The impact of Chinese textile imperialism on Nigeria's textile industry and trade: 1960–2015

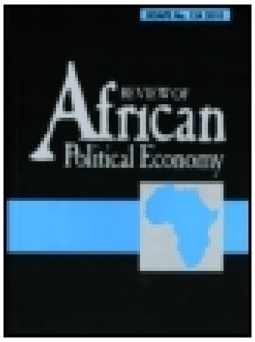
Article *in* Review of African Political Economy · June 2017

DOI: 10.1080/03056244.2017.1313729

3 authors, including:

Murtala Muhammad
University of Malaya

Kafilah Lola Gold
University of Malaya



Review of African Political Economy

ISSN: 0305-6244 (Print) 1740-1720 (Online) Journal homepage: http://www.tandfonline.com/loi/crea20

The impact of Chinese textile imperialism on Nigeria's textile industry and trade: 1960–2015

Murtala Muhammad, Mansur Ibrahim Mukhtar & Gold Kafilah Lola

To cite this article: Murtala Muhammad, Mansur Ibrahim Mukhtar & Gold Kafilah Lola (2017): The impact of Chinese textile imperialism on Nigeria's textile industry and trade: 1960–2015, Review of African Political Economy, DOI: 10.1080/03056244.2017.1313729

To link to this article: http://dx.doi.org/10.1080/03056244.2017.1313729

Published online: 13 Jun 2017.

REVIEW OF AFRICAN POLITICAL ECONOMY, 2017
https://doi.org/10.1080/03056244.2017.1313729

Routledge
Taylor & Francis Group

BRIEFING

Check for updates

The impact of Chinese textile imperialism on Nigeria's textile industry and trade: 1960–2015

Murtala Muhammad[a,d], Mansur Ibrahim Mukhtar[b] and Gold Kafilah Lola[c]

[a]Department of International and Strategic Studies, Faculty of Arts and Social Sciences, University of Malaya, Kuala Lumpur, Malaysia; [b]Department of History and International Studies, Faculty of Arts and Humanities, Northwest University, Kano, Nigeria; [c]Department of Economics, Faculty of Economics and Administration, University of Malaya, Kuala Lumpur, Malaysia; [d]School of General Studies, Kano University of Science and Technology, Kano, Nigeria

SUMMARY
This briefing examines the effects of globalisation and the challenge posed by China to the Nigerian textile industry in the twenty-first century. The meteoric rise of imports of cheap Chinese textiles into the Nigerian market, which was formerly dominated by local fabrics, has shifted the balance in favour of the imports, which has consequently destroyed the economic base of the local textile industry.

Introduction

The intricacies involved in globalisation trends, which encourage the pursuit of profit regardless of consequences, have proved to be harmful to the textile manufacturing sector in Nigeria. These harmful effects of globalisation were brought about and promoted through market deregulation, rapid developments in information technologies, and huge reductions in costs of production and transportation which were made possible by advances in modern technology. These developments explain the high competitiveness of advanced economies vis-à-vis upcoming ones in the globalising economy (Buckley and Ghauri 2004; Buckley 2007).

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 (Lall and Albaladejo 2004). 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.

However, one of the major weaknesses of existing studies on the impact of the Chinese textile trade on the Nigerian textile industry is the paucity of statistical data which would have brought out the magnitude of the impact and supported the arguments made in the studies. The studies mainly provided narrative explanations of the phenomenon without supporting them with sufficient and validating statistical data. Therefore, they lack

CONTACT Murtala Muhammad murtala@siswa.um.edu.my

convincing empirical evidence to prove their claims. Park, Lampert, and Robertson's (2016) approach is rather general, discussing the results of emerging interdisciplinary trends in Sino-African studies on the impact of Chinese contact with Africa.

This briefing examines the challenges the Nigeria textile industry has been facing in more detail, using adequate statistical data on the size, share and flows of Chinese textiles into the Nigerian local markets. It focuses first on the twentieth and subsequently on the twenty-first century. It describes the profile of the textile industry, its patterns and history. The study then provides details of the growing Chinese dominance in recent decades.

