SMEP

Sustainable Manufacturing and Environmental Pollution Programme

SECONDHAND CLOTHING MARKETS

An overview in Uganda and the United Republic of Tanzania

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This document was written by Jennifer Wang and Richard Wang in the context of the Sustainable Manufacturing and Environmental Pollution (SMEP) programme, funded by the Foreign, Commonwealth and Development Office of the United Kingdom (UK-FCDO) and implemented in partnership with UN Trade and Development (UNCTAD). It was developed with contributions from Avita Soor, Gender and Inclusive Development Specialist, and Dr. Akampumuza Obed, Consultant of the Full Cycle Resource Team initiative. Comments and insights were provided by Henrique Pacini from the UNCTAD Secretariat.

Lia Tostes designed the report, and Jennifer Wang took the cover photo.

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1.

Introduction

Secondhand clothing (SHC) markets can provide affordable clothing for consumers and economic opportunities for traders and retailers. At the same time, it is important that secondhand clothes are of good quality materials and trade is handled with transparency, with measures taken to ensure waste is minimized both at shipments and as part of retail operations in destination markets.

Uganda and Tanzania are both classified as Least Developed Countries, with a significant share of their populations struggling to afford essential goods and services. According to the World Bank, in 2023, the gross national income (GNI) per capita for Uganda was US$ 980 and US$ 1,210 for Tanzania equating to an average daily income of US$ 2.68 and US$ 3.32 respectively. Under this challenging economic context, individuals and families have limited disposable income, making affordability of products essential for consumers, who often resort to secondhand product markets. In 2022, Uganda and Tanzania imported a combined total of US$ 168 million in secondhand clothes, equivalent to 170 million kilograms of clothing.[1] Uganda alone imported 80 million kilograms, generating Ugandan Shilling (UGX) 262 billion (US$ 70.85 million) in fiscal revenue.[2]

1.1. Secondhand clothing (SHC) market dynamics

An analysis of shipment data inclusive of cost, insurance and freight (CIF) from UN Comtrade and the Uganda Revenue Authority (URA) show important factors shaping the SHC market in Tanzania and Uganda. International trade is the main supply channel for SHC in these countries and information on country of origin of shipments, import tariffs faced, freight costs, clothing type and quality of garments are important in understanding the quality and business value in the market. For instance, in Uganda, the cost of SHC varies by origin, with material sourced from China averaging UGX 7,553 (US$2.03) per kilogram[3] and from the United Kingdom 14% higher at UGX 8,537 ($2.30) per kilogram in mid-2024. The cost differences affect profit margins of local traders, making them favor more affordable sources to enhance business margins.

Since both local traders (importers, retailers and vendors) and consumers in both countries are highly sensitive to prices, a detailed field survey by UNCTAD examined the impact of pricing on SHC quality. The survey consulted a total of 1,966 traders, of which 1,056 in Tanzania (Ilala and Karume markets) and 910 in Uganda (Owino market), covering an overall sample of 244,500 pieces of clothing. The findings help to provide a data-based, firsthand understanding of important SHC markets in these countries, with the objective of informing policy decisions that are sensitized to local conditions, while at the same time aligned with global sustainability goals.

1 Considering Harmonized System (HS) code 6309.

2 Source: Uganda Revenue Authority, for HS code 6309.00.10.

3 One kilogram of SHC contains approximately 3-4 garments in average.

2.

Field research and quality assessment

In Uganda and Tanzania, UNCTAD surveyed 54 importers sourcing SHC from global sorting facilities, which operate based on quality and compliance standards established by local regulations at destination markets. The field survey ran between July and September 2024, and sought to understand the average bale composition, perceptions on quality of materials received and their sorting criteria. Once containers arrive in the countries through the work of importers, distributors buy the bales and resell them to retailers, who sell individual pieces of clothing based on consumer demand using methods such as bidding, pre-sorting and rapid selection to optimize sales.[4]

To examine the perception of SHC grades across the supply chain in Uganda and Tanzania, interviews were held with sorting facilities, importers, distributors, retailers and vendors. As a result, five main characteristics were identified as contributing to the quality of a piece of clothing, namely: appearance, condition, fashion, functionality and perceived durability.

