

PROBLEMS AND PROSPECTS OF THE NIGERIAN TEXTILE INDUSTRY

G. O. Diogu, Chukwuemeka Nwigwe and Anne, N. Diogu.

DEPARTMENT OF FINE AND APPLIED ARTS, UNIVERSITY OF NIGERIA, NSUKKA

Abstract

Many factors have been documented in the literatures to be responsible for inhibiting the growth of textile industry in Nigeria, even with the presence of local raw materials, large consuming population, stable market and human resources. These problems, which pose serious threat to the growth and stability of Nigerian textile industry include insufficient raw materials, smuggling of foreign textiles, and shortage of electric power and spare parts for industrial machines. The paper examines the problems and prospects of the Nigerian textile industry. It argues that Nigeria has great potentials in textile manufacture based on her large consuming population and labour force. It identifies allied textile industry as new areas of investment that would reward local investors.

Introduction

Nigeria gained her independence in 1960. By implication, the responsibility of providing clothing materials for the people was transferred to the indigenous government. The colonial government built a few modern textile mills before it granted independence to Nigeria. The Nigeria government tried to stabilize the gains made by the colonial government in textile industry; and in order to supplement local initiatives in cloth manufacture, the Nigeria government gave support for the establishment of more textile and textile allied industry in different locations in Nigeria.

The regional government, in a bid to promote industrial development, established integrated composite textile mills in the Northern, Eastern and Western Nigeria. The Kaduna Textile limited was the first large mill to be established in 1957. The primary reason for setting up the industry was to process the cotton that was being produced in the Northern part of the country according to Nigeriastalk.org (2010). Shortly after Nigerian independence, more textile mills were established in different parts of Nigeria. The Nigerian textile mills limited was established in 1962 in Lagos and this was followed by Aba Textile Mills in 1963 and Bendel Textile Mills Ltd, Asaba.

Between 1975 and 1985, "the Nigerian textile industry had grown to become the 3rd largest in Africa after Egypt and South Africa" (Tolagbe and Burnip, 1987). Okeke, (2000) observed that "by 1996, the number of textile mills in Nigeria is estimated at 134, half of which are significantly large and made up of integrated spinning, weaving, bleaching, dyeing, printing and finishing mills". When the textile allied factories are added to this estimated number, the number of textile industry

established in Nigeria is estimated at over 250. Okeke further notes that the growth and stability of Nigerian textile industry encouraged the establishment of chemical industry for provision of synthetic fibres, bleaching salts and dyestuffs.

In all, these integrated textile mills and allied industry provided jobs for thousands of Nigerian peoples, as most Nigerians were trained as weavers, spinners, dyers and designers. The textile industry came into lime light at this period and contributed to the stability of the economy. Most of goods from the textile factory were sold in Nigeria and other West African countries. To encourage growth and development in this sector, the federal government had at several occasions banned or restricted the importation of textiles into the country.

However, from 1985 to 2005, Nigeria lost almost all her gains in the textile sector through closure of a large number of its textile mills. The factors that led to the closure of the textile mills according to Afigbo and Okeke (.....), ranging from poor infrastructure, lack of modernized equipment, impact of globalization, peoples' perception about made-in-Nigeria textiles and economic recession. Comparatively, where Nigeria has failed to sustain its textile industry, other countries in Africa such as Egypt, Ghana, Botswana and South Africa have sustained their textile industry.

Nigerian Textile industry was able to withstand pressures from imported fabrics and the impact of the Nigerian civil war. The economic recession of the 1980s led to the collapse of many textile mills. The collapse of the textile industry has attracted comments and criticisms from individuals, groups, and organizations that use Nigerian textiles. Also, scholarly debates have taken place at seminars, workshops and conferences organized by some institutions. Findings on the apparent collapse of the industry have been identified (RMRDC, 2002); Njoku, (2004); Onas (2010); and Salisu (2010). Some of the causes attributed include technology and infrastructural inadequacies, globalization, smuggling of textile goods, inadequate financial support, lack of raw material, mass importation of foreign textiles among others. These issues will be analyzed before reliable conclusions are reached in this paper.

Globalization

The world is now a global village with existing linkages between individuals and communities around the world which create room for multi-national and transnational corporations. The restriction on importation of textiles has been relaxed and therefore different brands of textiles are imported of regular basis. Despite the rise in international exchange rates, quota and tariffs imposed to regulate the flow of goods, nations with products that have competitive cost advantage continue to export large quantity of textile materials to other nations on regular basis. As a developing nation, Nigeria has unfortunately been forced by global economic measures, particularly the multi-fibre agreement.