Review of related work

This review classifies the literature into two categories, arising from interpretative narratives. The first group comprises Western neoliberal scholars (Widdershoven 2004; Lyman 2005; Smith 2005; Eisenman and Kurlantzick 2006; Norberg 2006). These scholars were of the view that the world and especially the African continent may likely be dominated by China. Typical expressions employed to explain China's interaction with Africa in the global landscape included phrases such as 'the new scramble for Africa', 'voracious', 'insatiable appetite', 'ravenous' etc., whereas Chinese interaction with Europe and America, for similar ends, is regarded as 'investment', 'employment generation' and 'development' (Mawdsley 2008). Western political and media opinion has criticised all facets of China's activities in Africa; the Chinese for their part have retaliated with vigorous explanations. The other category of scholars, including Eisenman and Kurlantzick (2006) and Sautman (2007) among others, admitted that China is bringing economic growth and positive experiences to the less developed economies more than ever before. These scholars described Sino-African relations using terms such as 'development', 'partnership' and 'cooperation' (Lafargue 2005; Leonard 2006).

In Africa, and Nigeria to be specific, the economic impact of globalisation is seen in the expanding predominance of Chinese manufactured goods in local markets. The dramatic growth in the relationship between Africa and China is part of the profound transformations taking place in the global political economy in the twenty-first century. It has been greeted with excitement, consternation and confusion (Mohan et al. 2014; Zeleza 2014). To its supporters, it represents the enduring partnership between Africa and China, spawned by the historical affinities of struggles against Western imperialism and humanistic aspirations for development (Ong 1997a, 1997b). To its critics, it is reminiscent of European colonisation of a century earlier, in which Africa serves as a cheap source of raw materials and a profitable export market for Chinese finished goods. Instead of being an economically friendly nation, some see China as Africa's biggest development competitor, whose explosive growth and insatiable quest for global markets threaten Africa's industrialisation and competitiveness (Zeleza 2008; Rotberg 2009; Taylor 2009).

Nigeria has become the largest economy in Africa with a huge accumulation of GDP (Aremu 2015). This growth is only expressed in GDP, causing growing concern about the trade imbalance. Chinese low-cost goods are pushing local manufacturers out of the market and generating unemployment. Obeng-Odoom (2015) claimed that the African economy is nudged into 'growth' without development, generating social and economic challenges. The challenges posed by the rise of China are not limited to Nigeria. China has gradually developed into a formidable world factory noted for exporting a great deal of assorted low-cost merchandise to Europe, America and the rest of the world (Seyoum 2007). Askouri (2007) is doubtful about the advantages of Chinese economic activities in Africa, claiming that these have led to serious dislocation and eventual displacement of traditional economies. Undoubtedly, the adverse effects of importing low-cost Chinese manufactured goods into Africa have led to a decline in manufacturing outputs and to a significant decrease in the workforce, which have adversely affected local and foreign trade. 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 globalisation proposal that 'what is useful for universal private enterprise' is also useful for Africa. Thus, globalisation gradually integrated African economies into the global system, thereby altering their conditions and limiting their abilities for autonomous development.

Amin (2001) stated that neoliberal changes produce economic inequalities in development, with negative consequences. Chomsky (1999) concluded that neoliberal globalisation is harmful in that it negates good public policies that would have benefited the majority of the people, and destroys industries. It is evident that trade between nations predates capitalism and the neoliberal experience of the latter part of the twentieth century. Moreover, globalisation is not a new issue confronting the world. For many centuries communities and nations have increasingly extended their outreach through various means including slavery, colonisation and neo-colonisation. In short, both trade and globalisation centre around power relations (Dunn 2015). In essence, free trade cannot be said to be free because it is exploitative and unfair, especially between developed and less developed economies.

