports from Bangladesh to America surged 11.48 percent year-on-year in 2013 and to the EU by over 19.65 percent.

Twenty-four companies from Bangladesh, India, Pakistan, Sri Lanka, Germany, China and Brazil are taking part in the show.



Military Engineer Services

Directorate of Works & Chief Engineer (Army)

Amendment to Invitation for Tenders

1. Invitation for tenders of the following work appeared in Dainik Kalerkantha on 17 September 2014 and The Daily Star on 17 September 2014.

Tender name

: Renewal/alteration/modification of existing Offr's Qtr (Bldg No. 147/1-10 & 148/1-10) at Staff road area under GE (Army) Maint North at Dhaka Cantt (Group-IV).

: Renewal/alteration/modification of existing Offr's Qtr (Bldg No. 151/1-10 & 152/1-10) at Staff road area under GE (Army) Maint North at Dhaka Cantt (Group-V).

: Renewal/alteration/modification of existing Offr's Qtr (Bldg No. 144/1-10 & 154/1-10) at Staff road area under GE (Army) Maint North at Dhaka Cantt (Group-VI).

: 21 of 2014-2015/E-6 Dated 08 September 2014.

: 23 October 2014 up to 1430 hours.