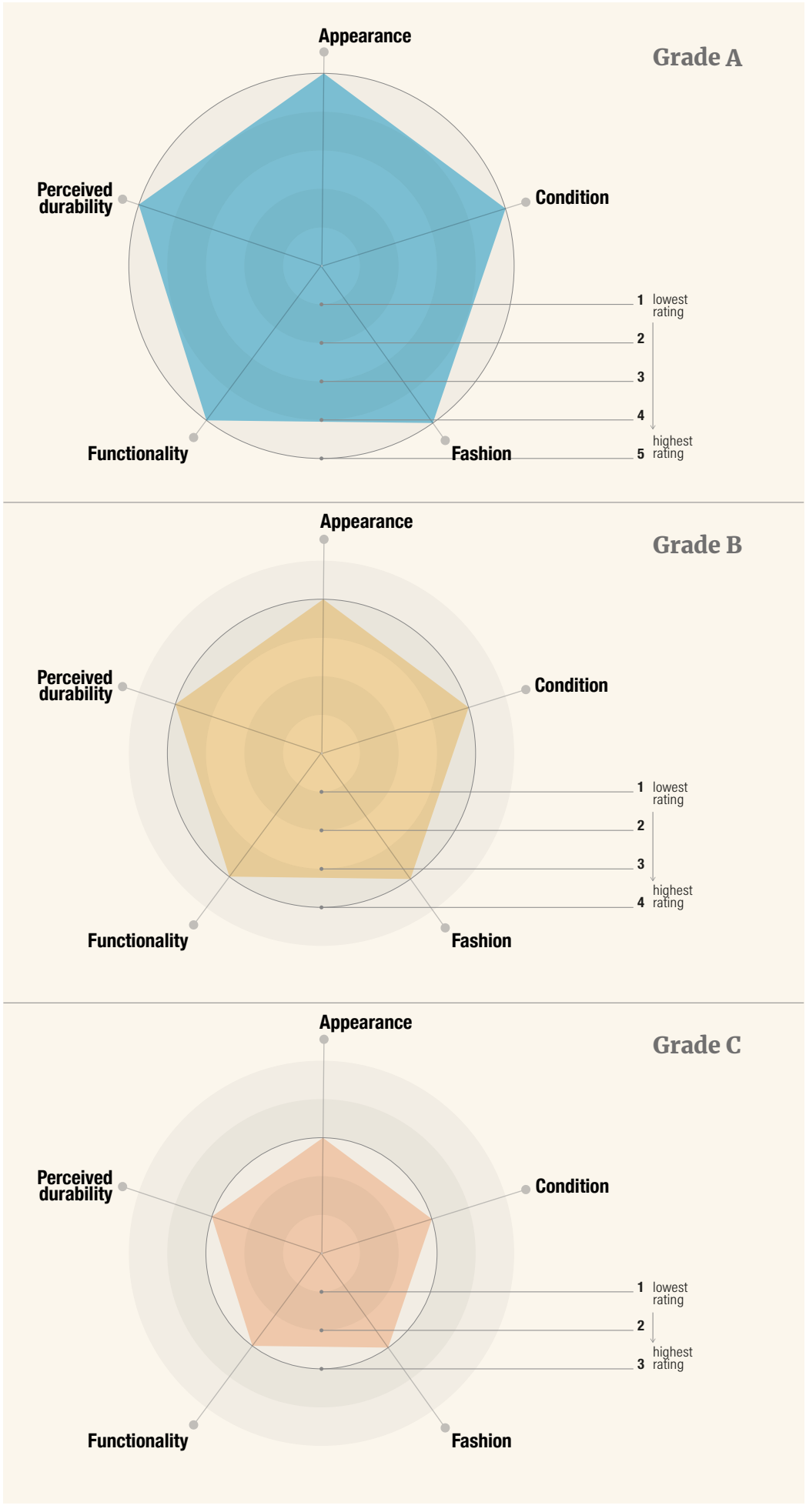
These criteria are influenced by market demand and play a crucial role in the sorting and grading processes implemented by sorters, importers and traders. The market participants (importers, retailers and vendors) were presented with the definition of each of the characteristics and a rating system. The participants were then asked to rank each of the grades and sub-categories according to the five characteristics on a five-point scale. The perceived quality rating represents a specific snapshot of the three markets as of 2024.

