NEWS BUSINESS

INDUSTRY

Cheap Asian imports threat to Kenya's textile sector — study

It has dismissed mitumba as a major challenge, warned against protectionism

A trader selling second-hand clothes at the Gikomba open-air market, in Nairobi /FILE

JACKTONE LAWI
@jacktonelawi

A mitumba ban is unlikely to boost Kenya's textile industry, but will instead benefit importers of cheap garments, according to a new study.

The report commissioned by the Mitumba Consortium Association of Kenya (MCAS) on the second-hand clothing industry in East Africa, warns that countries must avoid protectionism against the import of second-hand clothing.

Professor Patrick Diamond of Queen Mary University of London, who is also report's author notes that there are long-term threats to the textile industry in the region given the growing dominance of China and Asian producers in African markets.He said that the leading supplier of textiles into the EAC is currently China whose exports far exceed the United States.

The report further says Chinese clothing imports, both legitimate and undeclared, constitute a growing threat to the East African textile-manufacturing sector.

"While it might be tempting for governments in this climate to impose prohibitions on the importation of second hand clothing, there is little evidence the policy would benefit the development of either the domestic textile industry, or the living standards of ordinary workers," he said at the report's release on Monday.

Diamond observed that protectionism more often stifles productivity growth and sectoral innovation.

The paper argues that the new domestic textile production industry and the second hand clothes (SHC) industry can and should work together, for the mutual benefit and growth of both sectors.

It argues that Kenyan exports of apparel to the US increased from $8.5 million (Sh1.2 billion) to $332 million (Sh46.8 billion) between 2002 and 2014 despite existence of mitumba.

"Yet the textile sector in Kenya is also very reliant on importing raw materials. It is estimated that the country's 52 textile mills operate at an average of 45% capacity due to skills shortages and weak energy supplies," the report reads in part

Just like other EAC countries, the sector is struggling to remain competitive in the world market given the rise of Asia.

Chairperson Mitumba Consortium Association of Kenya Teresiah Wairimu, said that the trade generated $112,460,975 (Sh15.9 billion) in government tax revenues in 2021.

According to the Economic Survey 2023 import duty collections from textiles increased to Sh6.4 billion in 2022 from Sh5.4 billion a year earlier.

Second hand clothing accounted for 177,664 tonnes of the apparels that the country imported in the period a drop from the 183,830 tonnes that entered the country in 2021.

However, despite the drop in quantity the value of second hand clothing increased to Sh20 billion from Sh19 billion a year earlier.

In 2021, Kenya imported 183,504 tonnes of mitumba valued at $172.7million (Sh24.4 billion).

QUOTE

TERESIAH WAIRIMU

Instead of imposing barriers on the second hand clothing businesses, EAC governments should develop strategies to ensure gains are shared

AIR FREIGHT

Inflation, conflict cut African airlines cargo business by 2.4%

JACKTONE LAWI/African Airlines handling cargo have taken a hit from the rising inflation, reporting a 2.4 percent drop in cargo demand on a year on year basis.

The International Air Transport Association (IATA) in its latest May 2023 report on global air cargo markets shows that despite the drop in demand, African airlines have increased their capacity compared to the previous year.

The report highlights a notable slowdown in the growth of the Africa to Asia trade route, decreasing from 18.5 percent in April to 11 percent in May, possibly as a result of the conflict in Sudan since mid-April.

IATA says that the capacity in May has shown a 9.2 percent increase compared to the same month in 2022. IATA, Director General Willie Walsh, acknowledges the challenging trading conditions for air cargo, noting that the sector will pick up once the weak economic indicators have corrected.

Globally, the demand for air cargo, measured in cargo tonne-kilometers (CTKs), has fallen by 5.2 percent compared to May 2022, with a decline of 6 percent reported for international operations. "Trading conditions for air cargo continue to be challenging with a 5.2pc fall in demand and several economic indicators pointing towards weakness. The second half of the year, however, should bring some improvements," said Walsh.

He said as inflation moderates in many markets, it is widely expected that central bank rate hikes will taper. This should help stimulate economic activity with a positive impact on demand for air cargo.

Meanwhile, available cargo tonne-kilometers (ACTKs), which measure capacity, have risen by 14.5 percent compared to May 2022, primarily driven by the increase in belly capacity as passenger demand recovers.

Data shows that the capacity now exceeds May 2019 (pre-pandemic) levels by 5.9 percent. However, he expresses optimism for the second half of the year, expecting improvements as inflation moderates in many markets and central bank rate hikes taper.

his is anticipated to stimulate economic activity and have a positive impact on the demand for air cargo. In the Asia-Pacific region, airlines have witnessed a 3.3percent decrease in air cargo volumes compared to May 2022.

THE DATA

140.98

The indicative value of the shilling to the dollar

Kenya's shilling remained weak against the US dollar on Monday amid high demand for the dollar by importers

FINANCIAL MARKET

FOREX EXCHANGE RATES

Currency	Buy	Sell	Mean
US DOLLAR	140.8853	141.0853	140.9853
EURO	153.5371	153.7994	153.6682
STG POUND	179.7118	180.0218	179.8668
SA RAND	7.4470	7.4607	7.4538
KES / USHS	26.1544	26.2625	26.2084
KES / TSHS	17.3016	17.3900	17.3458
AE DIRHAM	38.3528	38.4177	38.3853
JPY (100)	98.6039	98.7646	98.6843
IND RUPEE	1.7052	1.7078	1.7065
CHINESE YUAN	19.4701	19.5017	19.4859

NSE BIGGEST WINNERS

	Price	Change (%)
E.A CABLES	0.90	9.76
EVEREADY	1.66	7.79
TPSE	12.50	7.30
SASINI	30.50	5.17
NAIROBI BV	3.47	4.52

NSE BIGGEST LOSERS

	Price	Change (%)
LIBERTY KENYA	4.01	5.42
LONGHORN PUBLISHERS	2.36	4.07
TRANS-CENTURY	0.61	3.17
STANBIC HOLDINGS	116.50	2.71
DTB	48.75	2.50

Harvard Business Review

TIP OF THE DAY

ARE YOU HOLDING YOUR TEAM BACK?

Stepping in to help your team isn't always helpful. Particularly when you're delegating work, offering too much hands-on assistance or direction can actually backfire and undermine your team's long-term learning and development. How can you take a more hands-off approach to delegation instead? Start small by identifying low-stakes tasks to hand off to an employee. You want to leave room for mistakes that will lead to their growth—not mistakes that could tarnish their reputation or jeopardize the team's success.

Then adopt a mindset of patience and curiosity. This doesn't mean tolerating poor effort or carelessness, but rather understanding that your employee may take some time to learn this new skill—and they could end up developing their own approach in the process.

Lean into the discomfort you feel watching them experiment, encounter challenges, and falter. Resist the urge to take the work back, do it for them, or point out the solution before they've identified it. **Tell yourself:** "I was allowed to struggle, and that's how I built confidence in my skills. So I'm going to give my employee the same gift to solve the problem on their own."

Remember: Delegating effectively means shifting your mindset away from doing to leading