Profile and patterns of the Nigerian textile industry

The account of the Nigerian textile industry began centuries before colonial annexation and the subsequent amalgamation of independent entities and communities later known as Nigeria. The communities in the upper and lower Niger River were famous for the production of a variety of textiles that embodied artistry and aesthetic appeal. The ingenuity of the weavers led to their developing technologies using cotton and fibres to produce textiles and clothing with aesthetic traditional designs that enjoyed a widespread market in West and North Africa. Colonialism, which truncated pre-colonial commerce in the region, stifled much textile industrial growth destroying the regional trade and markets for textiles and other manufactured goods. In addition, colonial traders with the support of administrators introduced European manufactured goods, including textiles, into the area, which competed with local products. Thus, throughout the colonial era some of these endogenous industries existed and to some extent prospered, notwithstanding colonial policies against endogenous textile production (Isichei 1983).

The modern history of the Nigerian textile industry began in 1942 with an industrial development policy geared towards mobilising local capital to encourage a shift from commerce to manufacturing. Kano Citizen Trading Company, which developed the first modern textile mills, was established in 1952. The Company was part of the Textile Development Scheme, introduced in 1946. According to Paden (1986), 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. 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 Industrialisation from the 1960s to the 1970s.

By the 1980s, the textile industry had become the greatest employer of labour, second only to the government. The industry had about 100,000 unionised workers in addition to thousands of cotton farmers as well as suppliers and traders (Aremu 2005, 2). Direct employment afterwards rose to 250,000 among over 175 large, medium and small textile factories. 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 utilisation was at 70–80%. In addition, new companies were developed while existing ones expanded, accounting for about 25% of the manufacturing value added (31). About 35% of Nigerian-produced fabrics were exported to West African countries (Frishman 2001, 26). 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. However, from this healthy state, the textile industry in Nigeria began to decline steadily. This was largely due to imports of cheap textiles from China. Information obtained from the field study indicates that the volume of Sino-Nigerian trade, especially in the new millennium, runs into billions of US dollars.

This promising venture suddenly began to collapse when faced with competition from China (see Figure 1). This scenario is not limited to the textile industry but affects the whole manufacturing sector (see Figure 2). Regrettably, Nigeria has become a dumping ground for mostly smuggled fabrics from China (see Figure 3). Regardless of the positive indicators mentioned earlier, the once lively and thriving industry has diminished.

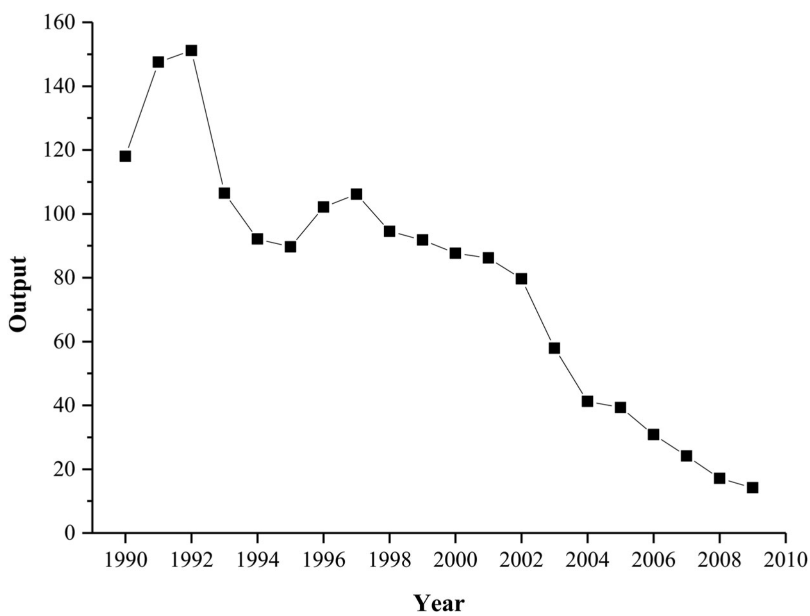


Figure 1. Index of Nigerian textile industry output (2005–09). Source: Central Bank of Nigeria and fieldwork (2015).

