



Raw Materials Research and Development Council

**STRATEGIES FOR HARNESSING THE POTENTIALS OF THE
TEXTILE, WEARING APPAREL, CARPET, EATHER AND
LEATHER PRODUCTS INDUSTRIES IN NIGERIA**

ON

**REPORT OF TWO SEMINARS ORGANIZED BY THE RAW
MATERIALS RESEARCH AND DEVELOPMENT COUNCIL
(RMRDC) AND MANUFACTURERS ASSOCIATION OF NIGERIA
(MAN)**

**LAGOS, JULY 24, 2002
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INTRODUCTION

Two seminars on “**Strategies for Harnessing the Potentials of the Textile, Wearing Apparel, Carpet, Leather and Leather Products Industries in Nigeria**” were organized by the Raw Materials Research and Development Council (RMRDC) in collaboration with the Manufacturers Association of Nigeria (MAN). They were held at the Adeola Odutola Conference Hall, MAN Headquarters, 77, Obafemi Awolowo Way, Ikeja on 24th July, 2002 and at Nigerian Textile Manufacturers Association (NTMA) Secretariat, Kaduna, on 7th August, 2002 respectively.

The two seminars were chaired by the Director-General of MAN, Engineer Olawale Akinpelu and his representative, in Lagos and Kaduna respectively. He also gave the opening address.

The seminars were well attended by members of the Textile, Wearing Apparel, Carpet, Leather and Leather Products sectoral group, government officials, non-governmental organizations and private individuals. The RMRDC was represented by the Director-General, Alhaji Abubakar Abdullahi and two Directors, Mr. B.A. Adegbesan and Mr. R.N. Ihenacho.

The seminars on the Textile and Allied Industries were the second in the series of Seminars to be organized jointly by RMRDC and MAN to address the problems of the different sectoral groups of MAN, especially with respect to local sourcing of raw materials. The series of seminars are to provide opportunity for the different sectoral group members, relevant government officials and other stakeholders to deliberate on problems of the manufacturing sector and influence policy decisions. As with the previous seminar on chemical and pharmaceuticals sector, the recommendations from these recent seminars would be canvassed by RMRDC at the appropriate level of government while RMRDC and MAN would undertake all necessary follow-up actions.

The theme of the seminar was addressed through:

- a) An opening address given by the Director-General of MAN, Engr. Olawale Akinpelu and
- b) Two paper on:
 - (i) Boosting Capacity Utilization of the Textile and Allied Industries in Nigeria, delivered by the Chairman, Textile, Wearing Apparel, Carpet, Leather and Leather Products Sector, who was represented by Mr. J.P. Olanrewaju, the Executive Director of N.T.M.A.
 - (ii) Prospects and Challenges of Local Raw Materials Sourcing for the Textile and Allied Industries presented by Alh. Abubakar Abdullahi, DG(RMRDC).
- © Syndicate groups in accordance with the different sub-sectoral groups were formed to enable participants discuss the various problems and agree on recommendations.

The Textile and Allied sectoral group is made of the following:

1. Textile: Spinning, weaving and Finishing Textile (This accounts for about 75% of the membership and are mostly vertically integrated).



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2. Made up Textile Goods
3. Knitted goods
4. Cordage, rope and twine
5. Tarpaulin, imitation leather, umbrella, zip etc
6. Carpets and rugs: This group came into existence in the 70s
7. Wearing apparels : suits, shirts, pants , children/ladies wares, singlets ,local attires etc. is grossly inadequate. There is also need for manufacture of components like buttons, threads, pins linings, stiffeners etc.
8. Tailoring and embroidery.
9. Footwear : various kinds of shoes leather : Tanneries , bags etc.

Many industries , in this sector have produced far below their installed capacities occasioned by lack of conducive environment caused by:

- Exchange rate instability.
- Increased smuggling activities.
- Importation of second hand clothing.
- Infrastructure inadequacies and deficiencies.
- Sharp and consistent rise in production cost.
- High Customs tariffs on raw materials.
- Increase in taxes and levies by the various tiers of government.
- Influx of foreign textile fabrics, garments shoes/bags and carpets.
- High cost of funds.
- Unstable government policies to mention but a few.

(i) THE TEXTILE SUB-SECTORAL GROUP.

The Nigerian Textile Industry occupies a place of dominance in Nigerian Industrial scene. It used to be the largest single non-governmental employer of labour while its contribution to the GAP was second only to the Food, Beverages and Tobacco Sector. It must be admitted that Textile manufacturing has been an aged –old cottage industry in Nigeria, considering that the Aso-Oke , Akwere as well as the famous dyeing pits of Kano constitute part of our cultural heritage that have refused to be intimidated into submission even with the modern day textile technology and processes.