1. Appearance: Vibrance of coloring, absence of fading, visual and presence of stains;
2. Condition: Physical state of the clothing, such as wear, shape and tear;
3. Fashion: Current trends and branding of the clothing;
4. Functionality: The clothing's ability to serve its intended purpose effectively. For example, a functional zipper, intact buttons and appropriate sizing contribute to the overall utility of the item; and
5. Perceived Durability: Perceived durability relates to the expected longevity and ability of the clothing to retain its quality over time.

Attributes such as appearance, condition, functionality and perceived durability are considered objective factors when compared to new clothing. In contrast, fashion is influenced by trends, seasonality, local customs and individual preferences.

The surveys with importers, retailers and vendors indicated that respondents placed the greatest emphasis on appearance and condition as the primary drivers for assessing quality. The survey also reflected the market's ratings for each grade based on the five categories, establishing a quality baseline for individual grades and the accepted variance within them. For example, the market's expectation for Grade A SHC is the highest, with a rating of 5 for appearance, condition, fashion, functionality and perceived durability (Figure 1). Fagi (or Ronya) acts as the consolidation point for slow turnover items, representing the lowest rating for wearable clothing before being designated as rags and waste.

4 The field survey consulted 54 importers and 1,240 retailers who purchase SHC by bales and sell in pieces; 714 vendors, who purchase individual pieces from retailers and resell them to consumers across diverse locations such as market stalls and streets, offering a range of prices for consumers with different purchase power and preferences; 12 traders who did not specify their business type. A total of 2,020 surveys were conducted across the SHC supply chains in Owino Market (Kampala, Uganda, n=910), as well as in Tanzania's Ilala and Karume (n=1056) markets in Dar es Salaam.



← Figure 1. Baseline perceived quality rating for Grade A, Grade B, and Grade C

Source
UNCTAD, Full Cycle Resource, 2024

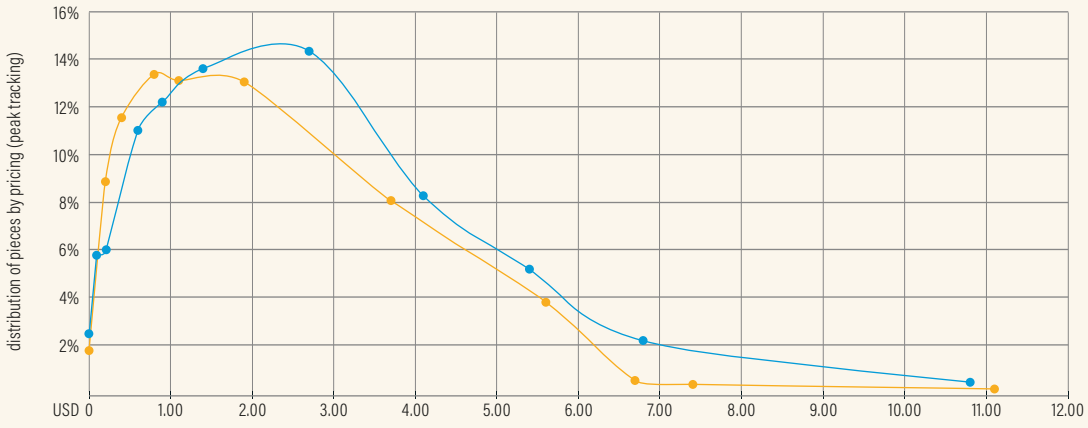
2.1. Subcategories and market dynamics

The quality of the clothing is the most significant factor influencing the economic value of each bale, with higher-grade clothing consistently commanding premium prices. The field research found that imported bales are not homogenous, with each bale containing items of higher and lower grades. After bales are opened, items are further sorted into subcategories based on economic value and market demand. In Owino market in Uganda, traders typically sort clothing into five subcategories: first, second, fagi, rags and textile waste. Meanwhile, in the two surveyed markets in Tanzania, the sorting process involves six subcategories: first, second, third, ronya, rags and textile waste.