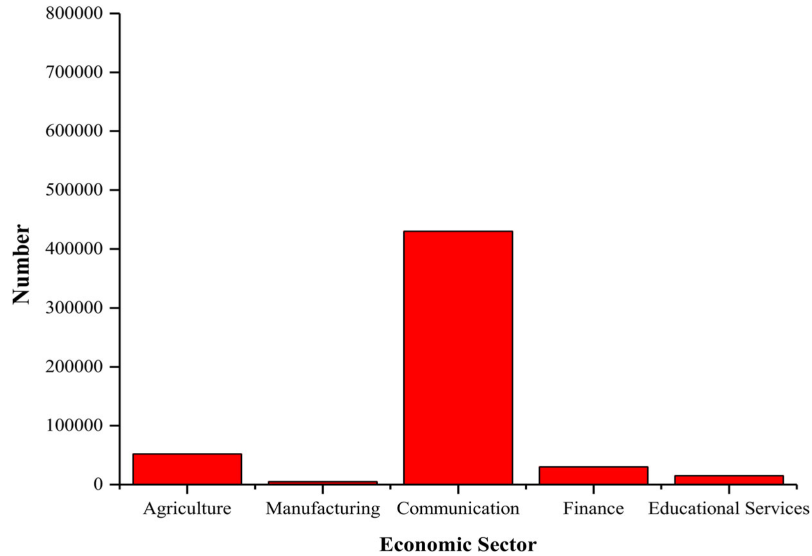


Figure 2. Total employment generated by economic activity (2005). Source: National Bureau of Statistics (2015).

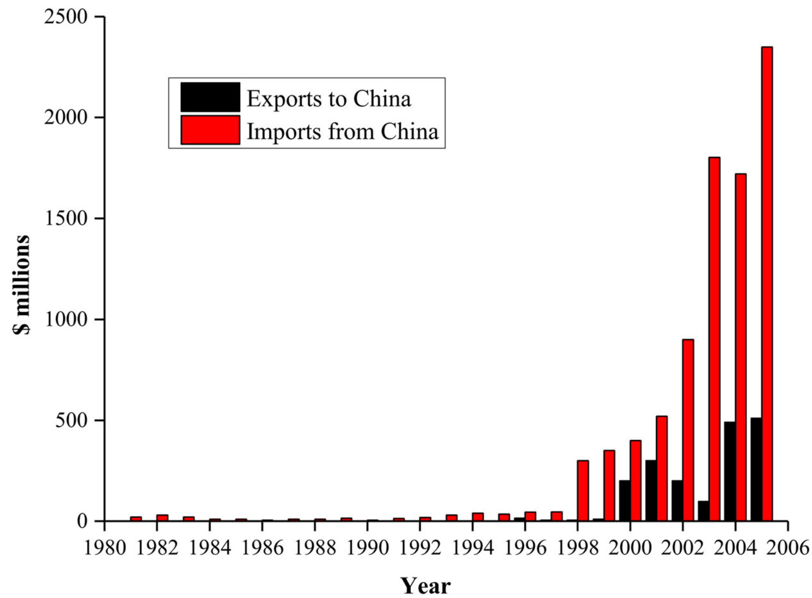


Figure 3. Sino-Nigerian trade 1980–2005. Source: adapted from IMF (2006), cited in Adebajo and Mustapha (2008).

Result and discussion

Performance of the Nigerian textile industry from 1960 to 2015

As the Nigerian textile industry became more intensely integrated into the global market and more intertwined with the influx of low-cost Chinese products into its markets through smuggling, the mass production and export capabilities of the local industry declined rapidly. The result was a growing reduction in production, capacity utilisation and staff strength; high production costs and selling prices; and low installed and actual efficiencies. These negative factors continue to weaken the competitiveness of the industry. The industry is at present in a state of near collapse (Figure 4).

