



TEXTILE INDUSTRIES FOR SUSTAINABLE DEVELOPMENT IN THE NIGERIAN ECONOMY

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ABSTRACT

The socio-economic development of Nigeria cannot be fully realized without considering the textile industries as the way of diversifying the economy. Reviving the textile industry will not only improve the economy and increase the foreign reserve exchange but one way of curtailing the social vices such as Unemployment, Banditry, Kidnapping, and Boko Haram insurgency. It is however, necessary for the government as a matter of urgency to revive the textile industry and take advantage of the huge population of over 200 million Nigerians with the view to reduce the rate of unemployment deficit by providing direct and indirect jobs. This paper seeks to highlight the impact of textile industry to the economic development of Nigeria and way of diversifying the economy especially when considering the consistence decline of the oil price in the world oil market. Since the beginning of Covid -19 pandemic.

Keywords: *Textile, Economy, Employment, Sustainable, Development.*

INTRODUCTION

Textile Industry

The textile industry was one of the oldest Manufacturing sectors in Nigeria. The Industry plays an important role in the Nigerian economy. It is a significant contributor to many National economies, encompassing both small and large-

scale operations worldwide, in terms of its output or production and employment, the textile industry is one of the largest industries in the world (Verma., *et al* 2012). It is a major foreign exchange earner after agriculture, it was the largest employer of labour after the government with about 600,000 and 700,000 workforces with thousands of cotton farmers, suppliers and traders (Webmaster, 2016). The industry covers a wide range of activities which include the production of natural raw material such as cotton, jute, silk and wool as well as synthetic filament and spin yarn. India is the second largest producer of silk, cellulose fiber, yarn and the fifth largest producer of synthetic fibre and yarn. The modern world needs textiles for a vast array of applications, from the carpets beneath our feet, to the cloths on our back and the architectural textiles shielding us in our homes, textile is ubiquitous (Thiry, 2011).

RISE AND DECLINE OF TEXTILE INDUSTRY IN NIGERIA

In Nigeria, the modern history of the textile industry began in 1942 with an industrial development policy geared towards mobilizing local capital to encourage a shift from commerce to manufacturing. Kano Citizen Trading Company developed the first modern textile mills which was established in 1952. The Company was part of the Textile Development Scheme, introduced in 1946. The Northern regional government decided to establish the textile industries in Kano (1952) and Kaduna (1957) to take advantage of available raw materials such as cotton and labour in the region (Paden, 1986). The last decade of the colonial period in Nigeria saw the establishment of more textile industries in the country, which facilitated greater competition. It is important to note that the establishment of these textile industries was part of the Federal policy of promoting Import Substitution Industrialization from the 1960s to the 1970s.

In the 1960s, there was a belief that the key to economic growth was in manufacturing sector. This was before crude oil was discovered in the southern part of Nigeria which was eventually a blessing and a curse. At independence and in every successful economy in the world manufacturing was to be a major component as in the case of textiles in Nigeria. Kaduna became the textile capital of Nigeria just after independence. Several million Nigerians were employed in the textile supply chain as farmers and gin processors and distributors of finished cloth. (Ana, 2018).

In the 1970s, Nigeria produced textiles not only for domestic consumption but for regional export throughout West Africa. At the time, Nigeria produced 50% of all of West Africa's textiles and was the 2nd largest producer in Africa. Nigeria exported textiles to the United Kingdom and some other countries. (Ana, 2018).

By the 1980s, the textile industry had become the greatest employer of labour, second only to the government. The industry had about 100,000 unionized workers in addition to thousands of cotton farmers as well as suppliers and traders (Aremu, 2005).

Direct employment afterwards rose to 250,000 among over 175 large, medium and small textile factories. In the 1980s, Other indicators portraying the growth pattern of the industry include the appreciable rise in investment to over N30 billion with a turnover of about N20 billion annually. Capacity utilization was at 70–80%. In addition, new companies were developed while existing ones expanded, accounting for about 25% of the manufacturing value added tax. About 35% of Nigerian-produced fabrics were exported to West African Countries. By this period, Nigeria was considered a huge industrial hub in Africa. The textiles industry had become a natural lead sector of the economy, one of the major sources of foreign exchange earnings and a large employer of labour. (Frishman, 2001).