When separating wearable and non-wearable items, 61.7 percent of the 1,408 responses indicated that condition is the primary factor leading to a product's downgrade from "Fagi" or "Ronya" to "rags." Additionally, 80.3 percent of the 1,313 responses suggested that a combination of appearance and condition is the key determinant distinguishing wearable clothing from waste. These categories and attributes reflect the market's perception of waste. By analyzing these factors alongside the distribution of subcategories within a bale, a statistical criterion for product acceptance can be proposed, supporting effective monitoring and control.

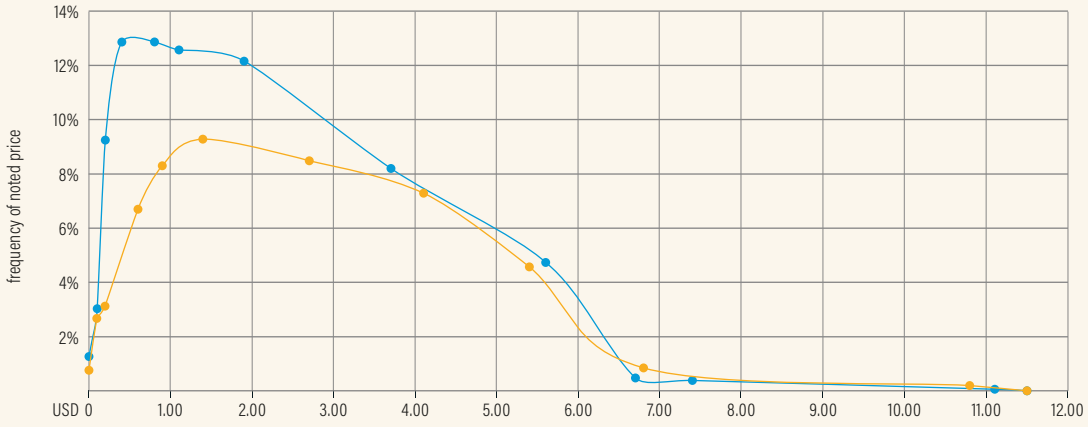
To clarify market dynamics, a "peak tracing method" is employed in the chart to visualize the distribution of selling prices across the secondhand clothing market. This method enables the identification of peaks (or modes) in price frequency, which represent the most common selling prices due to local traders' tendency to price their products in whole numbers.[5] The resulting data demonstrates that the pricing of these subcategories forms a left-skewed distribution (Figure 2), indicating that lower-valued items represent higher percentages in the average bale. Pricing on pieces of clothing is market dependent and there are differences in the subcategory distribution within each market, reflecting unique local demand and purchasing power dynamics (Figure 3).

5 Secondhand clothing pieces are generally sold in whole price numbers in the local currency, such as USD 1, 2, 3 per piece, instead of fractional values like USD 1.12 or USD 3.34.



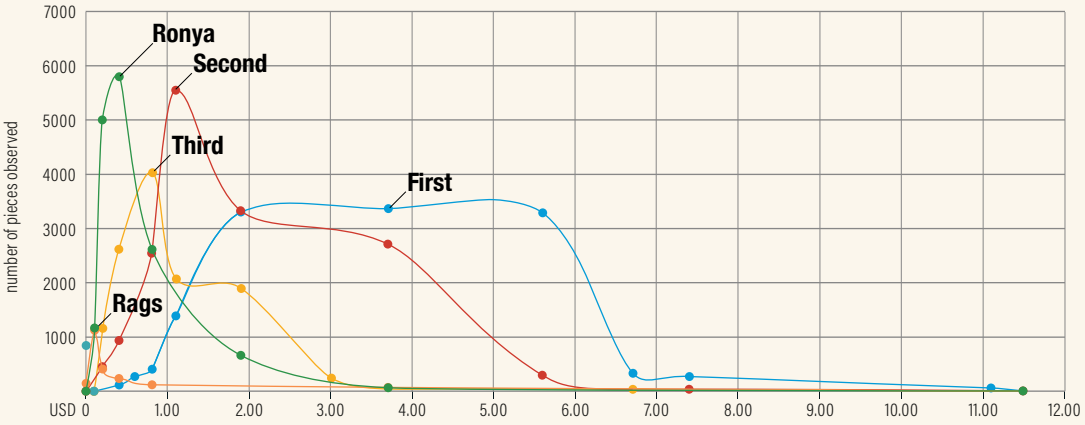
← Figure 2. SHC price distribution by bale percentage in Uganda and Tanzania

