



REUSE BEFORE RECYCLE

THE SECONDHAND CLOTHING INDUSTRY
IN CENTRAL AMERICA

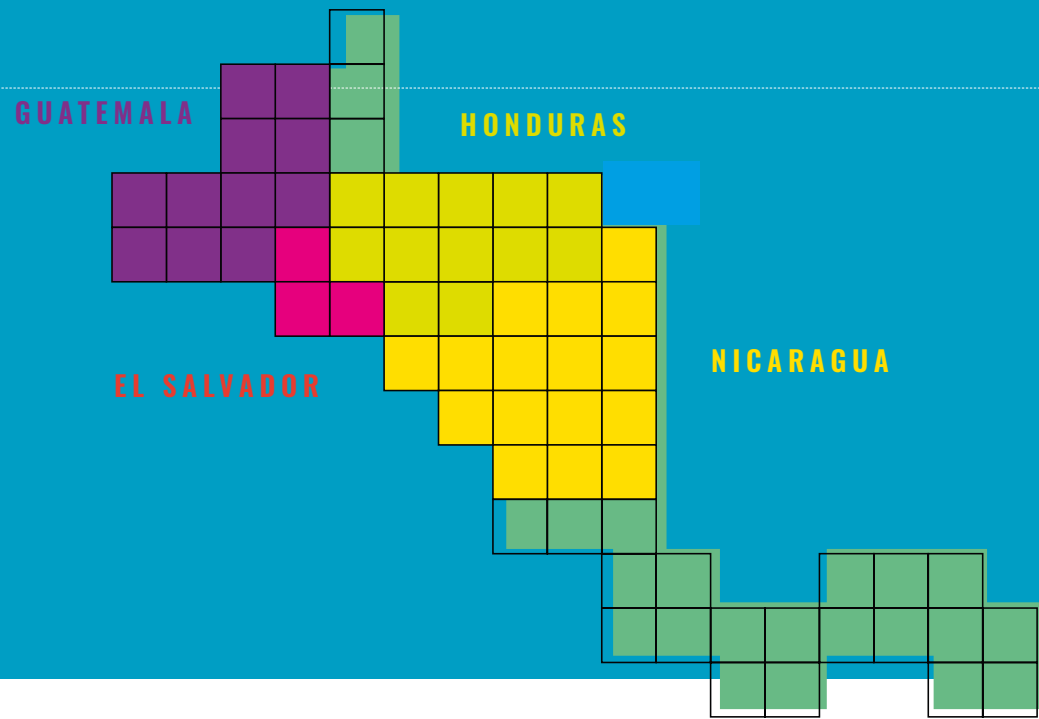
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EXECUTIVE SUMMARY

THE FOCUS OF THIS RESEARCH PAPER IS THE POTENTIAL LONG-TERM ECONOMIC IMPACT OF THE USED CLOTHING AND FOOTWEAR SECTOR ON THE FOUR CENTRAL AMERICAN COUNTRIES OF GUATEMALA, NICARAGUA, HONDURAS AND EL SALVADOR.



The research shows that the secondhand clothing trade is creating employment for hundreds of thousands of citizens while generating significant tax revenues to governments, and is likely to do so long into the future.

Central America is an increasingly influential player in the secondhand clothes industry, with the vast majority of exports to Central and South America coming from the United States. Imports of secondhand clothes to the region are driven by consumer demand. The majority of citizens in the four countries we reviewed are living on relatively low wages, with clothing making up a small proportion of their outgoings. Buying secondhand clothes relieves household budgets and provides choice for poorer households. At the same time, demand for secondhand clothing spans the income scale, finding customers among the upper and middle classes as well as those on lower wages.

Over the ten years to 2021, the nominal value of imports of secondhand clothes to the four countries has grown by \$274million, with Nicaragua experiencing nearly 280% growth during the period. This, along with corresponding economic growth, reflects the demand for secondhand clothing in the region and demonstrates the long-term viability and stability of the trade.

Our report estimates that by the early 2040s, the used clothing sector will sustain more than 3 million jobs in the four Central American countries of Guatemala, Nicaragua, El Salvador, and Honduras and bring in nearly \$200million in annual tax revenues. The secondhand clothes industry will remain a continuing source of relatively well-paid employment, tax revenues and GDP as long as governments and policymakers ensure there is a competitive operating environment conducive to the sector's long-term growth.

This paper argues that national governments will have to shape policies that boost secondhand clothes businesses in Central American countries, rather than advancing protectionist industrial policies that are unlikely to benefit workers and consumers. Secondhand clothes generate competition that helps to incentivise technological innovation throughout the textile production sector.

The report acknowledges that much of the official data available on secondhand clothes in Guatemala, Nicaragua, El Salvador, and Honduras is patchy at best. The large and medium-sized secondhand businesses operating in the area are demonstrating significant leadership in terms of their social and environmental impact, which is highly commendable.

By early 2040s, the used clothing sector can sustain

3 million jobs

In Guatemala, Nicaragua, El Salvador, and Honduras.

As in other similar markets, however, many of the jobs are still carried out in the informal economy. Moreover, the social benefits, while evident on the ground in communities, are harder to quantify. We argue that more research is required in this area to understand better the end beneficiaries of the secondhand clothes trade. This will enable more concrete social policies to be advanced, aimed at helping to bring more workers into the formal economy and expand social security and labour rights, in particular for women and young people.

This report is being launched in Costa Rica. Costa Rica has a secondhand clothes industry that is worth US\$125 million per annum. Used clothing imports from the United States and Canada to Costa Rica have also grown significantly over the last twenty years. secondhand clothes are becoming increasingly popular with middle-class consumers in Costa Rica who more often demand eco-friendly products.¹ This is a trend we've seen replicated in the four countries we studied in this report. Across Central and South America, the used clothing industry is positioning itself as one of the key sectors of the future.

Across Central and South America, the used clothing industry is positioning itself as one of the key sectors of the future.



1. 'Second Hand Clothes Worth an Estimated £125 million in Costa Rica, 2021 <https://news.co.cr/secondhand-clothes-a-125-million-industry-in-costa-rica/23987/>

THIS REPORT SEEKS TO CAPTURE AND DEMONSTRATE THE ECONOMIC IMPACT OF THE SECONDHAND CLOTHING INDUSTRY THROUGHOUT CENTRAL AMERICA.

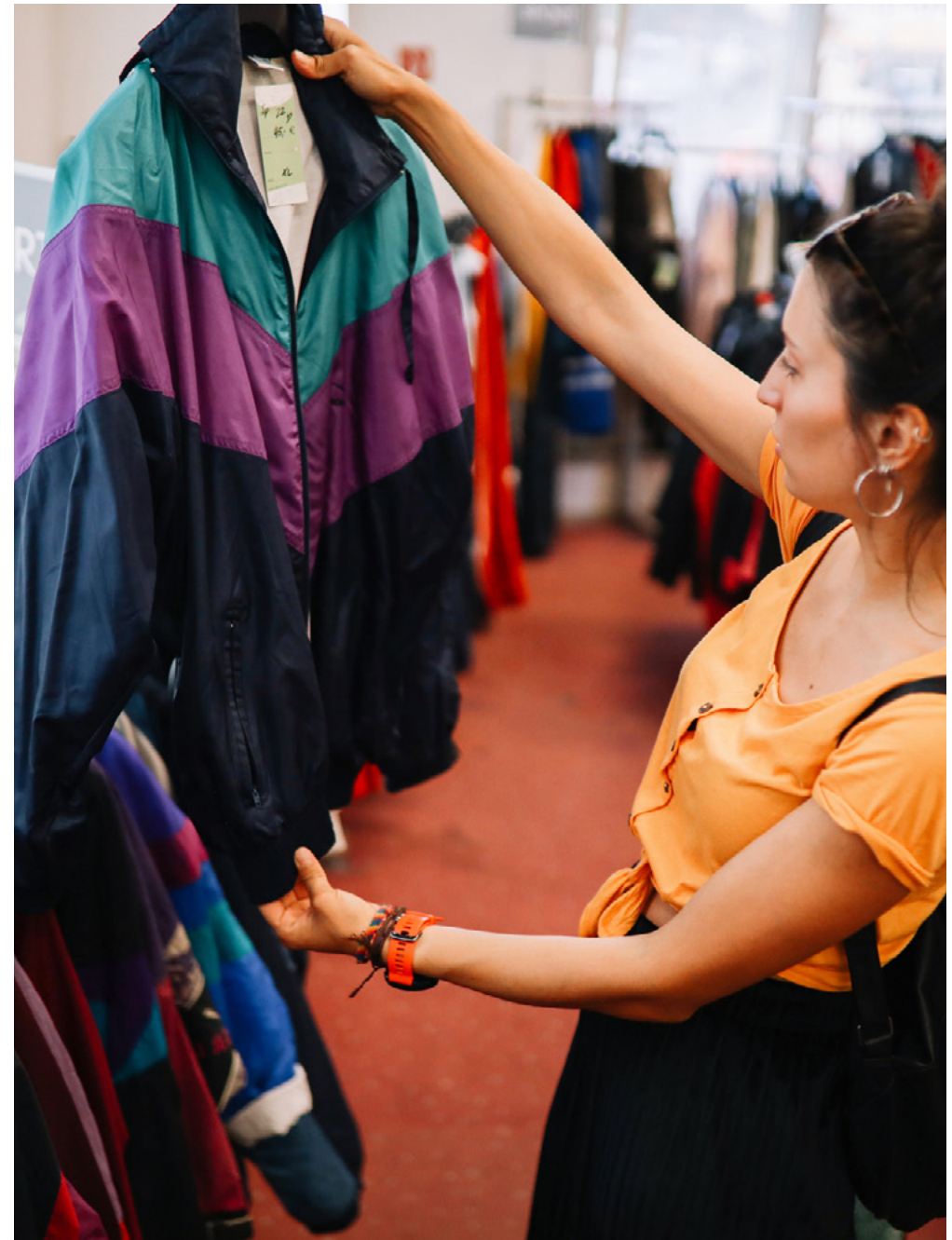
We reveal that the sale and consumption of secondhand clothes is vital for the livelihoods and living standards of millions of households in Central and South America. Moreover, much of the economic and social impact of the used clothing industry is not captured in official statistics. There are good reasons for this. For instance, many of the activities of the secondhand clothes sector, notably employment and the sale of goods, are located in the informal economy. Nevertheless, governments and international agencies need to do more to better understand the impact of the used clothing industry on employment, living standards and GDP in order to design more effective policies and regulations.