The real textile manufacturing establishments started in the 1950s. In view of the capital intensiveness of the industry, it was difficult for single individuals to muster requisite financing to establish textile factories. Hence, the first factories were those embarked upon by regional government as deliberate programmes of promoting industrial development through a policy of import- substitution industrialization. This gave birth to the establishment of such integrated composite textile mills like- Kaduna Textiles Ltd . in 1956, Nigerian Textile Mills Ltd in 1962, followed by Aba Textile mill and Bendel mills Ltd. in Asaba.



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The manufacturing inputs in the Textile industry include the following:-

1. Chemicals and dyestuff
2. Machinery and spare parts
3. Cotton and starch
4. Petroleum, oils and lubricants
5. Power .
6. Water.

As at now dyestuff chemicals cannot be sourced locally until the completion of petrol-chemical plants at Kaduna and Eleme. The textile industry will therefore continue to import them.

CURRENT SITUATION.

As from January 1997, the Federal Government lifted the ban on the importation of Textile because of the WTO Agreement, to which the Government was a signatory. This singular act of Government had a devastating effect on the textile industry viz.

- (a) Our markets are filled with dumped finished textile
- (b) Second hand clothing, though still banned, could be found in the all nooks and crannies of the country.
- (c) Producers and distributors are carrying a lot of unsold stock
- (d) The industry's capacity utilization had gone down to less than 30%
- (e) Many of the companies have closed down (at least 35 at the last count) while thousand of jobs have been lost, to the extent that we now have less than 70,000 workers in the industry.

Due to globalization and liberalization of the world economy, all our chances of export to the West African sub-region, and even Europe had been blocked because we cannot compete with cheap articles coming from the South East Asia. Our cost structure made us uncompetitive. The industry's operation is at its lowest ebb.

Trade Liberalization or Globalization notwithstanding, the view of our industry is that there should still be some restrictive measures put in place to reduce the rate of dumping of goods into the country. May be, besides the food industry, dumping has seriously affected other industries in the manufacturing sector of the economy.

The line of employment has drastically reduced due to closures and retrenchments. Instead of expanding, integrating and consequently creating more jobs, we are shrinking as a workforce unit and new investments are almost impossible. Some of the problems were observed to be;



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1. Foreign Exchange: Because of the high rate of exchange rate it is very difficult to import required inputs of productions such as machinery, spare parts, dyestuff and chemicals which are not available locally.
2. Increase smuggling activities especially through the porous borders and airports. Also the smuggling of high taste and fashioned textiles like guinea brocade, lace, wax jacquard, second hand carpets, shoes and bags has made some mills to completely close.
3. Poor market situation as a result of low purchasing power and lifting of the ban on textile fabrics. Our market is further affected by the devaluation of C Franc and dumping in the West African sub-region, which used to be our major market.
4. Infrastructural inadequacies:
 - a. Because of unsteady power supply, mills have to purchase generators, which are very costly coupled with hardship of high maintenance cost. Most generators use gas which is not easily available and when it is secured it is always at a very high cost. The high rate of NEPA bill has also raised production cost tremendously. The constant taking off of electricity supply when the process of printing is going on usually leaves a mark, which affects the quality and increase our damages.
 - b. High rate of water bill coupled with irregular supply has compelled some mills to embark on expensive digging of boreholes to cope with production needs
 - c. Water Treatment Plants which is a requirement of FEPA and State Environmental Protection Agencies are very expensive.
5. Sharp rise in manufacturing costs in the following areas:
 - i. Yarn/cotton
 - ii. Dyestuff and Chemicals
 - iii. Salaries and wages (growth)
 - iv. Maintenance
 - v. Rent and rates
 - vi. Electricity bill
 - vii. Water bill
 - viii. Transportation/Communication
6. High Custom Tariff: Some of the Custom tariffs on machinery, spare parts, chemicals and dyestuff are still high despite the fact that government had further reduced it.