During the Mid- 1980s, the Nigerian Naira collapsed after the decline in crude oil prices. The Nigerian government had borrowed money under the assumption that oil prices would continue to rise. At the time, the government was over leveraged with debt equal to the size of the country's GDP. (Stephanie, 2018), and it affected almost every sector of the Nigerian economy.

The textile industry was on recovery from the effects of the economic recession of the late 1980s when it faces the challenges brought by the trade liberalization policy. The World Trade organization in 1995 implemented some policy adjustments on textiles products. Some of these measures are the removal of textile and clothing allocation among member countries. China was the principal benefiting country of the measure (Lola., *et al* 2017).

However, from the improvement in the 1990s, the textile industry in Nigeria began to decline steadily when face with several challenges and also a serious competition from China. This was largely due to imports of cheap textile materials from China.

The number of factories decline from about 175 in the mid-1980s to about 50 operating at less than 30% capacity utilization, while only 10 factories were considered as being in a less stressful situation in 2002. There was also a sharp drop in the direct employment figures in the sector, from approximately 137,000 in 1997 to fewer than 40,000 in 2004 (Bugaje, Hamalai, and Indabawa 2002). From 1995 to 2002 about 160,000 textile workers were laid off and the workforce came down to about 90,000. In 2005, this figure had shrunk to an abysmal 35,000 workers. In 2010 there were fewer than 40 textile units in Nigeria out of the nearly 200 in existence formerly (Aremu 2015).

A report from the United Nations Industrial Development Organization (UNIDO, 2003) indicates that between 1997 and 2003, jobs sharply decreased from 137,000 in 1997 to 57,000 in 2003 owing to massive illegal imports, most of which were from China and some other Asian Countries. These multiple challenges make the local product costlier when compared with the price of smuggled textiles. High cost of production lead to poor sales, a huge inventory, reduced working hours and retrenchment of workers. (Taylor, 2009).

CHALLENGES OF TEXTILE INDUSTRIES IN NIGERIA

Liberalization policy of the federal Government which produce poor economic climate leading to high cost of industrial production (Yusuf, 2008). Ecowas trade policy further worsen the situation which allowed the Ecowas countries to free movement within the African that lead to smuggle of textile materials into the country. The consequence is diminished market for locally manufactured product that today account for only 27% share at the local market.

Globalization also led to massive dumping, which for textile alone, was estimated at about 200 containers per month or 200 million meters' value at US \$20 million (Emmanuel and Hannatu 2010). In August 2020, the Federal Government announced the temporary suspension of textile imports and letter imposes the total closure of all borders with the aim to contain the smuggling of textile and other raw materials but yet many foreign textiles find their way into the country. Administrative lapses hindered the enforcement and therefore weaken the impact of the measures.

The complete collapse of social and physical infrastructure also compounded the industrial problems in the country. For instance, electricity supply has been

the challenge over the years, it was found to have dropped to about 1300 megawatts in 1998, and 4000 to about 5000 megawatts in 2020.

The major economic sector of the industry, transport services and house hold of Nigeria are still greatly restrained from the expected growth due to inadequate energy supplies. Electrical power of about 4500Mw is grossly inadequate for a population of more than 200 million people. Recently, energy demand and supply projection show that for a GDP growth rate of 7% the required electrical power will be about 31000% Mw in 2020, 47000MW in 2025, and 63000MW in 2030 (Sambo 2019).

Another Challenges faced by the textile industrial sector is the lack of policy implementation by the federal Government. Previously, there are many policies initiated by the past and present administration to revitalize the textile and allied industrial sector for economic growth and development. However, lack of full implementation of these policies and mechanism to check and balance, hindered the sector to take up full operation in full capacity. For, instance, Bank of industry (BOI) through the federal government announced the release of N60 billion as part of N100 billion textile revival package initiated in 2007 before suspending the disbursement (Daily Trust, 2016).

Also, the federal government launched N70 billion development fund to finance new investment in cotton and textile sector. N50 billion was meant to rehabilitate the factories and N20 billion to grow cotton. It was projected to generate N60 billion annually and create 200,000 jobs for youths (Nigeria Guardian News, 2009).