** The price distribution of secondhand clothing (SHC) per piece for all Grades in both Uganda and Tanzania shows a left-skewed bell curve pattern, indicating a prevalence of lower-cost items. (UNCTAD, Full Cycle Resource, 2024)*



← Figure 3. Comparison of grade A bale pricing distribution between Tanzania and Uganda

** The price distribution of secondhand clothing (SHC) per piece for Grade A shows that pricing is market dependent. (UNCTAD, Full Cycle Resource, 2024)*



← Figure 4. Subcategories of grade A bale distribution in Tanzania

** The chart demonstrates that the most frequently occurring selling price per piece of clothing within the Grade A bales declines as the quality drops from First to Second, Third and finally to Ronya and rags. (UNCTAD, Full Cycle Resource, 2024)*

The left-skewed pricing distribution indicates that the sorting of pieces within each bale follows a systematic pattern based on clothing quality. As items are categorized from higher to lower quality—ranging from First to Ronya and Rags—their prices correspondingly decrease, reflecting the link between quality and market value. For example, Figure 4 demonstrated that the most frequently occurring selling price declines as the quality drops from First to Second, Third and finally to Ronya and Rags, in the surveyed markets in Tanzania.

First, Second, Third, Ronya, rags, and waste are subcategories within the overarching Grade categories. These subcategories are divided based on the perceived market value of the article of clothing. 'First' represents the highest market value, followed by 'Second' and 'Third.' Ronya (also commonly known as fagi) represents the last wearable subcategory. Rags are articles of clothing used as wiping cloths, while waste includes items with zero perceived market value. Although retailers and vendors may sort clothing articles into these subcategories based on seller's perceived market value, it is in conjunction with the buyer's perceived market value that the market is established. Given that each grade category contains subcategories where the perceived value can vary, the 'First' subcategory in Grade A, for instance, is not equivalent to the 'First' in Grade B. This results in a range of perceived values and overlaps within and between subcategories.

The definition of textile waste was adopted from the most recent Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) report, which is textile material designated for final disposal not subject to any recycling or reuse measures. When analyzing the distribution of subcategories, the percentage of textile waste in both markets combined was observed to range between 1.1 and 1.3 percent (Table 1) while rags make up 2.9 to 3.2 percent. This means that, for the markets surveyed, 4 to 4.5 percent of a bale consists of items not classified under HS 6309.00.01. In Tanzania specifically, textile waste sampled was slightly higher, ranging from 1.3 to 1.5 percent of bales.

Table 1. **Distribution of subcategories of clothing pieces within an average bale Tanzania**

	Low range	High range
First	33,601 – 26.4%	47,165 – 26.5%
Second	36,469 – 28,7%	52,006 – 29,2%
Third	26,306 – 20.7%	35,955 – 20.2%
Ronya	24,849 – 19.5%	34.076 – 19.1%
Rags	4,323 – 3.4%	6.310 – 3.5%
Waste	1,701 – 1.3%	2,755 – 1.5%
Total	**127,249**	**178,267**

← *Note*
The textile waste within a bale in the two sampled markets in Tanzania is estimated to range from 1.3 to 1.5 percent, while rags make up 3.4 to 3.5 percent. This means that 4.7 to 5 percent of a bale consists of items not classified under HS 6309.00.10

Retailers purchase imported bales based on the designated weight. While the designated bale weight is generally set (for example, a 45 kg bale may be between 43 and 46 kg in reality), the number of pieces of clothing may vary within each bale. Retailers who consistently open bales of a specific category develop implicit knowledge of the number of pieces within their bale, which was captured through surveys. This understanding is provided in the form of a range; for example, 200 to 250 pieces within a bale. The low range (200) indicates the minimum expected quantity,while high range (250) represents maximum expected quantity. A retailer's implicit knowledge of subcategory distribution ranges directly impacts their return on investment.