The year 2000 came with the most worrying phenomenon referred to as the China factor. The number of factories fell from about 175 in the mid 1980s to about 50 operating at less than 30% capacity utilisation, 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, 67). 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, 81). 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 (Aremu 2015, 43) (see Figure 5). These multiple challenges make the local product costlier when compared with the price of smuggled textiles. High costs of production lead to poor sales, a huge inventory, reduced working hours and retrenchment of workers.

Performance indicators in selected factories

Production figures per metre from the weaving departments in three sample factories were in free fall from 2000 to 2015. For example, in Factory A, 9,638,500 metres were produced in 2000, which fell to 6,732,400 and 3,995,800 in 2009 and 2013 respectively. In Factory B

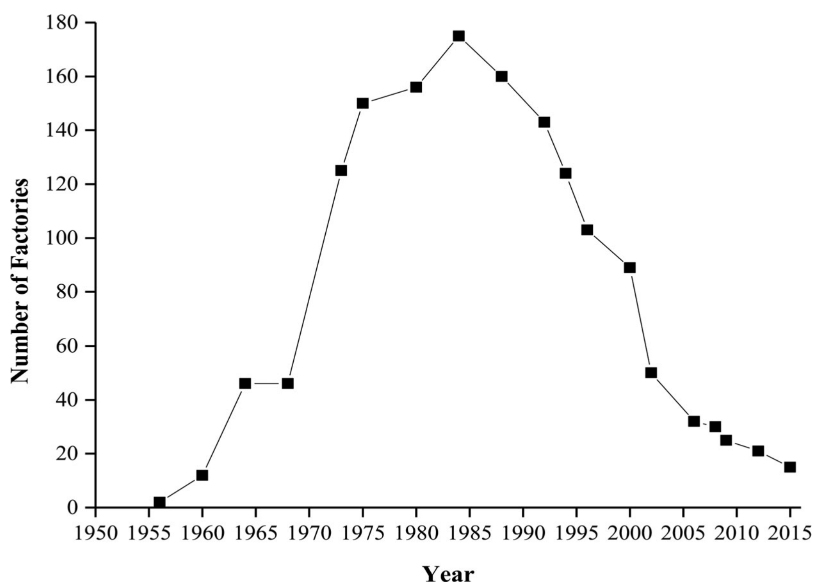


Figure 4. Growth and decline in number of factories. Source: fieldwork (2015).

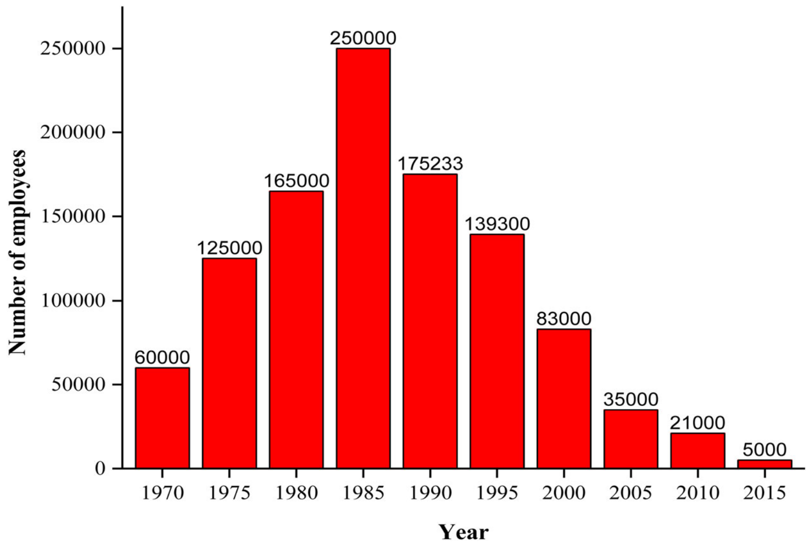


Figure 5. Employment statistics of the Nigerian textile industry. Source: fieldwork (2015).

the figures were 28,003,000 and 46,000,000 in 2003 and 2013 respectively. The situation is no different in Factory C, with a sharp decline from 27,400,000 in 2001 to 3,900,000 in 2012. Capacity utilisation in the three factories continued to fall, according to the data obtained from 2000, because of the China factor. In Factory B it was 85% in 2000 and 21% in 2014. The same scenario occurred in factories A and C.