IMPACT OF TEXTILE INDUSTRIES TO NIGERIAN ECONOMY

In order to contribute directly to economic growth and national development, Nigerian government after the independence emphasized the proper utilization of local raw materials and hence modern textile industries began to emerge in the northern part of Nigeria. Manufacturing is an assured means for wealth creation. Industrialization remains one of the catalysts for rapid growth and development of any economy be it developed, developing or under-developed. It is capable of increasing the pace of economic growth and ensuring swift structural transformation of the economy. Interestingly, Nigerian textile industry was once the largest contributor to the country's economy:

- it was rated third largest in Africa after Egypt and South Africa, with over 250 vibrant factories operating above 50 per cent capacity utilization (Murtala, 2011).
- It was the single largest employer of labour after the government for a significant part of the history of the country, providing direct employment to about 350,000 persons outside millions of indirect jobs and employments (Suleiman, *et al* 2012)
- The government derives as much as N2 billion per annum from textile related taxes and levies. (Aguiyi, *et al* 2011). Therefore, anything that affected this industry touched the nerve of the country.

Most surprisingly, the same industry which was a major player in the manufacturing industries giving about 350,000 Nigerians job opportunity has been declining along with its workforce in (1995: 100,000, 2004: 50,000) until it was down to 26 factories by the end of 2007 with only 30,000 workers. It was reported that textile companies have ever since been closing down on a yearly basis.

Murtala (2011) presented the textile industries crisis this way “The predicament that bedeviled the Nigerian textile economy that earlier had considerable advantage in textile production, which manifested itself in the last three decades as a result of globalization, resulted in steady deepening economic crisis which has had adverse and far-reaching consequences. This considerably affected the textile industry, wiped out labour and left behind an unsecured nation”.

With the current rate of Nigerian GDP growth in the last five years and the sharp decline in 2020 due to COVID-19 pandemic that affected the GDP negatively, the projection of the GDP growth in the coming five years up to 2025 is expected to be on a recovery, textile industries if revive will give a major boost to the whole of the GDP growth rate, the statistical data of the Nigerian GDP growth rate with the little contribution from the textile industries in the manufacturing sector of the economy is highlighted in figure 1 below.