In this paper, we develop a value-chain analysis which provides a more rounded and balanced assessment of the full extent of the secondhand clothes sector's contribution to growth and jobs in the selected countries. Our findings estimate that by the early 2040s, the used clothing sector will sustain more than 3 million jobs in the four Central American countries of

Guatemala, Nicaragua, El Salvador, and Honduras. Moreover, tax revenues generated by the sector are expected to reach \$196.4 million USD by 2042.

We argue that alongside the larger employers in the region, the secondhand clothes sector has been essential for many communities and citizens, especially women, who have either been employed directly or been able to create small businesses within the used clothing distribution chain. As a result, while the official statistics may not capture this effect, the industry is helping to reduce unemployment and poverty in many communities.

Moreover, many consumers and households in Central and South America have relatively low purchasing power and need access to used clothing to maintain a decent and dignified standard of living. As such, clothing reuse plays a key role in strengthening economic prosperity and social inclusion. Reuse provides opportunities for households struggling on low incomes to be adequately clothed.





In developing countries, secondhand clothes are also vital in providing clothing options for the growing middle-class as well as the poorest groups in society. Across the world, 'the resale apparel market soared by 109.4 per cent between 2016 and 2021', by appealing both to low-income and environmentally conscious middle-class consumers.²

One business leader told the UK Sunday Times newspaper: 'The Nineties were all about showing how rich you were and living in abundance – secondhand was seen as a poor man's choice. Now it's like,

Tax revenues generated by the sector are expected to reach

\$196.4 million

USD by 2042

'ok, let's be smart about what we use'.³

Experts also note that: 'The resale fashion market is expected to grow as shoppers continue to tighten their belts while seeking ways to save cash. In 2022 the market is expected to expand by a further 31 per cent, and between 2023 and 2026 this is expected to increase by a further 52 per cent thanks to the emergence of new players'.⁴

Not only does the secondhand clothes industry already provide significant benefits in growth, jobs, trade and government tax revenues. We

demonstrate the potential for future growth if policymakers are prepared to enact supportive policies that develop and grow the sector. For an industry such as used clothing and garments, domestic policies and regulations alongside international trade agreements make an enormous impact on the long-term competitiveness and viability of the sector.

2. Global Data, 'Apparel', 2022 https://www.globaldata.com/store/industry/apparel-market/?_gl=1*1z9gox*_ga*NTMyNjk0NDI3LjE2NjgxNzgxMDQ*_ga_3EX3J953XS*MTY2ODE3ODEwMy4xLjAuMTY2ODE3ODEwMy42MC4wLjA.

3. S. Chambers & J. Clover, 'Rags to Riches', The Sunday Times, 19 March 2023.

4. Just Style, 'Fashion resale market grows as cost-conscious consumer emerges', October 2022 <https://www.just-style.com/analysis/fashion-resale-market-grows-as-cost-conscious-consumer-emerges/>

THE CONTEXT

The international trade in wholesale secondhand garments is currently estimated to be worth US \$1.5-3.4 billion per annum. Up to 4 million tons of used clothes are traded each year. Only 15% of post-consumer garments are collected for re-use or recycling in the USA and it appears that only a quarter of post-consumer garments are currently collected for reuse globally. Of those items, around 40% enter the international secondhand clothes market with the remaining clothing sold or recycled in their home markets.

Central America is an increasingly important player in the secondhand clothes industry. The major exporters of secondhand clothes are the United States, the United Kingdom, the EU, Canada, China and South Korea. The vast majority of exports to Central and South America come from the United States. The hubs for the commercial sorting of used clothes are located in South Asia, Canada, Europe, the UAE, Pakistan and India.

CHALLENGES FOR THE SECONDHAND CLOTHES INDUSTRY

There are several challenges posed to the secondhand clothes industry in Central and South America and more widely. Firstly, there is growing consensus around the world that consumer trends led by the fast-fashion industry are leading to damagingly high levels of textile production and consumption. Regulation across the developed world is beginning to address this, with extended producer

15%

Only 15% of post-consumer garments are collected for re-use or recycling in the USA



Aerial view of a shipping Port

CHAPTER 1: INTRODUCTION AND OVERVIEW

responsibility (EPR) legislation that covers the textile industry for the first time being advanced in Europe and North America. This type of regulation intends to hold producers accountable for products throughout their whole life-cycle, and can include, for example, measures to pay for collection and recycling of waste.

The secondhand clothes industry is clearly a vital stakeholder in this process, given the important role it plays in taking textiles that would otherwise be thrown away, out of the waste stream. Used clothes that can be collected and sold to new customers, both in the global North and the global South, create significant environmental benefits compared to producing new clothes. Previous academic studies have shown that reusing 600 kilos of clothing reduces global CO₂ emissions by 2250 kilos while 3.6 billion fewer litres of water are used.⁵ Exports of secondhand clothing products globally are estimated to achieve a net saving of the equivalent of 193,000 tonnes of greenhouse gases and 72 million cubic metres of water use.⁶ This report shows that secondhand clothes sales to Central and South America are driven by demand, not supply. Demand for low-cost clothing in low-income regions would otherwise likely be fulfilled by cheap, fast-fashion alternatives, further exacerbating environmental damage.

Nevertheless, global concerns about the environmental impact of the fashion industry extends to the end-of-life management of textiles. All clothes will ultimately reach a point where they can no



longer be worn or reused. Developing countries around the world may be less well equipped to dispose of this end-of-life textile waste sustainably.⁷ Managing waste sustainably is a live issue for developed and developing countries. More investment is needed in sustainable waste processing and recycling, particularly in low-income countries as well as in richer countries, and governments must be supported to develop this infrastructure.

Secondly, in some instances national governments have claimed that secondhand clothes imports lead to weaker domestic textile production and higher unemployment, reducing domestic demand.⁸ All countries in South America have to a larger or lesser extent restricted used clothing imports as a means of protecting their domestic textile industries.

However, this report challenges the claim that the growth of the secondhand clothes industry destroys the domestic textile production base. There is very little robust economic evidence that trade in used clothing weakens demand for local textile production. Indeed, in at least one of our countries under study, Honduras, the domestic textile industry is growing and the country is positioning itself as a leading exporter of manufactured clothing.

Most commentators conclude that weaknesses in domestic textile production relate to factors other than trade in secondhand clothes, notably unreliable

5. World Bank, 'How Much do Our Wardrobes Cost the Environment?', 2019 <https://www.worldbank.org/en/news/feature/2019/09/23/costo-moda-medio-ambiente>

6. Watson, D. et al, 'Exports of Nordic Used Textiles: Fate, Benefits and Impacts', 2016 <http://norden.diva-portal.org/smash/get/diva2:1057017/FULLTEXT03.pdf>

7. Cuc, S. and Tripa, S., 2014. Fast fashion and secondhand clothes between ecological concerns and global business. *Annals of the University of Oradea*, 15 (1), pp.163-167.

8. Wetengere, K.K., 2018. Is the banning of importation of secondhand clothes and shoes a panacea to industrialization in east Africa?. *African Journal of Economic Review*, 6 (1), pp.119-141.

public infrastructure, lack of skills, outdated capital stock, and the failure to apply new technologies to the production process.⁹ Where the textile manufacturing base has declined in recent decades, it is more often to do with liberalization policies that expose industries to global competition (particularly from Asia) than to the growth of used clothing markets. The lesson from East African experience is that protectionist industrial policies that insulate local textile industries from international competition are rarely successful.¹⁰ Such protectionism not only violates international trade agreements. It undermines innovation and efficiency in the domestic manufacturing base.

The domestic textile production sector and the secondhand clothes and apparel sector are, in fact, complementary. The expanding market in secondhand clothes generates a virtuous circle of production: the growth of economic activity leads to increasing consumer purchasing power and widening demand for textile products which in turn creates more employment opportunities, boosting household income. Countries that have revived their domestic textile sector have invariably done so by boosting demand for textile products, in particular by reforming the procurement strategy of the public sector.¹¹

The data gathered in this report speaks to this economic opportunity. However, given the lack of official data, more research is required to investigate further the social and environmental impacts of the textile trade on Central American countries.