The *Multi-Fiber Agreement* (MFA) which was signed in 1974, "allow signatory countries to negotiate bilateral agreement on tariffs throughout 1980s and 1990s". It

was within this period that Nigerian textile industry thrived. The Nigerian textile industry thrived at this period because Nigeria was not a signatory to the Multi-fiber Agreement (MFA), and thus, the government had restrictions on the importation of foreign fabric. This according to WIPOMAGAZINE (July, 2009), made the "nascent African textile industry to thrive reaching a peak of over 200 mills in 1985".

According to Abernathy, Dunlop, Hammond, and Weil (2002), the system of trade restraint created by MFA was replaced by The Agreement on Textile and Clothing (ATC) and become part of the world trade organization agreement in 1995. In this new system, all World Trade Organizations (WTO) members including Nigeria are to eliminate all quotas on textiles and apparel over a period of ten years which took effect on January 1st, 2005. This development affected Nigeria textile industries greatly because the local textile products were not able compete with foreign textiles imported into the country with-out any form of restriction.

Global Recession

Global recession is affecting the economic stability of the world, particularly the developing nations. Nigerian society is feeling the impact of the global recession. The problems are low economic growth, closure of companies that cannot compete with those that are highly technologically driven, retrenchment of staff in companies and government establishments, unemployment of youth, financial liquidity and high cost of living. There is general decline in economic activities around the world. According to Nayak (2009), "the problem is multi-faceted, but some of the factors that aggravated the situation included decreased demand due to economic decline in the developed market, stricter environmental procedures and currency appreciation in China".

Economic Policies

Economic policies play crucial roles for the growth of Nigerian textile mills. Such policies as lifting of ban on foreign textiles and devaluation of naira which raised the cost of imported textile raw materials such as dyestuff, chemicals, machine spare parts and equipment have always affected the growth of local industry. Recently, Professor Sam Aluko, a renowned economist criticized the International Monetary Fund's (IMF) call for further devaluation of naira, describing it as being destructive to the nation's economy (Yusuf, 2011). Commenting on the success of the Indian economy, it was observed the Business Maps of India (2010) that "The secret of Indian success in textile production basically hinges on favourable economic policy, high level manpower which generates skilled labour, entrepreneurial skills, efficient multi-fiber raw material manufacturing capacity, large domestic market, enormous export potential, very low import content and flexible textile manufacturing systems. Nigeria is required to consider and reflect these measures to encourage economic growth.

Peoples' Perception

It appears that in the mind of many Nigerians, the locally made goods are inferior to the foreign ones. A study on "Textile Fabric Consumers' Perception in Kaduna State" carried out by Ogunaike (2010) revealed that Nigerian consumers prefer foreign made textiles to the locally made ones. This negative perception greatly affects the patronage of local products.

Marketing strategies

Interviews with managers of the defunct General Cotton Mill Onitsha (GCM) and Asaba Textile Mill revealed respectively that there is no effective feedback mechanism put in place to monitor public opinion or complaints. For instance, a situation that the industry gets a feedback on their product only when the customer comes back to the mill to complain of an observed shortcoming in the previous transaction leaves much to be desired. Marketing strategies for textiles cannot be said to be effective as many Nigerians are not aware of the distinctiveness of textiles produced in Nigeria. Salisu (2010) argues that "blue ocean strategy", an option for building competitive advantage by Nigerian textile industry should be allowed to incorporate these traits in Nigerian textile mills. Njoku (2004) in her study of the marketability of made-in-Nigeria textiles revealed that that Nigeria textile consumers feel that they are not adequately provided with varieties of textile goods and the locally made textile are not well finished and packaged. In analyzing the research findings, she noted that made-in-Nigeria goods are also not well publicized by the industry and marketers in Nigeria.

Energy problem

The problem of power generation is quite glaring in Nigeria. This has forced textiles and allied industries to depend on standby generators. The cost of running textile firms solely with generators can be overwhelming due to the high cost of petroleum products in Nigeria. The effect of this is the high cost of production which invariably leads to high cost of textile fabric in the market. This explains why the Nigeria wax fabrics once reputed for its affordability, are no longer affordable.