Staff strength figures from the weaving departments show a massive reduction in employment, according to the data obtained from 2000 to 2016. Rising production costs have escalated, driving factories to extinction, which is corroborated by rising selling prices of domestic items competing with low-cost textile items from China. This phenomenon is more severe from 2003 to 2015. The dramatic decline has caused factories to operate at low capacity, shed staff or close completely.

A cursory look at the basic production performance indicators of the textile industry involving production per metre, capacity utilisation, staff strength, selling price, and installed and actual efficiency from the three sample factories shows a decline in the spinning department. The picture is getting worse as de-industrialisation is occurring fast. There are few surviving factories. There are many that have experienced temporary closures or were out of production at the time of the survey.

The trend from Table 1 shows that the total output of woven fabrics has grown at a fluctuating rate from 1972–82 when it attained its peak, before it eventually fell in 1984 and 1985 to figures less than those of 1973. The decline from 1983 was an element that characterised virtually all the manufacturing sectors of the economy. The development was as a result of the remarkable fall in foreign exchange earnings that has persisted since the slump in the international oil market following the world recession of 1980–83.

The value added by the textile sub-sector dropped from 12.4% in 1976 to 8.7% in 1981, and then rose to 10.5% in 1983 and 15.2% in 1984. It was also second to the food, beverages and tobacco sub-sector, which accounted for 32.1% in 1984. Developments in the textile industry continued to indicate an upward pattern (Table 1). The installed

Table 1. Output of textile fabrics – 1972–85 (million metres).

Years	Cotton & cotton blends (I)	Woven fabrics, synthetic and artificial fibres (II)	Total (= I + II)	Knitted fabrics
1972	190.3	5.0	195.3	-
1973	291.6	9.6	301.2	-
1974	274.8	21.4	296.2	12.9
1975	333.4	38.1	371.5	16.8
1976	367.9	52.7	420.6	25.8
1977	398.9	47.0	445.9	36.0
1978	385.7	56.6	442.3	31.2
1979	297.3	40.8	338.1	21.4
1980	426.8	60.0	486.8	14.9
1981	491.3	51.6	542.9	14.9
1982	596.9	58.9	655.8	5.0
1983	337.7	63.3	401.0	12.8
1984	239.8	26.8	266.6	12.4
1985	230.0	25.0	255.0	-

Source: UNIDO Industrial Development Review Series, Nigeria, 21 December 1988.

capacity of the industry in 1986–87 was put at 675,920 spindles and 17,541 looms (Bugaje, Hamalai, and Indabawa 2002, 18). By then, the textiles industry had become a natural lead sector of the economy and one of the major sources of foreign exchange earnings and a large employer of labour. Regrettably, Nigeria has become a dumping ground for mostly smuggled fabrics and even second-hand prohibited harmful textiles. The textile sub-sector has become the major pawn in the slump in the manufacturing industry. Since 2000, its contribution to the entire manufacturing output has dropped continuously and considerably. Currently, the sector adds less than 1% to the total manufacturing value added used to calculate GDP (Aremu 2015, 43).

Conclusions and future work

This briefing studied the crisis in the textile industry in Nigeria. The research presented the profile, growth and decline of the Nigerian textile industry, focusing more on the contemporary period. The main focus was on how Chinese global economic competitive advantage impedes industrial development in Nigeria. The textile industry in Nigeria was developing from the period of independence through the 1970s and early 1980s. The sector, however, began to decline in the decades that followed owing to importation of Chinese textile products into the country that became more competitive. This posed a serious threat to the survival and development of the textile sector in the country, pushing it into an eventual decline and towards imminent collapse. The threat affected textile production in the country owing to massive dumping of textile products in the country.