THE CIRCULAR ECONOMY

The textiles sector is currently estimated to be the fourth most damaging for the environment in the world economy. This is largely driven by trends such as 'fast fashion' where the consumption of clothing is as much about entertainment and lifestyle as fulfilling material needs. Consumers are encouraged to shop frequently and rapidly discard unwanted items.

There is a window of opportunity, however, as demand for used clothing rises around the world with changing consumer tastes and the remarkable

growth of the global middle-class. The challenge is to shift the textile industry from a consumption-based model to maximise circularity and reuse.


The secondhand clothing industry is a critical player in this agenda. It has the ability to help change consumer habits; it reduces the need for new manufacturing, which creates the biggest environmental damage; and it supports textile recycling. The process of sorting for reuse and recycling also creates multiple opportunities for high skilled and high-waged employment. The potential in particular to create a significant number of new 'green jobs' over the next decade is likely to be enormous.

The objective of the circular economy is a textile production system that is 'restorative and regenerative by design and provides benefits for business, society and environment'.¹² To strengthen the circular economy, governments around the world must incentivize the development of business models focused on dramatically increasing the reuse of textiles and clothing in the production chain. Anecdotal evidence gathered in our investigation shows that business leaders in Central America are committed and ready to play their part. With more research and stronger government support for the circular economy agenda, countries in Central and South America could have a once in a generation opportunity to lead the way in driving this agenda for change.

FOUR CASE-STUDIES

All four countries covered in this report - Guatemala, Nicaragua, Honduras and El Salvador - are members of the Central American Common Market (CACM) which applies a common external tariff to imports. Textiles are currently exempted from the tariff. The CACM has a free trade agreement with the United States. It has been suggested that Central American textiles industries have recently benefited from the trade war between the United States and China, along with supply shortages in Asia.

At present, secondhand clothes imports into Central America are relatively low (1.8%) compared to Sub-Saharan Africa (33.8%), Asia (10.8%) and North Africa (7.3%). Yet the secondhand clothes sector is growing in prominence and importance in Central America. A large proportion of the population in Guatemala, Nicaragua, Honduras and El Salvador use secondhand garments and footwear, while such products are increasingly popular among higher income middle-class households who are sceptical of fast fashion and want a more sustainable alternative. The extent of secondhand clothing use among consumers in these countries is further evidence of the economic and social impact of the sector.



Countries in Central and South America could have a once in a generation opportunity to lead the way in driving this agenda for change.

9. Baden, S. and Barber, C., 2005. The impact of the secondhand clothing trade on developing countries; Wetengere, K.K., 2018. Is the banning of importation of secondhand clothes and shoes a panacea to industrialization in east Africa?. African Journal of Economic Review, 6(1), pp.119-141; Brooks, A., 2013. Stretching global production networks: The international secondhand clothing trade. Geoforum, 44, pp.10-22.

10. Wetengere, K.K., 2018. Is the banning of importation of secondhand clothes and shoes a panacea to industrialization in east Africa?. African Journal of Economic Review, 6(1), pp.119-141

11. Gereffi, G., Frederick, S. and Gereffi, G., 2010. The global apparel value chain, trade and the crisis: challenges and opportunities for developing countries.

12. 'From Microplastics to Textiles: Towards a Circular Economy', March 2022.



DATA ANALYSIS

IN THIS CHAPTER WE EXAMINE THE FOUR COUNTRIES SELECTED AS CASE-STUDIES FOR THE ANALYSIS, AND CONSIDER THE AVAILABLE DATA REGARDING THE IMPACT OF THE USED CLOTHING SECTOR.

GUATEMALA

Guatemala is the largest economy in Central America and the 69th largest economy in the world measured by GDP per capita. It has a population of 17.11 million and a total GDP of US\$77.6 billion.

Nonetheless, according to the World Bank Guatemala's poverty and inequality rates are among the highest in the South American and Caribbean region, driven by the existence of a large and underserved population, mostly rural and Indigenous and employed in the informal sector.¹³

In 2021, the average worker in Guatemala was earning 2356 quetzel (approximately US\$304) per month (ILO 2023). In 2019, estimates suggest 54% of the population lived below the poverty line. Household budgets have little room for expenditure on clothing. Family spending on clothing and footwear in

the metropolitan region comprises 5.7% of household spending, while at the national level it is estimated at 7%.¹⁴ This data suggests a high need for low-cost, affordable clothing and is an indicator of why demand for secondhand clothes has remained robust.

At present, 3.4% of global secondhand clothes imports go to Guatemala. 130 thousand tons of secondhand clothes were imported in 2021 worth a total of US\$157.4 million. Between 2017-2021, secondhand clothes imports to Guatemala grew by 10%. This significant growth was even higher over the ten years to 2021, when the value of imports grew 180%, from US\$55.6 million to US\$155.7 million.¹⁵

By 2020, Guatemala was the ninth largest importer of used clothing in the world.¹⁶ secondhand clothes imports came largely

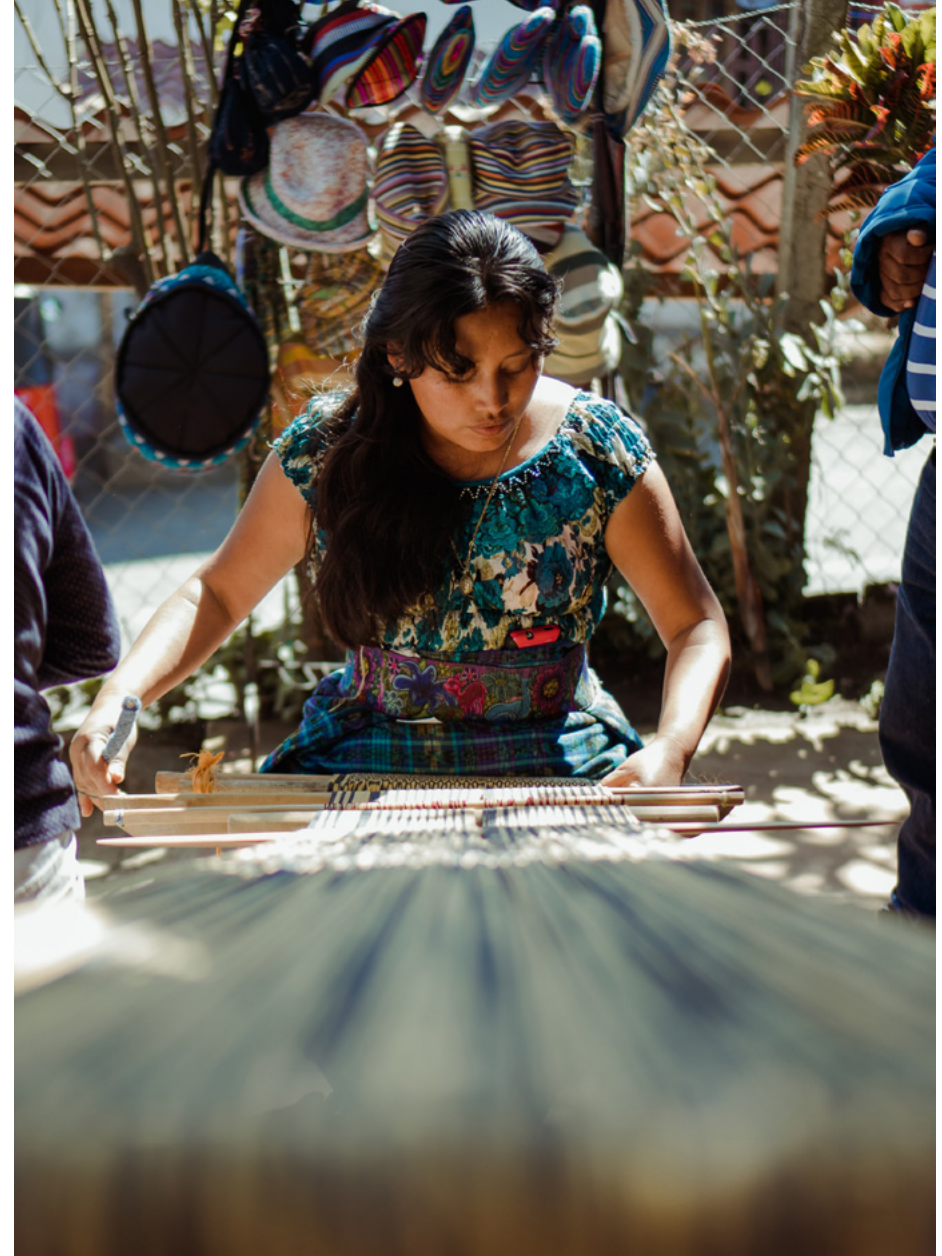


PHOTO: Julio Reynaldo on Unsplash

13. <https://www.worldbank.org/en/country/guatemala/overview>

14. López, L. (2008). La importación de ropa de segunda mano y su impacto en la economía familiar Guatemalteca. Guatemala: Universidad San Carlos de Guatemala.