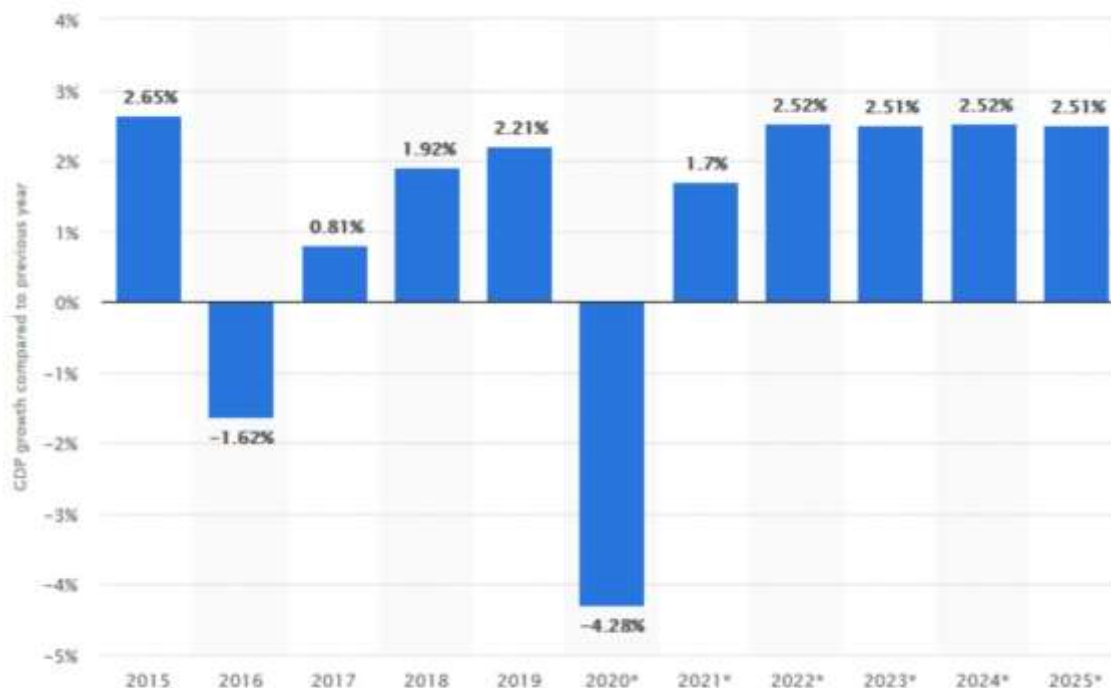


Figure :1

Showing the growth rate of the real gross domestic product (GDP) from 2015 to 2020, and projected growth up to 2025 Source: Retrieved from [statista.com](https://www.statista.com) (2021)

The statistic shows the growth in real GDP in Nigeria from 2015 to 2020, with projections up until 2025. In 2019, Nigeria's real gross domestic product increased by around 2.21 percent compared to the previous year, while it crashes down negatively to -4.28 percent due to Covid-19 and other factors.

DISTRIBUTION OF GROSS DOMESTIC PRODUCT (GDP) ACROSS ECONOMIC SECTORS FROM 2009 TO 2019

In 2019, agriculture contributed around 21.91 percent to Nigeria’s GDP, 27.38 percent came from industry/manufacturing sector, and 49.73 percent from the services sector.

The most common breakdown of economic activity in a country is looking at three economic sectors: The primary sector, which involves agriculture, forestry, and fishing, the secondary sector, industry, that includes manufacturing, processing, or transforming goods, and finally, the tertiary sector, services, i.e. providing information or services to consumers, such as in

IT, tourism, or banking. A country’s contribution to GDP, and thus its own economy, is easily visible when looking at the performance of these three sectors.

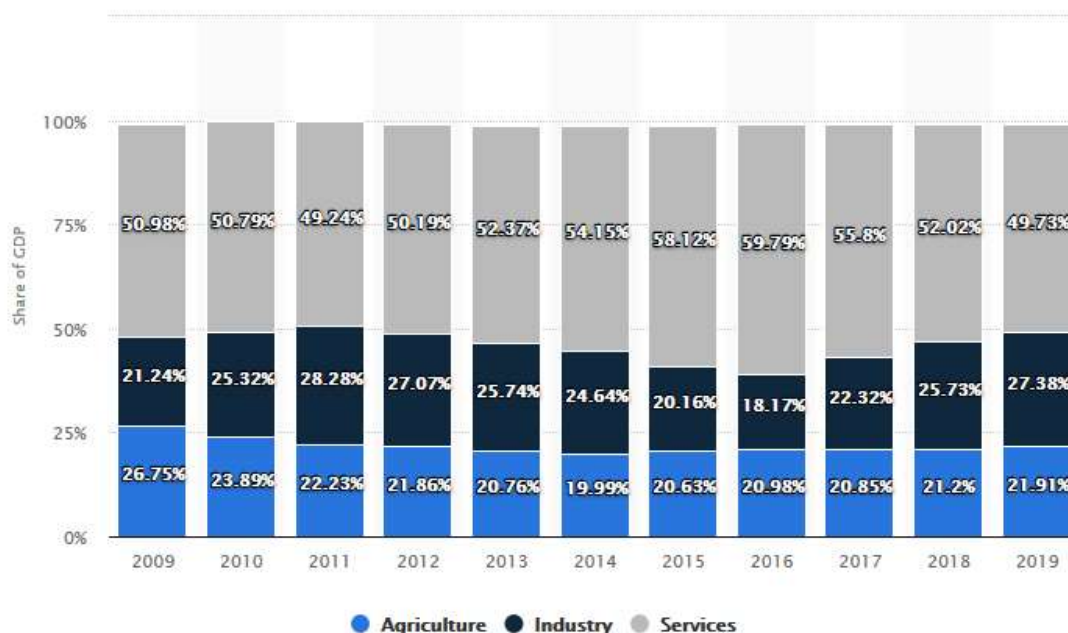


Figure:4 Showing the Statistical distribution of gross domestic product (GDP) across economic sectors (Agriculture, Industry/manufacturing sector, and services from 2009 to 2019. Source: Retrieved from [statista.com](https://www.statista.com) (2021).