By 2008, over 160 textile companies had closed down, which constituted 90% of the Nigerian textile industry. Capacity utilisation is estimated at less than 20% with 10 companies employing barely 18,000 workers from the 250,000 employed previously. Over 2 million Nigerians whose jobs were connected to the industry, such as traders, contractors, cotton farmers and the dependants of textile workers, have lost their means of livelihood mainly as a result of the China factor. The challenge posed to the industry by the rise of Chinese textile imperialism has continued with growing intensity, leading to economic dislocation with adverse effects on the Nigerian economy. This research is significant in the domain of the most critical aspect for developing countries, economic growth, which is needed for development. In developing societies today, the textile sector has come to occupy an important place in terms of its contribution to production, employment, national output and exports. Further work is required to investigate the status of supporting infrastructure, security and the business environment.

Acknowledgements

We would like to thank the Nigerian Textile Manufacturers Association, the Manufacturers Association of Nigeria, and the National Union of Textile, Garment and Tailoring Workers of Nigeria for their contributions to the development of this briefing.

Disclosure statement

No potential conflict of interest was reported by the authors.

Funding

This work was supported by Tertiary Education Trust Fund, reference TETF/ES/AST&D/UNIV/WUDIL.

Notes on contributors

Murtala Muhammad is an editor of *Technoscience Africana Journal*, Editor-in-Chief of Kano University of Science and Technology (KUST) Wudil Book Series and Managing Editor of KUST *News Flash*. He is presently a researcher at the University of Malaya.

Mansur Ibrahim Mukhtar is a professor in African economic history. He is Head of the Department of History and International Studies, Northwest University, Kano, Nigeria.

Gold Kafilah Lola is a researcher at the Department of Economics, University of Malaya, and has research interests in development economics.

References

Adebajo, Adekeye, and Abdul Raufu Mustapha, eds. 2008. *Gulliver's Troubles: Nigeria's Foreign Policy after the Cold War*. Scottsville, South Africa: University of KwaZulu-Natal Press.

Amin, S. 2001. *The Political Economy of Africa in the Global System*. Mimeograph.

Amuwo, K. 2001. "Globalization and the Crisis of Higher Education in the South: Case Studies of South Africa and Nigeria." Paper presented at the Center for Advanced Studies of African Society (CASAS), Johannesburg, March 21–22.

Aremu, I. 2005. *End of (Textile) Industry? A Critical Study of the Collapse of Textile Industry in Nigeria and the Implications for Employment and Poverty Eradication*, 2–31. Study for Friedrich Ebert Stiftung. Lagos: Frankad Publishers.

Aremu, I. 2015. *Reflections on Industry and Economy*, 43–81. Lagos: Malhouse Press Limited.

Askouri, A., ed. 2007. *China's Investment in Sudan: Displacing Villages and Destroying Communities*. Cape Town: Fahamu Books and Pambazuka Press Publication.

Buckley, P. J. 2007. "The Strategy of Multinational Enterprises in the Light of the Rise of China." *Scandinavian Journal of Management* 23 (2): 107–126.

Buckley, P. J., and P. N. Ghauri. 2004. "Globalisation, Economic Geography and the Strategy of Multinational Enterprises." *Journal of International Business Studies* 35 (2): 81–98.

Bugaje, U., L. Hamalai, and S. A. Indabawa. 2002. *On Industrial Development of the Northern States of Nigeria*, 18–67. Abuja: National Development Project.

Chomsky, N. 1999. *Profit Over People: Neoliberalism and Global Order*. New York City: Seven Stories Press.

Dunn, B. 2015. *Neither Free Trade Nor Protection: A Critical Political Economy of Trade Theory and Practice*. Cheltenham, UK: Edward Elgar Publishing.