15. Source: UN Comtrade, see appendix 5 for all annual data since 2003

16. This data is provided by the Organisation for Economic Complexity (OEC): <https://oec.world/en/profile/hs/used-clothing>

from the United States, as well as Canada, Nicaragua, China and Spain.¹⁷ The tariff on secondhand clothes is 13.8%, a lower rate than is commonly found in African countries. Nevertheless, government taxation revenue linked to imports in 2021 was worth US\$40.2 million.¹⁸

Imported secondhand clothes is known as 'paca' ('bale' in Spanish) or 'ropa Americana' (American clothing) in Guatemala. Most cities and towns have wholesale shops. There is some evidence that indigenous women who traditionally produced woven clothing to make extra income increasingly rely on selling secondhand clothes, which is easier and makes a bigger contribution to household income.¹⁹

According to the ILO, Guatemala has a high rate of young women who are not in education, training or employment, and there is a growing gap with young men. It also has a lower labour market participation rate among older workers. The labour force participation rate is 59.2% but much lower for women (37.8%). However, the data indicates that many women may be doing work that is not captured in the formal labour market statistics.

Guatemala's domestic textile production sector is being rapidly modernized with investment in new technology and capital stock. Many manufacturers in Asia have sought to move production to more profitable locations. Countries such as Guatemala have relatively low labour costs

In Guatemala the used clothing sector interacts with a significant domestic textile production base.

as well as a comparatively skilled workforce. There are currently 169 apparel factories in Guatemala, largely owned by Korean companies. 90% of textile production is exported to the United States. Guatemala largely focuses on the production of cotton garments. The growing demand for more sustainable production processes combined with supply shortages from Asia and other parts of the world put Guatemala in a strategically advantageous position. The textile sector as a whole provides 8.9% of Guatemala's GDP.

As such, the secondhand clothes sector and domestic textile production in Guatemala should be able to productively co-exist. There is growing interest in clothing reuse, recycling and eco-friendly production processes. Reused clothing items will eventually reach the 'end of life' stage so there should be synergies with companies operating recycling processes. Moreover, both the used clothing sector and domestic manufacturers can share skills and experience. The clustering of

textile businesses creates positive-spillover and agglomeration effects in learning how best to apply new technologies and maximise the skills of the workforce.

Guatemalan businesses have also been showing valuable regional leadership in this area. Megapaca is a used clothing business established in Guatemala in 2001, which now spans three countries including Honduras and El Salvador. The company has 115 retail shops across the region and employs 6,000 workers directly, all of whom earn and receive social security benefits according to local labour laws. The company paid US\$42million in salaries in 2022 and US\$9.3million in taxes.²⁰

Megapaca mostly imports used clothing known as 'Credential', which comes packed directly from collection bins in the US. The imports are transported to Megapaca's sorting centres, which employ hundreds of people, mainly women, who undertake highly-skilled work of sorting the clothes and preparing them for sale across Megapaca's retail shops. Any clothes that are not suitable for sale are broken down through a three-step process that transforms them into material suitable for use in mattresses and furniture stuffing. The Megapaca plant in Guatemala, which is run using 100% solar energy, recycles 1,400 tons of textiles every month. Mario Peña, general manager of Megapaca in Central America, says, 'Our ambition is to be the biggest reuse and recycling operation in the region. We try to use all the textiles and give them a second, a third or a fourth chance.'

Teresa de Jesus, a single mother of two, is a 'paca' seller in Guatemala. She says, "I've been working with paca for 27 years. I've raised my children thanks to this trade. This work has been a blessing for me. I have tried other work, but I always go back to paca."

17. This data is provided by the Organisation for Economic Complexity (OEC): <https://oec.world/en/profile/country/gtm>

18. Source: UN Comtrade, see appendix 3 for all annual data since 2003

19. <https://borgenproject.org/tag/ethical-fashion-guatemala/>

20. La Bondad de la Ropa Usada Megapaca

NICARAGUA HAS A POPULATION OF 6.85 MILLION. THE NATION HAS WEATHERED RECENT ECONOMIC SHOCKS MORE STRONGLY THAN MANY OTHER COUNTRIES.

NICARAGUA

Real GDP grew by 10.3% in 2021, an impressive growth rate by international standards. Nevertheless, inflation has rocketed, putting significant pressure on household budgets. In 2022, average inflation reached 10.5%, the highest among Central American countries. The cost of a basic basket of food exceeded minimum wages at the end of 2022, revealing the need for households to reduce expenditure elsewhere, including clothing.

There is currently strong demand for used clothing in Nicaragua. The average worker earns 9898 Cordoba (approximately US\$272) per month. Our estimates suggest that around 80% of the population of Nicaragua purchase used clothing and footwear items.

In 2021, 52.5 thousand tons of secondhand clothes were imported into Nicaragua, the

nineteenth largest importer in the world. 1.9% of global secondhand clothes imports go to the country, largely from the United States and Canada, with a value of US\$88.5 million. Between 2017-2021, secondhand clothes imports to Nicaragua grew by 7%. The average tariff for used clothing is 12.8%. In 2021, taxation revenues related to secondhand clothes were worth US\$23.7 million and the value of the trade had grown nearly 280% over the previous ten years.²¹ The industry is estimated to be worth around 1% of GDP in official economic statistics, but this figure significantly understates the real economic value of the sector to Nicaragua.²²

The official labour force participation rate in Nicaragua is 60%. This relatively low level of labour market participation indicates that there is a significant informal economy in

which secondhand clothes businesses are likely to be clustered. Many of those working in the secondhand clothes sector are doing second jobs in order to earn additional income for the household. According to one observer, secondhand clothes businesses, 'are located in areas of high pedestrian and commercial flow, they are often informal... and most of the vendors are women who do not have access to other sources of employment.'²³ Women invariably struggle to reconcile the demands of caring for children and older family members with paid work.

While much employment is in the informal economy, in 2019 in the capital city Managua alone, more than 2,419 secondhand clothes stores were opened by small and medium sized businesses such as Best Brand Pacas. These companies

generate a high volume of direct employment for the sector.²⁴ Best Brand Pacas are also involved in textile recycling, which is a vital contribution to the country given estimates suggest less than 6% of daily waste in Nicaragua is recycled.²⁵

80%
of the population of Nicaragua purchase used clothing and footwear items.



PHOTO: Wilhelm Gunkel, Unsplash

21. Source: UN Comtrade and proprietary calculations. See appendix 5 for full figures.

22. Source: Centre for Economic Integration Studies (SIECA) with data from the Central Banks of the Region, Ministry of Development, Industry and Commerce (MIFIC) of Nicaragua and National Institute of Statistics and Census (INEC) of Panama. Last updated in February 2023.

23. Interview with Ileana Gomez, researcher at Prisma.

24. El 19 Digital, 2019

25. ComunicarSe, 2021

THE NATION OF HONDURAS HAS A POPULATION OF 10.28 MILLION. GDP IN HONDURAS GREW AT AN AVERAGE RATE OF 3.1% OVER THE LAST DECADE.

HONDURAS

A very high proportion of the population of Honduras currently use secondhand clothes and demand for these textile garments remains high. The average worker earns 9357 Lempira (approximately US\$382) per month: 'The culture of imported used goods is deeply ingrained in Honduras'.²⁶

At present, 2.7% of global secondhand clothes imports go to Honduras. They are worth an estimated US\$123.9 million. 66 thousand tons of secondhand clothes were imported last year alone, making Honduras the seventeenth largest importer of used clothing in the world. Between 2017-2021, secondhand clothes imports to Honduras grew by 6%. The tariff on used clothing is 12.6%. Taxation revenue on secondhand clothes contributed US\$34.1 million in 2021.²⁷ The secondhand clothes sector is estimated to be worth 1.64% of GDP

but this is likely to be a significant underestimate that does not take account of activity in the informal economy.²⁸

Honduras has a labour force participation rate of 60.2%. The gap between men and women is less pronounced than elsewhere in Central and South America. According to the International Labour Organisation (ILO), Honduras has a high rate of women who are not in education, training or employment. It is likely that many women are working informally selling used clothing products and operating micro-businesses.

There are concerns in Honduras that a lot of imported used clothing is either not used or is turned into waste when it reaches the end of life, and that countries such as Honduras do not have adequate infrastructure to recycle clothing garments.



Guerlla Aragon, Secondhand clothing entrepreneur, Honduras

26. <https://thepostcalvin.com/the-billion-dollar-business-of-donated-clothes/>

27. Source: UN Comtrade, see appendix 3 for all annual data since 2003

28. Source: Centre for Economic Integration Studies (SIECA) with data from the Central Banks of the Region, Ministry of Development, Industry and Commerce (MIFIC) of Nicaragua and National Institute of Statistics and Census (INEC) of Panama. Last updated in February 2023.

However, there is a growing emphasis on sustainability and recycling in the domestic textile sector. Honduras is attempting to become a world leader in creating a sustainable textiles industry focused on innovation and recycling.²⁹ The largest regional recycling company, Fibertex has its headquarters in Honduras and recycled around 100 thousand tons of textile waste between 2002 and 2020.³⁰

Honduras is also one of Central America's leading exporters of textiles and clothing to the US, accounting for 84% of exported manufactured goods,³¹ and is becoming an increasingly important player in exports of used clothing.³² According to the OEC, Honduras exported US\$1.74million dollars worth of used clothing in 2021.