The field analysis reveals that while most clothing pieces are sold at lower prices, the sector nevertheless provides economic mobility opportunities. Participants in the market can progress from entry-level roles, such as bale carriers, all the way to importers.[6] For retailers, 61% started below their current role within the market hierarchy (Table 2), while only 13% of vendors started below their current role (Table 2). For those aspiring to become vendors, approximately 23.3% achieve this status within the first 1 to 3 years, with 62.8% reaching this milestone within 3 to 5 years (Table 3). Becoming a retailer typically requires purchasing bales, which incurs higher costs than buying individual clothing pieces. 8.5% become retailers within the initial 1 to 3 years, 40.2% in 3 to 5 years, and 70.4% within 5 to 10 years (Table 3). These figures show the potential for career progression within Tanzania's SHC market.

Within the SHC trade in Tanzania, 99 percent of respondents said they believe in equal opportunities for men and women, with a similar share (98 percent) indicating that the trade financially benefits their family. The primary motivation for entering the SHC market is financial incentives (60.6 per cent), while 21 per cent entered due to lack of alternative employment opportunities.

Table 2. Examining economic mobility

Role in market	Retailer	Vendor
Below current role	328 – 61%	43 – 13%
At or above current role; or from outside of SHC industry	212 – 39%	296 – 87%
Total sampled	**540**	**339**

← *Note*
In the markets surveyed in Tanzania, 61% of current retailers have advanced from lower position within the value chain, demonstrating upward economic mobility (Table 2). In contrast, 13% of the vendors began in a lower position, while 87% entered SHC in their current position

Table 3. Timeline and percentage of traders who achieved economic mobility

Business type	Retailer	Vendor
0 to 1 year	2.7%	0%
1 to 3 years	8.5%	23.3%
3 to 5 years	40.2%	62.8%
5 to 10 years	70.4%	88.4%
10+ years	100%	100%

← *Note*
40.2% of current retailers progressed from being vendors within a period of 3 to 5 years. Over a period of 5 to 10 years, 70.4% of vendors became retailers. 62.8% of vendors progressed from being bale carriers to vendors within 3 to 5 years. Over a period of 5 to 10 years, 88.4% of bale carriers became vendors, indicating faster upward mobility

6 SHC market hierarchy typically spans from the lowest level (Bale Carrier) to Ronya Trader, Vendors, Retailers, Distributors and Importers (top role).

Table 4. Motivations for entering the SHC trade

Reasons	Respondents	
Family business	48	4.6%
Finacial incentive	634	60.6%
Lack of other opportunities	219	20.9%
Personal preference	145	13.9%
Total sampled	**1046**	

← *Note*
Out of the 1,046 survey respondents in Tanzania, 81.5% entered the trade due to financial incentives or lack of other opportunities

Understanding the grading criteria and SHC bale distribution is useful for the establishment of a monitoring control system during export and import processes. Given the consumer's sensitivity to price, the left-skewed normalized distribution shows that products from importing countries are not randomized but instead sorted. Retailers frequently source items from multiple importers, each bringing goods from different countries and different sorting facilities, resulting in a mix of clothing articles once bales are opened. This intermixing complicates tracking and quality rating based on the local subcategories' classification to each country of origin. Nevertheless, the current distribution of bale subcategories enables comprehensive market analysis by viewing the market, which this can be utilized as a baseline data on what is received. The next research phase examines the upstream sorting process, ensuring any recommendations are operational and economically feasible, as they directly affect affordability of consumers in Tanzania and Uganda.

3.

Conclusions

This study sampled data from three major secondhand clothes markets in Uganda and Tanzania, and as such, may not fully represent the broader conditions across all markets in those countries.

The findings highlight five key quality criteria employed by traders in the sampled markets (Appearance, Condition, Fashion, Functionality and Perceived Durability). However, these criteria are not universally standardized and vary depending on specific market conditions.

While the percentage of waste material—defined as textile fractions with no economic value—is generally low in bales, this does not negate the challenges associated with textile waste. Developing solutions for managing textile residues remains a critical area for further work. The research also suggests that interventions aimed at improving waste management and upcycling capacities for textile waste are preferable to broad restrictions on second-hand clothing (SHC) imports, which could adversely impact livelihoods and economic mobility in these regions.

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