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7. Mounting of taxes and levies by Federal, State and local Governments: Even though government has streamlined some taxes, new ones are being introduced by some state governments.
8. High interest rates
9. Lifting of the ban on textile fabrics: Since the lifting of the ban on importation of textile fabrics as a result of signing of WTO Agreement, Nigeria has continuously become a dumping ground for Asian products which are selling at 2/3rd ex-factory prices of Nigerian made fabrics. Many factories are carrying huge stocks which customers refuse to take, as the price of local products are no longer competitive. There is serious smuggling and mills forced to run at very low capacity utilization. Our investigations and information from shipping lines indicate that 20,000 containers of textile materials from Asia came into Nigeria in 2001, which represent two billion metres of fabric. The total production in Nigeria now is 500 million metres. Imported textiles, are not only four times the quantity of locally produced textiles, most of the imported goods do not pay the prescribed duty, which makes it possible for these goods to flood the market and to sell at 2/3rd of the price of locally manufactured goods.

To curb dumping, the following were suggested:

- (a) Selective restriction should be imposed: Importation of African prints and Wax print should be restricted, at least, the textile industry has enough capacity to satisfy the domestic need both in quality and quantity .
- (b) Remedial measures should be put in place to check illegal imports in all its ramification.
- (c) Importation of textile and garment through land borders should be stopped. All imports should come through Apapa Port only.
- (d) Import duty on textile products including remnants, should be uniform i.e. 75%
- (e) Import of textile intermediates like yarn and grey cloth should only be by bonafide textile mills as certified by NTMA.
- (f) Introduce attractive incentives for Customs to encourage them seize illegal imports as it is done in other countries.

RECOMMENDATIONS

What Government should do

In order to fully enjoy the concessions on tariff by Government, allow for full production, generate employment and to boost capacity utilization, government should consider the following recommendations:



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1. Government should create formidable climate for the industry to survive by formulating a textile policy especially the continued protection of local mills. The sector is of such importance that most countries produce their own textile goods and such textile production capacity is often protected by highly formulated economic policies. An example is what the government should do when there is glut in cotton production and when there is a fall. Aggressive export and import policies should be formulated. Government should discourage our present craze for imports to the extent that almost every thing is being imported into Nigeria today.
2. Lifting of the ban on textiles should be reconsidered in order to sustain the 198 textiles and allied industries e.g., India has banned all importation of fabrics in order to protect its local mills. Even the most developed countries including USA, the EEC countries and Japan specify quotas and other quantitative restrictions on the importation of textile fabrics. The issue of the WTO should be revisited; allowing the ban for a five-year grace period before full lifting is implemented. If the ban must have to stay, the following should be done:
 - i) Increase the customs duty on imported fabrics to 150% and enforce compliance
 - ii) All textile fabrics imported into the country should come through designated Nigerian ports and not through land borders. Textile fabrics should not be treated as goods in transit to any of the land locked West African countries i.e. all trans-shipments through Nigerian ports to West African Countries should be disallowed.
 - iii) Enforce the use of computerized machines at ports to check correct grammage, under-pricing, under-invoicing etc.
 - iv) The National Assembly should intensify efforts to pass the anti-dumping bill before it.
3. The reduction of custom duties in dyestuff and chemical tariffs is appreciated, yet it is still on the higher side. We therefore, strongly appeal to government to reduce tariff on dyestuff chemicals to 5% and machinery and spare parts to 0% since these items are not available in the Country and are vital raw materials that will actually help local manufacturers reduce the production cost and be able to compete favourably with imported goods.
4. Smuggling should be seriously checked at borders and airports: the high rate of smuggling of foreign fabrics, carpets, shoes and leather into Nigerian markets is threatening the survival of many industries. Government should intensify efforts in combating smuggling through market raids, using special anti-smuggling force, hard prison penalty for smugglers and re-orientation of the Nigerian people through the National Orientation Agency for the preference of made in Nigeria goods to the foreign ones. The high incidence of smuggling makes most of our expansion and developmental efforts a futility and seriously reduce capacity utilization.
5. In order to fully enjoy the concessions given in the 2002 budget and allow for full production and generate more employment, we enjoin government to reduce electricity and water tariffs, improve transportation and telecommunication. We are equally calling on government to make easily available and at concessionary prices, LRS, AGO, GAS and PMS which are very vital ingredients



Raw Materials Research and Development Council

of production and which are being purchased at high prices. When these concessions are given, there will be more production for export and full capacity utilization.