The Honduran secondhand clothes market is varied and sophisticated. It spans large international stores such as Tiendas Rosy, which import and sort clothes before presenting them in attractive retail shops and has around 1,300 direct employees. Thousands of street sellers, who buy bales of clothes direct from the wholesalers and sell them 'as is', are at the other end of the market. In addition, there is a growing class of online retailers who sell via Instagram. These sellers spend hours procuring clothes by searching through bales or in stores, and curate their online offering carefully. Some of the largest internet sellers have as many as 40,000 followers. This part of the market reflects a growing middle class and international demand for sustainable fashion.³³



Nuvia Paz, 39, is a journalist. She lives with her husband and two children. She works as a press officer in a government agency.

She also has an online secondhand clothing store, which she started eight years ago.

Nuvia comments that generally in Honduras, secondhand clothing is widely culturally accepted. In the wholesale stores, she says, there are always long lines of resellers or 'mayoristas', individuals who have their own physical and virtual stores of 'ropa Americana', selling directly to end consumers.

She says: 'I like secondhand clothes, because they are inexpensive, of good quality and unique models. It benefits me in different ways: I have an extra income, I dress very well economically and also my family and I satisfy the demands of my customers. I really enjoy managing this business, looking for clothes, thinking about the taste of each customer and the most gratifying thing is the acceptance of the public that follows me in my online store on Instagram'.

However for many consumers in Honduras, buying secondhand is an economic imperative. Buying new clothes is an unaffordable luxury. Equally, for many sellers, the income from secondhand clothes is the only way to pay rent and buy food.³⁴

29. <https://www.yarnsandfibers.com/news/textile-news/honduras-aims-to-change-into-a-more-sustainable-textiles-sector/>

30. Fibertex.sv. (2022). Fibertex SV. Obtenido de <http://www.fibertex.com.sv/>

31. <https://www.just-style.com/news/elcatex-secures-100m-loan-to-bolster-honduras-production/>

32. <https://oec.world/es/profile/bilateral-product/used-clothing/reporter/hnd>

33. <https://contracorriente.red/2021/06/04/segregacion-y-gentrificacion-del-mercado-de-la-ropa-de-segunda-mano/>

34. <https://contracorriente.red/2021/06/04/segregacion-y-gentrificacion-del-mercado-de-la-ropa-de-segunda-mano/>

EL SALVADOR HAS A TOTAL POPULATION OF 6.35 MILLION. THE AVERAGE WORKER IN EL SALVADOR EARNS APPROXIMATELY US\$398 PER MONTH.

EL SALVADOR

An estimated 25% of clothing items sold within El Salvador are reused. 1.9% of global secondhand clothes imports go to El Salvador worth a total of US\$62.3 million. In 2021, 35 thousand tons of secondhand clothes were imported, making El Salvador the twenty third largest importer of secondhand clothes in the world. The tariff on used clothing products is 13%, bringing in US\$16 million in tax revenues in 2021.³⁵ Between 2017-2021, secondhand clothes imports to El Salvador grew by 6%. The secondhand clothes sector is estimated to contribute 1.41% of El Salvador's GDP in 2020.³⁶

The employment rate in El Salvador is currently 59.6% (ILO 2023). As in other Central American countries, many workers are operating in the informal economy, including the trade in secondhand clothes.

There are also large retailers such as Shopping Center operating in the secondhand clothing market. Shopping Center estimates that it generates 4,000 jobs, both direct and indirect.³⁷ The company has been in operation in El Salvador since 2004 and sells to consumers via its 11 branches across the country. It also sells to wholesalers and re-sellers who sell bales in their local markets, thereby supporting employment in the informal sector as well.

The typical shopper at these larger stores are consumers with higher than average incomes, of around US\$400 to US\$500 a month. This shows they have the purchasing power to buy new products if they wanted to, but are choosing secondhand clothes to complement their wardrobes. The stores also sell bundles of



35. See Appendix 3

36. Source: Centre for Economic Integration Studies (SIECA) with data from the Central Banks of the Region, Ministry of Development, Industry and Commerce (MIFIC) of Nicaragua and National Institute of Statistics and Census (INEC) of Panama. Last updated in February 2023.

37. <https://www.elsalvador.com/destacados/shopping-center-nueva-sucursal-escalon-ropa-americana/899688/2021/>

clothes that have 48 garments each, with prices ranging from US\$10 to US\$20. These go from more exclusive stores or in the so-called premium zones to more modest areas where they sell them in large boxes, which allow users to buy clothes with prices from 25 cents to US\$2. Those on lower incomes who allocate a smaller proportion of their household budgets to clothing are therefore able to buy more than one garment and clothe their families more affordably.³⁸

Our research demonstrates the economic and social contribution of the secondhand clothes industry in the four selected countries, as well as the changing perceptions of secondhand clothes in the region. It is all too apparent that much of the economic activity surrounding the used clothing industry is not accurately captured in the official economic statistics given the reliance on the informal sector and labour market. The next chapter attempts to more accurately estimate the long-term economic effect of the secondhand clothes industry in Guatemala, Nicaragua, El Salvador and Honduras.

Karen Molina is a reporter from Diario de Hoy, San Salvador.

Karen comments: 'Undoubtedly, the secondhand clothes industry has boomed in the country in the last decade. As a consumer, I have seen its evolution. Before, it was almost taboo to talk about buying clothes in secondhand stores. Now it is common to know that someone goes and buys in certain places. I see it through Tik Tok videos. It is a contribution to the economy of households because buying second hand clothes allows you to save a lot of money. A shirt that could regularly cost you 30 dollars in a normal store, you can find it for five dollars or ten at the most. It's a solution. In the past, it may have been considered a threat to brand-name stores, but now the market has adapted, and they coexist in a healthy way. It does not solve the economic problems of households because clothing, although basic, is not an everyday expense, but it does reduce costs for families'.



Karen Molina, Secondhand clothing customer



Gladis de Avendano, Secondhand clothing customer

Gladis de Avendano is 28, married, and the mother of two girls. Salvador.

She lives in the department of Chalatenango, 97 kilometres from San Salvador Gladis sells second hand clothing. She noticed that several women were selling second hand clothes through social networks in her neighbourhood and decided to give it a try. She ordered her first bundle of clothes and sold it. Now she has a clientele, since she is the only one who sells used clothes where she lives.

Gladis' own family dresses in used clothing because, she says: 'It is better quality, more durable and it's cheaper'. She adds that buying it allows her to have access to more clothes and because her children can dress better. Meanwhile, it represents a saving for her household.

There are bundles of clothes of different prices, she comments, 'but because of the lack of money I only buy the \$150 every 15 days' and pays an additional \$10 for the transport to take it to her house. She takes care of maintaining the social networks and her husband does the home delivery. What she doesn't sell, she says: 'I put them at a low price, and if I don't sell them, I give them away'.

38. Nanci Diaz, D. M. (2020). Analisis de factores que influyen en la preferencia de compra en almacenes de segunda mano del municipio de Santa tecla. San Salvador: UES.



ECONOMIC ANALYSIS

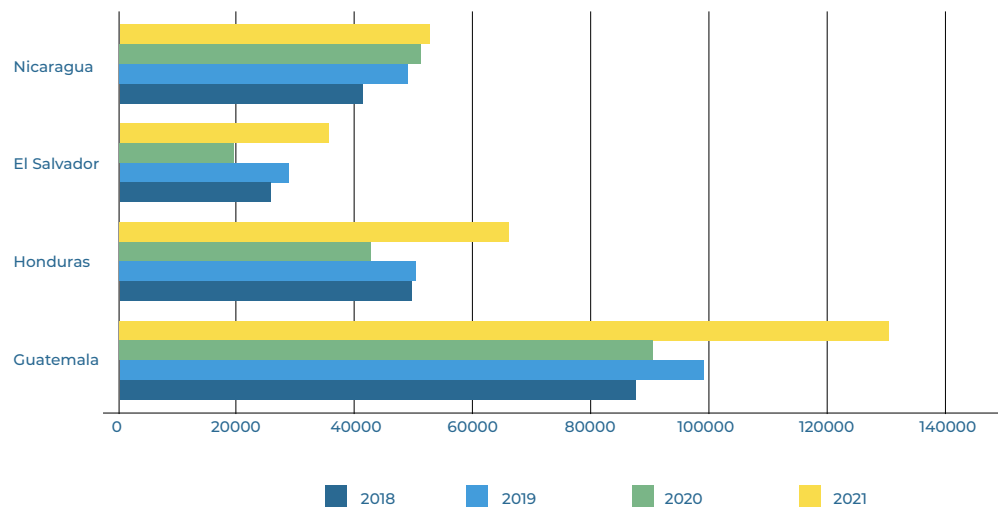
WHILE THE OFFICIAL DATA SUGGESTS THAT THE ECONOMIC AND EMPLOYMENT IMPACT OF SECONDHAND CLOTHES ON NATIONAL GDP ACROSS OUR FOUR COUNTRIES IS RELATIVELY MODEST, IT IS APPARENT THAT THE CONTRIBUTION OF USED CLOTHING IS SIGNIFICANTLY UNDERESTIMATED IN THE OFFICIAL GOVERNMENT DATA SINCE MUCH OF THE ACTIVITY TAKES PLACE IN THE INFORMAL ECONOMY.