Technological and Infrastructural Problems

The textile industry is labour intensive and thus, requires manpower and many technological devices, especially, in form of machines for efficient operation of the production lines. Some of the infrastructural needs, especially transportation, water, machines and equipment used in textile production have deteriorated that it would take huge sum of money to fix them. Besides, the Nigerian textile industry lacks sophisticated machines which can produce high quality textiles at affordable cost.

There are good lessons to learn from Chinese and Indian textile companies. The Inventory of the Chinese Textile Association (CTA) in 2006, notes that the Chinese textile industry "is running steadily, improving quality and efficiency of

industrial output value... Technological progress is accelerating, pulling the industry growing... Textile and apparel exports remained stable, healthy and rapid". At the 2007 China International Conference held in Urumqi, Zhou Shengtar, president of the association said: "We have a national strategy to strengthen the construction of infrastructures like farmlands (for cotton production), water conservancy and increased scientific and technological projection" (Harris, 2007). Harris concluded that "improvement of Chinese infrastructures and other related factors which promote good textiles, is the primary focus of the Chinese textile industry". The above factor noted by Harris makes the Chinese stand at an advantage over Nigeria in management of textile industry.

Similarly, India is economically and industrially focused and her economy is partly driven by her textile industry. Akpan (2013) notes that "textile industry is one of the pillars of the Indian economy and that it contributes about 4% to the Gross Domestic Products, and 17% of the country's export earning, and provides also employment to over 35 million people.

Smuggling of Textile Goods

Wikipedia (2010) described smuggling as the clandestine transportation of goods or persons past a point where it is prohibited, such as across an international boarder, in violation of applicable laws or other regulations. In textile trade, much smuggling occurs when enterprising merchants attempt to supply demand for a particular textile that is illegal or heavily taxed. Smuggling is an attritional problem, an evidence of corruption, greed and disrespect to the rule of law. Smuggling is caused by greed for wealth and the implication is disrespect for due process. It does not encourage the growth of local industries. The activities of smugglers have posed a serious threat to the survival of the textile industry. This is because the foreign textile materials are always cheaper and they are considered superior to local textiles even when the local textiles are more expensive. These factors make foreign textiles more marketable than the locally produced ones. It is because of the competitive advantage of foreign textiles over the locally made fabrics that smugglers continued to take all the risks involved in sneaking in contraband textile materials into Nigeria until ban was lifted on the importation of foreign textiles. To justify the lifting of the ban, the federal government explains that the decision was predicated on the need to discourage smuggling of the product and the benefit that would be derived from import duties.

Financial problem

Textile industry is capital intensive and Nigerian industry in particular experiences shortage of funds for smooth running of the mills. The industry has problem assessing funds from banks with high lending rates. The federal government has made effort to approve bail-out fund for the textile industry. The Federal Executive Council under President Obasanjo approved 70 million naira Textile

Industry Revival Fund to revive the ailing industry. Unfortunately, this fund was not disbursed to the stake holders. The bail-out fund was increased to 100 billion naira (Adamu-Suka, 2011), and some textile mills that have accessed the fund have started operation. The released fund if well utilized will also take care of infrastructural deficiencies, which has earlier been identified as one of the problems facing the textile industry.

Measures Taken to Initiate Stability in the Textile Industry

We have examined above some of the challenges the textile industry in Nigeria has faced, but there is the need to sustain the industry so that it can help to drive the nation's economy as it has done in India, Japan, Korea and China. For the past fifty years, the modern textile industry in Nigeria has provided stability to the economy of the country. The areas where the impacts of the industry are felt, are the provision of fabric and allied products to large Nigerian population; creation of employment to large number of jobless Nigerians, support to national economic growth and good potential market for sale of textile products.

Another federal government initiative to bring stability in the textile industry is the cotton cultivation and fibre production initiative approved by President Goodluck Jonathan. Under this initiative, millions of improved cotton seeds have been distributed to cotton farmers in Adamawa, Bauchi, Borno, Gombe, Jigawa, Kano, Kaduna, Katsina, Ogun and Oyo states, free of charge. This effort is to boost cotton cultivation for industrial growth and emancipation from foreign industrial textile domination. It has actually encouraged farmers and it is expected that cotton production will be boosted to the advantage of both the farmers and the industry as many able bodied young men have started farming cotton in the states listed above.

Desired Change in the Textile Industry

There are some measures which could be taken to ensure and maintain stability in the textile industry. The issue of cotton as a major raw material to maintain flow of production has been taken care of by the recent agricultural initiative of the federal government. This measure should be consolidated by government making sure that cotton produced by the farmers is bought to ensure continuity of production. The government should help to explore for market beyond Nigeria. Exploring international market will help local cotton farmers to maximize profit as well as actualize governments' economic drive.