THE IMPACT OF CHINESE TEXTILE ON THE DECLINE IN NIGERIA’S TEXTILE INDUSTRY

In the pursued of economic development, China has drastically improved it manufacturing industries in recent decades including the textile and polymer industries. The pace at which the textile sector is developing is accelerated by China’s performance in the international textile trade. China has now become a principal exporter of textiles worldwide (Lall and Albaladejo 2004). The Chinese textiles are being flooded into the Nigerian market at a relatively cheaper prices than the locally produced textile, these to a larger part has affected our local producers who could not meet up competition with the Chinese product due to mounting challenges facing the sector in Nigeria, this leaves a vacuum for the imports of cheap Chinese textiles into the Nigerian

market which was formerly dominated by local fabrics. The cheap Chinese textiles has shifted the balance in favor of the imports, which has consequently destroyed the economic base of the local textile industry in Nigeria.

The recent decline of the Nigerian textile industry is very much associated with huge imports of textiles from China (Renne 2015). These imports have considerably weakened the sector and consequently forced it to regress. The present state of the industry is not satisfactory. Many textile firms have been forced to close down owing to the difficulties of competition. Chinese low-cost goods are pushing local manufacturers out of the market and generating unemployment. The easy access to the Nigerian market, promoted by neoliberal economic measures and inspired by international financial institutions, gave China an edge. According to Amuwo (2001), the same old capitalist economic ethic kept on being camouflaged in an apparently value-free globalization proposal that ‘what is useful for universal private enterprise’ is also useful for Africa. Thus, globalization gradually integrated African economies into the global system, thereby altering their conditions and limiting their abilities for autonomous development. NUTGWTN (2014) indicated that China smuggled into Nigeria about N300 billion values of textiles and garments every year. These products are mostly imported without the payment of the required taxes and duties. More than 90 percent of the textile items sold in the Nigerian market is smuggled.

MATERIAL AND METHOD

Journals, conference papers, reports, Newspapers, textbooks were used as both primary and secondary means for obtaining data that ultimately lead to successful formation of this research paper. Although interview was made at random with professionals, lecturers and experts on textile technology and related discipline.

CONCLUSION

Textile industries have been the backbone of development and growth of Nigeria’s economy in the past, generating employment and contributing immensely to the GDP growth of the Country. Several factors have affected the industry which causes a steady decline from the booming years of the industry in the 1980’s. Presently Nigeria is facing socio- economic problems such as

banditry, kidnapping, bokoharam and high rate of unemployment, it is a matter of urgency to diversify the Nigerian mono-economy which depended largely on crude oil and revived the textile and industries to generate employment, provide revenue and foreign exchange earnings and contribute to the country's GDP growth.

RECOMMENDATIONS

- 1- Government should as a matter of urgency key into the revitalization of textile Companies.
- 2- Government Should expand the industry with production of synthetic fibers etc.
- 3- Government should establish geo textiles and medical textiles industries for sustainable growth and development.
- 4- Policy makers should draw a policy that will attract investors both local and international to invest in the area of non-woven textiles.
- 5- Establishment of cotton value chain company which will process the seed, lint, and oil from cotton.
- 6- Thread and sewing of yarn industry should be established.
- 7- Government should review the level of progress and implementation of already existing policies in regards to the revival of the industries.
- 8- The Government most find a way to address the issue of the porosity of Nigerian borders to curtail smuggling of foreign textiles which greatly reduces the patronage of locally made fabrics.
- 9- A work frame mechanism that will capture and harmonize all identified factors for fully implementation should be created.

All the above recommendation is necessary to be implemented by the government in other to diversify the Nigerian Economy, create Job's opportunity for the teaming youth, industrialization base encourage foreign revenue income and encourage investors for economic sustainable and future development in Nigeria. This will also bridge the defect in decline of oil economy which the Nigerian is operating as mono economic especially with the decline of the oil price in the oil market which affect sensibly the economy of the country from 2015-2021. The price of oil deflected from \$80 per barrel to even less than \$35 per barrel during the COVID-19 pandemic. To overcome

such a future problem. Textile and related garment industry have to be finally revitalized.

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