By the early 2040s, more than three million jobs in El Salvador, Guatemala, Honduras and Nicaragua will depend on the distribution and wider supply-chain of secondhand clothes and footwear.

Moreover, it is clear that the trade in used clothing creates employment opportunities throughout a complex supply chain. As such, secondhand clothes generate thousands of jobs in larger businesses as well as micro-enterprises while creating significant economic opportunities for women and young people.

Meanwhile, there are many other economic and social benefits created by the sector. Secondhand clothes are widely used by consumers in each of the four countries which have large populations surviving on low incomes. Secondhand clothes provide affordable and high-quality clothing options for both poorer households and increasingly environmentally conscious consumers. Consequently, imports of secondhand clothes to Guatemala, Nicaragua, El Salvador and Honduras have been increasing over time, despite a brief decline following the shock inflicted by the Covid-19 pandemic:

Figure 1: Growth in the secondhand clothing imports 2017-21³⁹



To capture the overarching impact of secondhand clothes on the employment market of our four countries, we carried out a value chain analysis that seeks to show how and where job opportunities are created throughout the supply chain. The distribution and sale of secondhand clothing to consumers is a major activity in emerging economies.

In Central America, the value chain generates millions of jobs across a wide range of sectors, including importers, brokers, wholesale traders and large retailers, as well as relevant support roles in the wider professional sector. Import businesses can employ thousands of workers directly, engaged at all stages of the value chain including importing, transportation, warehousing, sorting, selling in retail shops, selling to re-sellers, recycling and selling the recycled products.

39. Source: OEC; see Appendix 4 for full numbers

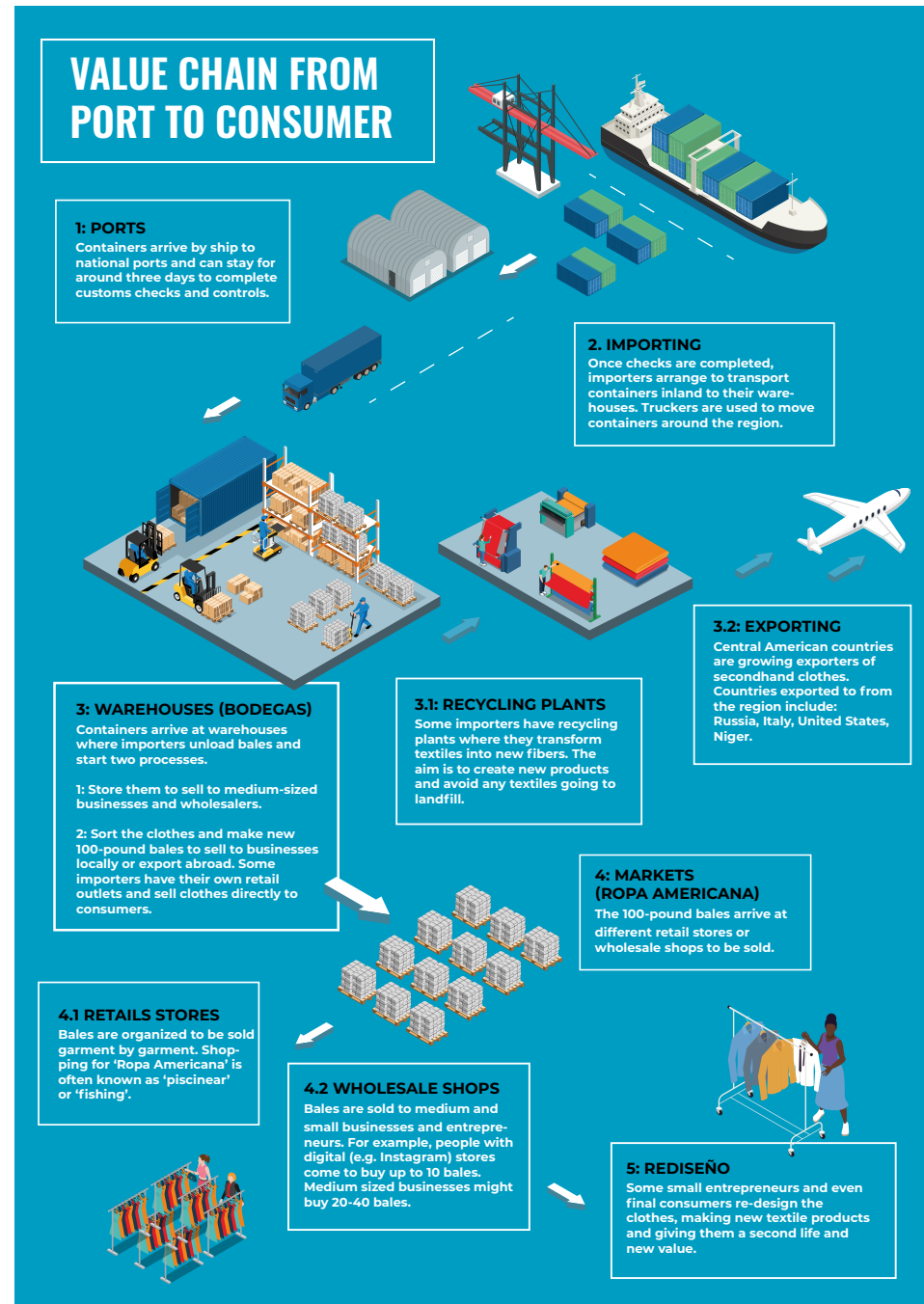
Their business models also reveal the importance of the jobs that are created in the informal economy. Many customers are themselves re-sellers: thousands of street-level traders (vendors, cameras or 'ropavejeros') who specialise in selling specific items of clothing to poorer customers in rural centres and urban markets.

Megapaca, one of the major secondhand clothes businesses operating in the region, estimates that at least 1,300 of their customers who come to stores to buy clothes are buying for re-sale in their local communities. Further jobs are generated in associated market occupations, notably among those, mainly women, who are employed in sorting and re-sorting the original bales that arrive 'as is' from exporting countries.

Our analysis distinguishes between primary activities in the distribution of secondhand clothes that are directly associated with the industry; and support activities that enable the sector to operate.⁴⁰

PRIMARY ACTIVITIES

- Warehousing, ports, logistics, transportation
- Brokers and high-end wholesalers and retailers
- Loaders and unloaders
- Sorters
- Marketing
- Sales to shops and local low-end retailers.



SUPPORT ACTIVITIES

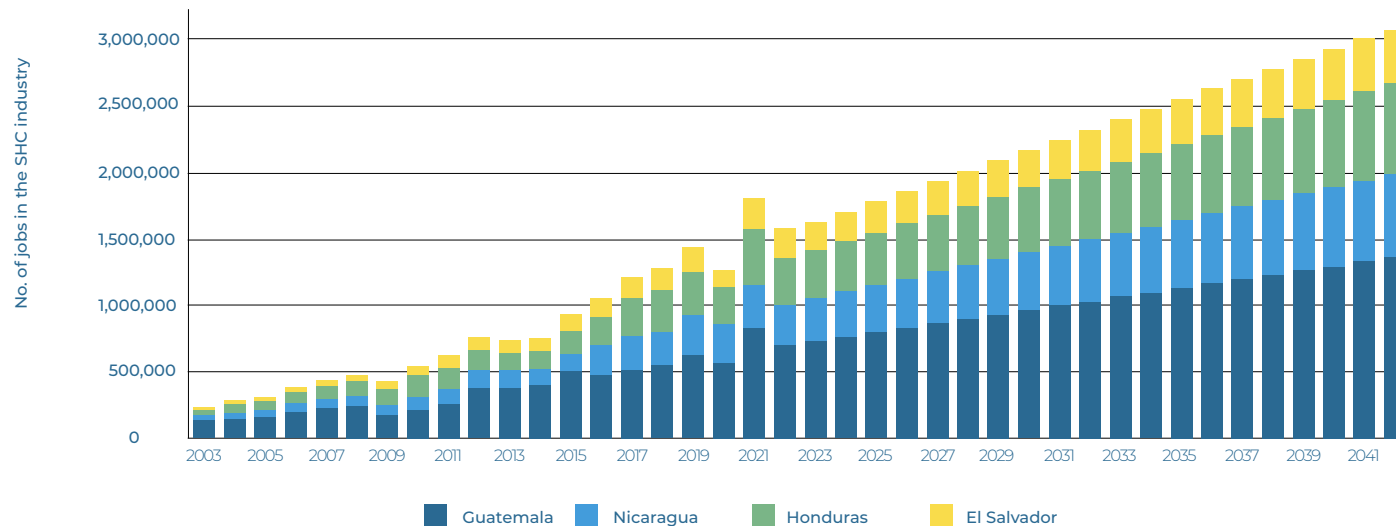
- Human Resource (HR) and managing employees
- Research and Development (market analysis; technological innovation)
- Procurement of other services: legal, finance, advertising, insurance
- Maintaining infrastructure for marketplaces (which has spillover effects in creating other service jobs e.g. people then using other services in shopping centres etc).

The used clothing sector has a strong multiplier effect, creating jobs in a host of industries throughout a complex supply chain. Moreover, the informal nature of many jobs, notably buying and selling secondhand clothes direct to the consumer, means that it is hard to measure the precise impact on employment.

The image to the left illustrates the wide range of activities that take place in the secondhand clothes supply chain from logistics and transportation to preparing clothes and operating storefront businesses.