With regard to trade liberalization, the president of the nation with its economic and legislative experts should take decisions that should benefit the economy, and not follow the economic drives of the developed nations aimed at unilateral trade agreements that favor of the industrially developed nations. Our leaders should have the will to say "no" to economic measures that resist growth and development. For example, Nigeria's membership of World Trade Organization (WTO) from 1995 adversely affected the sale of locally produced textiles as it could not withstand foreign competition. The membership of Nigeria in this organization

encouraged the importation of cheap and low quality textiles to Nigeria. This has been identified as one of the factors that led to closure of most textile mills (Husani, 2006). The point made here is that the government should as a matter of urgency, regulate the types of textile materials that should be imported into the country. This is one of the ways of stabilizing the textile sector as well as a means of sustaining the gains that would be made from the present intervention measures in the agricultural sector.

It has been observed that Nigerian investors have not realized that the textile sector is very viable in a highly populated nation like Nigeria. Out of over 170 textile industries in Nigeria from 1975 to 1985, only three were owned by Nigerian, namely, Dangote Textile mill, Fintex mills and Nortex Textile mills. The Nigerian investors are Dangote and Alhaji Aminu Dantata. Improving Nigerian textiles would demand indigenous concern in form of ownership (Olowo, 2002). It is therefore necessary to encourage Nigerians to diversify investment and to consider investing in the textile and allied industry. Such industries would not only provide job opportunity to the people but provide various products for the local communities as well provide satisfactory income to the investors.

The questions one would want to ask is should Nigeria have these large number of textile mills? Shouldn't these large numbers be drastically reduced to make way for specialization to ensure diversity of products? Design and finishing of textiles is an area that needs investment, particularly, clothing (fashion design) aspect. Investment in this sector has potentials in clothing, shoe, scarf, shawl, tie, belt, bag, and carpet industries, among others. Already, medium and small-scale enterprises are springing up, utilizing products from the mega textile industry. For example, Aba, a commercial town in Abia state is fully involved in design and production of shirt, shoes and dresses which are packaged and sold in some West African countries. Unfortunately, these products are labeled to have been produced in Italy, USA, Britain and Japan. This problem is as a result of loss of national consciousness, moral and ethical values among these entrepreneurs. This entrepreneurship initiative in allied textile industry if positively harnessed, and products properly identified will change the negative direction and perception which the local industry has faced for over two decades.

Another issue which the government should address is that of national consciousness, cultural pride, moral and ethical values. Nigerians should be proud of "Made-in-Nigeria Goods". They should identify with their products and help to advertise them. Nigeria is known to have developed very high level of greed for imported foreign textile materials, though most of these fabrics are sub-standard. Orientation and sensitization programmes should be organized by the Ministry of Information and related bodies to address the problem of negative perception by most Nigerian people about local textiles.

Conclusion

This study is an examination of the problems Nigerian textile industry has faced from the time independence was granted in 1960 to date. Many problems that affected the local textile production were identified and discussed. These problems include globalization of marketing of textile goods, global recession, un-favourable economic policies, and peoples' negative perspectives about made-in-Nigeria goods, energy and smuggling of textile goods among others. Measures which should be taken to stabilize the textile industry were stated. Findings of this study indicate that there is room for improvement of the Nigerian textile industry through agricultural initiative on improved techniques of cotton production; exploration of international markets; re-introduction of measures to regulate the importation of foreign textile goods and diversification of textile products. The later would give way for establishment of the following textile allied industry; bag, fashion design, shoe, belt, rope, carpet and rug industries. Finally, the government is challenged to provide an enabling environment for textile industries to operate effectively.

