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# Nigeria's ailing cotton industry seeks reformation

The global cotton industry is currently worth an estimated \$38.45 billion and expected to reach \$46.56 billion by 2027 with a compound annual growth rate (CAGR) of 2.74 percent within the period in review, the global market data finds.



The remunerative opportunities in cotton farming as a major cash crop have also proven to be economically extensive given cotton's numerous derivatives and value chain, including cotton fibres spun into threads used in making textiles, yarn production used in crochet and knitting, production of cotton buds and cotton wool, production of currencies such as the euro and the US dollar, among other uses.

Mukhisa Kituyi, former secretary-general, United Nations Conference on Trade and Development (UNCTAD), said cotton's many industrial applications make it an ideal foundation for upgrading and diversification strategies that allow producing countries to benefit more from trade.

Analysts contend that Nigeria can benefit immensely from the multibillion-naira industry if it fully maximises its potential in cotton production. They further emphasise that cotton production presents a viable means of generating significant revenue amid shortfall in Nigeria's oil revenue and as the country creeps towards economic diversification.

In Nigeria, cotton production has been discovered to flourish best in the savannah region consisting of the northern and southwestern parts of the country. Katsina is rated the largest cotton producing state in the country, while Bauchi, Bauchi, Borno, Gombe, Jigawa, Kaduna, Kebbi, Kwara, Ogun, Ondo, Oyo, Plateau, Sokoto, Taraba, Yobe and Zamfara States are recognised as major locations where the crop can thrive under proper management practices.

Adeniyi Adebayo, minister of industry, trade and investment, said cotton production has the capacity to transform Nigeria's rural economy and revive the textile and garment industries by creating over two million jobs.

Adebayo also stated that the sector has the potential to improve internal revenue across the three tiers of government, reduce \$4 billion import bill incurred annually on textile and apparel, earn foreign exchange and make Nigeria a global player in textile and apparel.

Recounting the dominant role cotton once played in Nigeria's economy, the minister said the country was home to Africa's largest textile industry in the 1970's and early 1980's, with over 180 textile mills which employed close to over 450,000 people and contributed over 25 percent of the workforce in the manufacturing sector.

"Today, most of those factories have all stopped operations, textile factories are operating at below 20 percent capacity with a workforce of less than 20,000 people," the minister said.

In its assessment of Nigeria's cotton production capacity, Financial Derivatives Company Limited (FDC) said that in 2010, the country recorded a total production capacity of 602,440 metric tonnes and was rated Africa's largest cotton producer and 12th largest producer globally.

The Lagos-based business information, economic data and research company, however, reported a decline in Nigeria's cotton production, noting that the country's cotton output plunged by 51.66 percent to 291,207 metric tonnes in 2017, falling to sixth position in Africa's production ranking and 22nd in the world. Export revenue from cotton also plunged from an estimated \$570 million in 2010 to \$6.07 million in 2017.

By the end of 2020, Nigeria's cotton production share in Africa stood at 27.89 percent, another report conducted by the Organisation for Economic Cooperation and Development (OECD) and the Food and Agriculture Organisation (FAO) showed. The OECD-FAO agriculture outlook, however, warned that the country's production share in the continent is likely to decline by 7.60 percent in 2029 unless the country intensifies efforts to ramp up production.

The sharp decline in Nigeria's cotton production has been attributed to a number of hindrances including low yields due to poor quality seeds, pest damage, loss in production caused by insect infestation, low yield, and conflict in demand and supply.

The downward movement in production has also been pinned on the collapse of local textile industries following the influx of foreign fabrics of inferior qualities which were sold at cheaper rates. The foreign brands gradually dominated the Nigerian markets to the detriment of local manufacturers who were hitherto largest consumers and processors of locally grown cotton.

Nigerian Investment Promotion Commission (NIPC), in its opportunities and incentives report, divulged that Nigeria was once at the forefront of the textile industry in Africa, with over 250 factories all operating above 50 percent capacity with the use of home-grown cotton.

“The rising importation of cotton fabrics from China and other foreign countries made local production an unattractive venture and also discouraged local farmers whose sources of livelihood diminished consequently,” the report stated.

Salmana Abdullahi, president, Cotton Ginners Association of Nigeria, blamed state governments in cotton producing regions of the country for failing to invest in the cotton industry.

“There are 26 cotton growing states in Nigeria and each of these states has a Ministry of Agriculture with directors and the rest who get paid salaries despite failing to perform their duties and instead, leave everything to the private sector and federal government. None of the states is showing key interest to ensure that the farmers are maximally utilized and encouraged to produce,” he said.

Hamma Kwajaffa, director general, Nigerian Textile Manufacturers Association (NTMA), said the country spends about \$4 billion annually on import of textiles and ready-made clothing from other cotton-producing countries albeit at cheaper rates, which makes it extremely difficult for local industries to operate or compete favourably.

Kwajaffa also blamed the illicit activities of textile counterfeiters for the decline of the local industry.

According to him, the counterfeiters take local textile designs to China where substandard materials are produced, transported to Nigeria and sold for lower rates compared to the original quality sold by the local producers, tactically pushing them out of the market.

He asserted that to resuscitate private sector investments in the cotton and textiles industries, the government needs to sustain import ban on textile and also check the activities of counterfeiters by properly manning the borders.

### **Restructuring the Nigerian cotton sector**

Commenting on how the cotton production can be improved, Solomon Bamidele, a biotechnology cotton researcher and professor of Chemical Engineering, emphasised the need to adopt biotechnology to produce high-yielding pest/drought resistant crops. He also called for increased financial support to farmers as well as agricultural institutes to facilitate implementation of breeder and foundation seeds to meet the industry’s demands and address lack of properly treated and certified planting seeds.

Bamidele also suggested the implementation of policy measures by the government to regulate cotton price as well as establishment of more extension linkages to enlighten cotton farmers on the adoption of new cultivation techniques, appropriate planting operations and innovations to encourage maximum productivity.

On the restoration of the once-boisterous cotton industry, the National Cotton Association of Nigeria (NACOTAN) called on the federal government to implement and promote special intervention programmes towards reform of the industry, adding that the prevailing global economic development calls for a wider and more sustained approach to dealing with the challenges in the industry.

Anibe Achimugu, president of the association, argued that a revival of the sector would not only boost youth employment, but also help to address worrying cases of restiveness, banditry, drug abuse and emigration issues among the youths.

Achimugu, who described the cotton industry as the second largest employer of labour in Nigeria, added that the development of cotton production will enable the industry to contribute its quota to the economic development of the country.

On a positive note, the NACOTAN president said the intervention of the CBN-facilitated Anchor Borrowers' Programme (ABP) in the cotton industry, including the approval of a N19.18 billion loan to nine cotton processing firms to boost mainstream operations and productivity, would lead to an increased production of quality cotton.

Meanwhile, industry experts have advised that the cotton industry shouldn't be solely focused on textile production but should be extended across value-addition ventures such as the pharmaceutical industry, consumer goods industries, beauty and cosmetic industries and other numerous sectors.

They pointed out that this would further enhance the commercial and export value of the cash crop, create job opportunities for thousands of Nigerians involved in the value chains and also revamp cotton's potential as a leading commodity in the country's economic diversification plan.