40. A similar analysis was carried out in Kenya by the Institute for Economic Affairs, 'The State of the Second Hand Clothing Sector in Kenya' file:///Users/patrickdiamond/Downloads/1614939275_State_of_secondhand_clothes%20(2).pdf

Figure 3: Contribution of the secondhand clothes sector to job creation in Guatemala, Nicaragua, El Salvador and Honduras (SHC to jobs ratio)⁴¹



By analysing the entire secondhand clothes supply-chain in our four countries, we estimate the cumulative contribution of the sector to job creation in our selected countries:

As **Figure 3** demonstrates, secondhand clothes make a significant contribution to employment in the four selected countries - much of which is not captured in the formal labour market statistics - and we show that the sector will continue to do so long into the future.

We calculate that by the early 2040s, more than three million jobs in El Salvador, Guatemala, Honduras and Nicaragua will depend on the distribution and wider supply-chain of secondhand clothes and footwear.⁴² Given the secondhand clothes industry is employment-intensive, it has the potential to generate a continuous supply of relatively secure and well-paid jobs throughout the value chain.

Moreover, the secondhand clothes trade makes a vital contribution by providing tax revenues for governments in Central America. In 2021, tax revenues generated by the used clothing sector in Guatemala were \$40.1 million, Nicaragua \$23.7 million, Honduras \$34.1 million, and El Salvador \$16.1 million (all figures are in US dollars). By 2042, it is estimated, based on present growth trends, that the sector will generate tax revenues of \$68.3 million in Guatemala, \$40 million in Nicaragua, \$60 million in Honduras, and \$28.2 million in El Salvador. As such, the secondhand clothes sector makes a vital contribution to supporting state capacity and public infrastructure in Central American countries.

41. The secondhand clothes to jobs ratio represents the number of jobs that every ton of imported secondhand clothes is expected to generate. It varies according to the length and sophistication of the secondhand clothes supply chain. Our research is based on evidence from a range of similar markets where second hand clothes are exported from developed to developing economies. The analysis shows that the ratio varies between 4 (Senegal) and 10.9 (Kenya). Estimates from countries such as Bolivia (6.5) and Ghana (4.3) lie in between. Our figures for Central America are based on estimates of 6.5 jobs created per ton of secondhand clothes reflecting assumptions in the existing literature: e.g Baden, S. and Barber, C., 2005, 'The impact of the secondhand clothing trade on developing countries', London: Oxfam; Gauthier, M. (2009) 'The Fayuca Hormiga of Used Clothing and the Fabric of the Mexico-US Border', Doctoral thesis. For example, it is estimated that the secondhand clothes industry employed 150,000 Ghanaians in 1997 when the country imported 35,000 tonnes of secondhand clothes. The Kenya Integrated Household Budget Survey 2015-2016 found that around 10% of Kenya's extended (including informal) labour force was involved in mitumba trading, amounting to 2 million people. In the same year, Kenya imported 184,000 tonnes of secondhand clothes: ITC, 'Trade Statistics for International Business Development: https://www.trademap.org/Country_SelProduct'. In 2006-7, Bolivia imported 2325 tons of secondhand clothes which sustained 15,000 jobs in the industry (Gauthier 2009). The estimates capture the diversity of direct and indirect employment in secondhand clothes importation, processing and trade, which varies according to the sophistication of the industry in each country. Examples of jobs include importers, sorters, brokers and high-end wholesalers and retailers, washers, tailors, loaders/unloaders and low-end retailers. Total employment figures were calculated by applying the estimate of 6.5 jobs per ton to the volume of secondhand clothes imported into the four countries. Appendix 2 provides a more detailed breakdown of these estimates.

42. These forecasts and projections are generated using the CAGR: the Compound Annual Growth Rate (CAGR) over the last 20 years. This figure takes account of fluctuations in the import of secondhand clothes, for example those caused by economic crises or trade restrictions (for example, during the COVID-19 pandemic).

A photograph of a clothing store rack filled with various shirts and a denim jacket. The rack is made of wooden hangers. In the foreground, a denim jacket is prominently displayed. Behind it, several colorful shirts are visible, including one with a vibrant floral pattern and another with a paisley design. The background is softly blurred, showing more clothing and the interior of the store. A large, semi-transparent green graphic, resembling a stylized cross or a cluster of overlapping squares, is positioned on the left side of the image. Overlaid on this graphic and the background is the text "CONCLUSION AND POLICY RECOMMENDATIONS" in a bold, white, sans-serif font.

CONCLUSION AND POLICY RECOMMENDATIONS



1 GOVERNMENTS MUST ADOPT SUPPORTIVE POLICIES THAT ENABLE THE GROWTH OF THE USED CLOTHING INDUSTRY IN CENTRAL AMERICAN COUNTRIES.

As this report has shown, the economic benefits of the sector are very considerable. The used clothing industry provides a sustainable source of employment and improves living standards. Every job that is created in the secondhand garments sector has the potential to create additional jobs throughout the supply chain. The industry advances economic empowerment by enabling people, particularly women and young people, to establish their own businesses. A growing market for secondhand clothes creates a virtuous circle: jobs in the used clothing sector will lead to increased consumer purchasing power, raising long-term demand for clothing and footwear items, which in turn increases employment opportunities and raises household incomes.

The research and analysis in this report underlines the potential for economic empowerment that the secondhand clothes market brings to the countries of Central America.

Creating more jobs is among the most insistent challenges facing countries in the region given high levels of unemployment (especially youth unemployment) in the wake of the Covid-19 pandemic and geopolitical shocks to the global economy.

Due to the relative lack of official data, the economic and social benefits, including for the poorest buyers and sellers of secondhand

clothes, are harder to quantify. We believe more research is required in this area to understand further the end beneficiaries of the secondhand clothes trade. This will enable more concrete social policies to be advanced, aimed at helping to bring more workers into the formal economy and expand social security and labour rights, in particular for women and young people.

In the meantime, on the basis of our research we make a series of policy recommendations for further discussion with our stakeholders and national policymakers outlined by the following 4 points.



2

POLICIES SHOULD CONTINUE TO INCENTIVIZE MICRO-ENTREPRENEURSHIP AND THE FORMATION OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)

Particularly for women and young people who find it more difficult to access employment in the formal economy. By expanding social security benefits to a wider range of employment types, these jobs can also provide even greater security for low income families.

3

THERE IS A PARTICULAR NEED WHERE POSSIBLE TO LOCATE SORTING CENTRES IN CENTRAL AMERICAN COUNTRIES.

It is estimated each sorting facility will directly create an additional 500 jobs with thousands more in related sectors. Increasing processing capacity for secondhand clothes will have positive spill-over effects across the entire textiles industry bringing new skills, technologies and experience into these countries.

4

NATIONAL GOVERNMENTS MUST UNDERSTAND THE ADVANTAGES OF THE SECONDHAND CLOTHES INDUSTRY IN RELATION TO CREATING ADDITIONAL JOBS AND THE GENERATION OF TAX REVENUES.

Governments must desist from imposing measures such as value-added taxes on used clothing imports, which are detrimental to growth and jobs. The state needs to secure long-term investment in infrastructure to fully support the secondhand clothes industry. Used clothes importation into Central America and other parts of the developing world is in reality unstoppable while measures to ban imports are likely to be counterproductive. The key is to shape industry developments to maximize economic and social inclusion.

Our research shows that secondhand clothes businesses in Central American countries are demonstrating effective business leadership, forging sustainable business models for textile recycling and reuse through social responsibility that impact positively on local economies and communities. If the policy recommendations outlined in this report are enacted by governments in conjunction with their partner businesses and stakeholders, the sector will contribute even more to enhancing economic prosperity and social inclusion throughout Central America.



APPENDICES

Appendix I: Total number of jobs in the secondhand clothes trade, estimated and projected

Year	Guatemala SHC jobs	Nicaragua SHC jobs	Honduras SHC jobs	El Salvador SHC jobs	Total SHC jobs
2003	147,200	34,406	41,265	18,406	241,277
2004	150,677	42,452	72,297	27,297	292,723
2005	167,813	51,510	66,303	34,097	319,723
2006	204,865	63,310	84,619	36,710	389,503
2007	234,652	66,432	98,142	39,200	438,426
2008	243,974	76,252	111,374	51,677	483,277
2009	182,445	74,252	125,310	55,484	437,490
2010	219,110	97,923	162,406	74,084	553,523
2011	262,484	113,510	159,329	90,232	625,555
2012	388,671	129,671	148,284	97,239	763,865
2013	383,348	132,271	131,413	95,600	742,632
2014	402,387	124,865	133,129	102,503	762,884
2015	512,884	127,335	168,032	121,626	929,877
2016	482,077	222,277	209,361	143,916	1,057,632
2017	515,439	256,645	288,277	151,794	1,212,155
2018	557,523	246,626	316,361	165,826	1,286,335
2019	634,742	290,135	324,148	184,981	1,434,006
2020	576,123	288,142	274,710	125,890	1,264,865
2021	832,729	319,910	423,484	227,129	1,803,252
2022	703,338	304,319	344,802	221,961	1,574,420
2023	736,308	320,235	361,712	211,874	1,630,130
2024	769,278	336,152	378,623	222,216	1,706,269
2025	802,248	352,068	395,533	232,558	1,782,408
2026	835,218	367,985	412,444	242,901	1,858,547
2027	868,188	383,901	429,354	253,243	1,934,686
2028	901,158	399,817	446,265	263,585	2,010,825
2029	934,128	415,734	463,175	273,927	2,086,964
2030	967,098	431,650	480,086	284,269	2,163,103
2031	1,000,068	447,567	496,996	294,611	2,239,242
2032	1,033,038	463,483	513,907	304,953	2,315,380
2033	1,066,008	479,400	530,817	315,295	2,391,519
2034	1,098,977	495,316	547,727	325,637	2,467,658
2035	1,131,947	511,233	564,638	335,979	2,543,797
2036	1,164,917	527,149	581,548	346,321	2,619,936
2037	1,197,887	543,066	598,459	356,663	2,696,075
2038	1,230,857	558,982	615,369	367,005	2,772,214
2039	1,263,827	574,899	632,280	377,347	2,848,353
2040	1,296,797	590,815	649,190	387,690	2,924,492
2041	1,329,767	606,732	666,101	398,032	3,000,631
2042	1,362,737	622,648	683,011	408,374	3,076,770