Eisenman, J., and Joshua Kurlantzick. 2006. "China's Africa Strategy." *Current History* 105 (691): 219–224.
Frishman, A. 2001. "The Economy of the Kano Region of Nigeria in 2001: The Rise and Fall of Manufacturing." Paper presented at the African Studies Association, Houston, Texas: 26.
Isichei, E. 1983. *A History of Nigeria*. London: Longman.
Lafargue, F. 2005. "China's Presence in Africa." China Perspectives 61: 2–9.
Lall, S., and M. Albaladejo. 2004. "China's Competitive Performance: A Threat to East Asian Manufactured Exports?" *World Development* 32 (9): 1441–1466.
Leonard, T. 2006, August 4. "Africa Looks East for Economic, Political Salvation." *Standard* (Hong Kong).
Lyman, P. 2005. "China's Rising Role in Africa: Testimony." Presentation to the US-China Commission. New York: Council on Foreign Relations. https://www.cfr.org/report/chinas-rising-role-africa.
Mawdsley, E. 2008. "Fu Manchu versus Dr Livingstone in the Dark Continent? How British Broadsheet Newspapers Represent China, Africa and the West." *Pambazuka News*. http://www.pambazuka.org/en/category/comment/45593.
Mohan, G., B. Lampert, M. Tan-Mullins, and D. Chang. 2014. *Chinese Migrants and Africa's Development: New Imperialists or Agents of Change?* London: Zed Books.
National Bureau of Statistics (NBS). 2015. "Annual Abstract of Statistics." Abuja, Nigeria: NBS.
Norberg, J. 2006. "China Paranoia Derails Free Trade." *Far Eastern Economic Review* 169 (1): 46–49.
Obeng-Odoom, F. 2015. "Africa: On the Rise, but to Where?" *Forum for Social Economics* 44 (3): 234–250.
Ong, A. 1997a. "Chinese Modernities: Narratives of Nation and of Capitalism." In *Ungrounded Empires: The Cultural Politics of Modern Chinese Transnationalism*, edited by A. Ong and D. M. Nonini, 171–202. New York: Routledge.
Ong, A. 1997b. "'A Momentary Glow of Fraternity': Narratives of Chinese Nationalism and Capitalism." *Identities Global Studies in Culture and Power* 3 (3): 331–366.
Paden, J. N. 1986. *Ahmadu Bello, Sardauna of Sokoto: Values and Leadership in Nigeria*. London: Hodder and Stoughton.
Park, Y. J., B. Lampert, and W. Robertson. 2016. "Editorial: China's Impacts on Africa's Development." *African Review of Economics and Finance* 8 (1): 3–11.
Renne, E. P. 2015. "The Changing Contexts of Chinese-Nigerian Textile Production and Trade, 1900-2015." *TEXTILE* 13 (3): 212–233.
Rotberg, R. I. 2009. *China into Africa: Trade, Aid, and Influence*. Washington, DC: Brookings Institution Press.
Sautman, B. a. H., Yan. 2007. "Friends and Interests: China's Distinctive Links with Africa." *African Studies Review* 50 (3): 75–114.
Seyoum, B. 2007. "Trade Liberalization and Patterns of Strategic Adjustment in the US Textiles and Clothing Industry." *International Business Review* 16 (1): 109–135.
Smith, A. 2005. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Electronic Classics Series Publication. Hazelton, PA: Pennsylvania State University. http://eet.pixel-online.org/files/etranslation/original/The%20Wealth%20of%20Nations.pdf.
Taylor, I. 2009. *China's New Role in Africa*. Boulder, CO: Lynne Rienner Publishers.
UNIDO [United Nations Industrial Development Organization]. 2003. *Industrial Development Review Series*.
Widdershoven, C. 2004. "Chinese Quest for Crude Increases Focus on Africa." *Energy Security*, November 15.
Zeleza, P. T. 2008. "Dancing with the Dragon: Africa's Courtship with China." *The Global South* 2 (2): 171–187.
Zeleza, P. T. 2014. "The Africa-China Relationship: Challenges and Opportunities." *Canadian Journal of African Studies/La Revue canadienne des études africaines* 48 (1): 145–169.