REFERENCES

- Abernathy, F and Donlop, J, et al (2002) *Globalization in the Apparel and Textile Industries: What is New and What is Not?* <http://www.hctar.org/pdfs/g07.2.pdf> March, 1, 2011
- Akpan, A. E (2013) *The Development and Dysfunction of Textile Industries in Kaduna State of Nigeria From 1956 To 2010*, Unpublished Ph. D. Proposal, University of Nigeria, Nsukka.
- Adamu-Suka, M. (2011) *United Textile Nigerian Limited (UNTL) and the Federal Government Intervention Fund*", Sunday Trust Newspaper, Nov. 27th, 2011.
- ArticleFild.com- Free Article Directory (2010, July 18) *Inventory of the Chinese Textile Industry Association, 2006*, retrieved in December, 2010 from <http://www.articlefild.com/34915/inventory-of-the-chinese-textile-industry-association-2006->
- Business Maps of India.com (2010) *Indian Textile Industry*, Retrieved January 1, 2011 from <http://business.mapsofindia.com/india-industry/textile.html>.
- Eicher, J. B (1976) *Nigerian Handcrafted Textile*, Ife, University of Ife Press.
- Everyday, P (1997) *Factory Printed Cloth of Africa*, Kansas, University of Missouri-Kansas.
- Fibre2fashion (2010, December 8). *Union Condemns Lifting of Ban on Textile Importation*. http://www.fibre2fashion.com/news/textileneews/nigeria/newsdetails.aspx?news_id=93786
- Harris, D (2007, August) *China's Cotton Association calls for Global Cooperation*, <http://www.com/ci/?storyid=93786>

Mankind, D. O and Ajayi, J. B (2006) *The Survival of Adire in Nigerian Contemporary Textiles Industry*, in Contemporary Issues in Nigerian Art: Its History and Education, Lagos, Portion Consult Publication

Husaini, Tukut (2006) *Ban on Textile Importation to Remain*, New Nigerian Newspaper, Nov. 21st.

Manu, G (2009,) *Textile Industry Policies across States: An Overview*, Retrieved August 1, 2009, <http://www.dare.co.in/strategy/legal-policy/textile-industry-policies-across-state-an-overview.htm>

Nayak, A (2009) *Hard Times for Indian Textiles*, Accessed March 1, 2011, <http://www.entrepreneur.com/tradejournal/article/198933305.html>

Tolagbe, J. and Burnip, M, (1987) *The Development of Printed Batik Techniques and its Application to Small-Scale Industry With-in Nigeria*, Nigeria Magazine, No. 3, July –September.

Nigerianstalk.org (2010) *Fixing the Giant: Can Nigerian Textile Industry regain Her Lost Glory?* June 28, 2010, <http://nigeriastalk.org/2010/06/28/fixing-the-giant-can-nigerias-textile-industry-regain-lost-glory/>

Njoku,U. A (2004) *Marketability of Made in Nigeria Textile Materials*, ph. D Thesis in Marketing Management, St. Clements University, British west Indies, retrieved Dec. 31, 2010, www.stclements.edu/grad/gradnjo.pdf

Olowo, B. (2002) *Improving the Nigerian Textile Industry*, African and Middle East Textile, Issue 2. London, Alaine Charles Publishing.

Ogunnaike, O. (2010) *Nigerian's Perception of Locally Made Products: A Study on Textile Fabric Consumers in Kaduna State*, Retrieved March, 1,2011from <http://www.upg-bulletin-se.ro/archive/2010-1/4%20ogunnaike.pdf>

Onas, T (2010, December, 8) *Textile Manufacturers Worry Over Lifting*. Received December 31, 2010, <http://234next.com/csp/cms/sites>

Reichard, R, S. (2010, December) *Spotlight on Cotton*, Retrieved from [http://www.textileworld.com/Article/2010/December/Dec Web issue/Business and Finance.html](http://www.textileworld.com/Article/2010/December/Dec%20Web%20issue/Business%20and%20Finance.html)

RMRDC (2002) *Strategies for Harnessing the Potentials of the Textile, wearing Apparel, Carpet, Leather and leather Products Industries in Nigeria*, retrieved July, 17, 2008 from <http://www.rmrdc.gov.ng/IMAGES/IMMANPLANNING/IMMAN2002.pdf>

Salisu, A. (2010) *Blue Ocean Strategy is a Strategic option for building Competitive Advantage by Nigerian textiles'*; *Proceedings of African Regional Conference on Sustainable Development*, Nsukka, Devon Science company, Vol.4, No.14

Wikipedia (2010, December 3) retrieved December, 1, 2010, <http://www.en.wikipedia.org/wiki/smuggling>

Wipomagazine (July, 2009) *The Modern tale of Nigeria Wax-Resist Textiles*, www.wipo.int/wipo_magazine/en/2009/.../article_0006.html

Yusuf. I. A (2011) *Aluko Faults IMF Call for Devaluation of Naira*, March, 1, 2011, <http://thenationlineng.net/web3/business/29172.html>