Source: UN Comtrade + own calculations

Appendix 3: Tax revenues generated by the secondhand clothes sector, actual and projected

Appendix 2: Estimates of jobs in the secondhand clothes industry relative to importation of used clothes (per ton)

Country	Year	SHC net imports		Jobs in the SHC industry		Ratio
		Tonnes	Source	No.	Source	
Bolivia	2006/2007	2,325	UN COMTRADE	15,000	Gauthier (2009)	6.5
	2007	1,308	UN COMTRADE	15,000	Gauthier (2009)	11.5
Ghana	1997	35,000	UN COMTRADE	150,000	Oxfam (2015)	4.3
Kenya	2019	184,000	UN COMTRADE	2,000,000	IEA (2021)	10.9
Senegal	2005	5,990	UN COMTRADE	24,180	Oxfam (2015)	4.0

Year	Guatemala	Nicaragua	Honduras	El Salvador
	Tax revenue (US\$ thousand)	Tax revenue (US\$ thousand)	Tax revenue (US\$ thousand)	Tax revenue (US\$ thousand)
2003	5,655	1,053	2,124	1,558
2004	5,980	1,186	2,344	2,055
2005	6,919	1,666	3,111	3,898
2006	7,126	1,782	4,478	2,450
2007	7,589	2,233	5,951	3,041
2008	7,907	2,126	6,488	3,180
2009	9,202	3,359	7,010	3,850
2010	11,383	5,554	8,648	4,241
2011	14,337	6,295	9,725	4,932
2012	16,219	7,710	10,171	6,102
2013	16,241	8,643	11,558	6,382
2014	16,707	8,227	12,323	7,868
2015	24,479	9,163	15,898	7,663
2016	24,078	12,283	19,640	8,756
2017	26,544	14,450	24,018	9,623
2018	27,428	13,621	24,864	10,806
2019	31,200	14,388	24,851	11,752
2020	25,159	15,657	20,953	8,850
2021	40,161	23,724	34,105	16,135
2022	34,150	18,703	28,680	18,148
2023	35,858	19,768	30,241	14,594
2024	37,566	20,832	31,803	15,311
2025	39,274	21,896	33,364	16,028
2026	40,982	22,961	34,925	16,745
2027	42,690	24,025	36,487	17,462
2028	44,398	25,090	38,048	18,179
2029	46,106	26,154	39,610	18,896
2030	47,814	27,219	41,171	19,613
2031	49,522	28,283	42,732	20,330
2032	51,230	29,347	44,294	21,047
2033	52,938	30,412	45,855	21,765
2034	54,646	31,476	47,416	22,482
2035	56,355	32,541	48,978	23,199
2036	58,063	33,605	50,539	23,916
2037	59,771	34,669	52,101	24,633
2038	61,479	35,734	53,662	25,350
2039	63,187	36,798	55,223	26,067
2040	64,895	37,863	56,785	26,784
2041	66,603	38,927	58,346	27,501
2042	68,311	39,991	59,907	28,218

Source: Own calculations based on UN Comtrade and ITC
Notes: US\$ thousands

Appendix 4. Growth in secondhand clothing imports 2017-21

	2018	2019	2020	2021
Guatemala	87114	98931	90431	130364
Honduras	49691	50399	42753	65901
El Salvador	25719	28688	19547	35302
Nicaragua	41330	48847	51324	52516

Source: OEC <https://oec.world/en/profile/hs/used-clothing>

Appendix 5. Trade balance (US\$ thousands)

Year	Guatemala		Nicaragua		Honduras		El Salvador	
	Trade balance (US\$ thousand)	AG rate	Trade balance (US\$ thousand)	AG rate	Trade balance (US\$ thousand)	AG rate	Trade balance (US\$ thousand)	AG rate
2003	-21,919		-3,788		-7,695		-5,992	
2004	-23,180	5.8%	-4,267	12.6%	-8,491	10.3%	-7,903	31.9%
2005	-26,818	15.7%	-5,993	40.4%	-11,271	32.7%	-14,994	89.7%
2006	-27,622	3.0%	-6,410	7.0%	-16,226	44.0%	-9,422	-37.2%
2007	-29,415	6.5%	-8,033	25.3%	-21,563	32.9%	-11,698	24.2%
2008	-30,646	4.2%	-7,649	-4.8%	-23,507	9.0%	-12,232	4.6%
2009	-35,667	16.4%	-12,083	58.0%	-25,399	8.0%	-14,808	21.1%
2010	-44,122	23.7%	-19,980	65.4%	-31,333	23.4%	-16,310	10.1%
2011	-55,571	25.9%	-22,645	13.3%	-35,235	12.5%	-18,970	16.3%
2012	-62,864	13.1%	-27,733	22.5%	-36,850	4.6%	-23,471	23.7%
2013	-62,951	0.1%	-31,091	12.1%	-41,875	13.6%	-24,546	4.6%
2014	-64,754	2.9%	-29,595	-4.8%	-44,648	6.6%	-30,260	23.3%
2015	-94,879	46.5%	-32,962	11.4%	-57,602	29.0%	-29,472	-2.6%
2016	-93,327	-1.6%	-44,183	34.0%	-71,161	23.5%	-33,675	14.3%
2017	-102,882	10.2%	-51,980	17.6%	-87,020	22.3%	-37,012	9.9%
2018	-106,309	3.3%	-48,995	-5.7%	-90,087	3.5%	-41,563	12.3%
2019	-120,932	13.8%	-51,757	5.6%	-90,039	-0.1%	-45,199	8.7%
2020	-97,515	-19.4%	-56,320	8.8%	-75,916	-15.7%	-34,040	-24.7%
2021	-155,661	59.6%	-85,339	51.5%	-123,568	62.8%	-62,057	82.3%
2022	-132,363	-15.0%	-67,278	-21.2%	-103,913	-15.9%	-69,800	12.5%
2023	-138,984	5.0%	-71,107	5.7%	-109,570	5.4%	-56,130	-19.6%
2024	-145,604	4.8%	-74,935	5.4%	-115,227	5.2%	-58,888	4.9%
2025	-152,225	4.5%	-78,764	5.1%	-120,884	4.9%	-61,646	4.7%
2026	-158,845	4.3%	-82,593	4.9%	-126,542	4.7%	-64,404	4.5%
2027	-165,465	4.2%	-86,422	4.6%	-132,199	4.5%	-67,162	4.3%
2028	-172,086	4.0%	-90,251	4.4%	-137,856	4.3%	-69,920	4.1%
2029	-178,706	3.8%	-94,080	4.2%	-143,513	4.1%	-72,678	3.9%
2030	-185,327	3.7%	-97,908	4.1%	-149,170	3.9%	-75,436	3.8%
2031	-191,947	3.6%	-101,737	3.9%	-154,827	3.8%	-78,194	3.7%
2032	-198,567	3.4%	-105,566	3.8%	-160,484	3.7%	-80,952	3.5%
2033	-205,188	3.3%	-109,395	3.6%	-166,142	3.5%	-83,710	3.4%
2034	-211,808	3.2%	-113,224	3.5%	-171,799	3.4%	-86,468	3.3%
2035	-218,428	3.1%	-117,052	3.4%	-177,456	3.3%	-89,226	3.2%
2036	-225,049	3.0%	-120,881	3.3%	-183,113	3.2%	-91,984	3.1%
2037	-231,669	2.9%	-124,710	3.2%	-188,770	3.1%	-94,742	3.0%
2038	-238,290	2.9%	-128,539	3.1%	-194,427	3.0%	-97,500	2.9%
2039	-244,910	2.8%	-132,368	3.0%	-200,085	2.9%	-100,258	2.8%
2040	-251,530	2.7%	-136,196	2.9%	-205,742	2.8%	-103,016	2.8%
2041	-258,151	2.6%	-140,025	2.8%	-211,399	2.7%	-105,774	2.7%
2042	-264,771	2.6%	-143,854	2.7%	-217,056	2.7%	-108,532	2.6%

Source: UN Comtrade + own calculations

Notes: secondhand clothes (HS Code 630900). Negative numbers indicate net imports. US\$ thousands.