6. Government should request the state governments to set up cotton gazetted markets and machinery for grading Nigerian cotton.
7. Fertilizer should be provided to cotton farmers at subsidized rates.
8. Government should declare the industry as a special area considering our positions as provider of clothing- one of the essential means of livelihood. It is particularly important to point out that food, clothing and shelter are the basic needs of man for survival and it is necessary for nation to attain self-sufficiency in providing these basic needs. The government has followed this dictum tenaciously in the past by creating the Ministry of Agriculture and Natural Resources for FOOD, Ministry of Works and Housing for SHELTER, a Ministry of Textiles should therefore be created in order to take care of the CLOTHING needs of Nigerians.
9. Government should develop the culture of using made in Nigeria goods e.g. Armed Forces, Police, Customs and Immigration Uniforms should be made from Nigerian fabrics. They should also use Nigerian leather shoes.
10. All Government must encourage its officials to wear Nigerian fabrics at every occasion
11. Government to intensify efforts to complete the petro-chemical industries at Kaduna and Eleme.
12. More incentives for export to be provided
13. Reduce the current bank interest rates
14. Stabilize foreign exchange rate to reasonable level
15. Request state governments to reduce taxes and levies and stop introducing new ones.
16. Improve security of lives and property
17. Reduction in duty on imported raw materials (government has done a lot on this).
18. Cost of fund is a disincentive to investors, so cheap funds should be available for those who want to upgrade their facilities.
19. Selective restrictions should be imposed: importation of African prints and wax prints should be restricted; at least, the textile industry has enough capacity to satisfy the domestic need both in quality and quantity.
20. Remedial measure should be put in place to check illegal imports in all its ramifications.
21. Import duty on textile products including remnants, should be uniform i.e. 75%



Raw Materials Research and Development Council

22. Import of textile intermediates like yarn and grey cloth should be only by bonafide textile mills as certified by NTMA
23. Introduce attractive incentives for customs to encourage them seize illegal imports as it is done in other Countries
24. Stop infringement and copying of our trade marks by foreign producers which causes confusion in the market with regards to price and quality

WTO and Capacity Utilization

Nigeria's signing the WTO agreement in 1995 and the subsequent lifting of the ban on textiles has encouraged dumping and smuggling of fabrics into the markets thereby creating poor market situations and eroding employment capabilities and further reducing our capacity utilization. In view of this, the government should consider the following.

1. Re-examine the agreement with a view of considering the survival of the local industries by causing the Organization to appreciate the peculiarities of our economic structure which cannot react favourably to full liberalization
2. Nigerian should therefore seek for monetarium of 5-6 years to enable us improve our economic base for it is not in the interest of Nigerian economy to expose our industry to uncontrolled importation of goods.
3. Before going fully into the WTO, Nigerian economy or business environment must be improved especially in the areas of infrastructure e.g. NEPA, Water, Transportation, Communication, Petro-chemical industry, corruption etc.
4. Advanced Countries that completely agree with WTO have high technology and cheaper services
5. Private sector must be involved in future agreement on WTO

What the Industry should do to Boost Capacity Utilization

1. Develop standards and quality: The economic problems should not be a guarantee for providing poor materials
2. Embark on intensive export drive in order to earn more foreign exchange. We should utilize the provision of AGOA to export to USA, quota and duty-free. This is a great opportunity. Textile industries are not exporting to African Countries, Europe, and America.
3. Increase international competitions on design and quality
4. Intensify research especially in the development of raw materials



Raw Materials Research and Development Council

5. Must develop planning and utilization of available resources
6. Should maintain good industrial harmony with employees
7. Government and industry must co-operate through constant discussions

The Roles of Employers and Union In Boosting Capacity Utilization

1. The Employer and Union must be involved in a strategy that will reduce waste and improve efficiency
2. Develop standards
3. Improve communication from management to union, from union to shop stewards, and from shop stewards to the generality of workers
4. Cost reduction programme: Employers to motivate Union to accept responsibility during difficult times.
5. Create good image
6. Abide by government legislation
7. Provide sufficient security for employees in the area of safety and health
8. Give full recognition to union: Do not shun the Union at difficult times you may equally need them to help you solve your problems
9. Employers to involve in optimum organizational performance. Do not hide under the cover of this difficult period to produce poor quality materials and maltreat workers
10. Maintain effective collective bargaining
11. Recession should not be used to run away from obvious responsibilities by employer

ii) WEARING APPAREL GROUP

The group acknowledged the availability of its raw materials, which are imported though not very affordable. The sub-sector however presented the list of problems still facing the group as follows:

- Sub-standard quality of finished goods
- Dearth of manpower/personnel
- High cost of production which is as a result of the Country's low level of technology
- Unpredictable power supply and poor infrastructural facilities



Raw Materials Research and Development Council

In addition to the general recommendations of the textile and allied sector, the group is recommending the following to the Government and Private Sector, respectively.

The Government has a major role to play in the sustainable development and growth of the sector by:

- i. policy legislation/inducement of the dress code for government functionaries as a way of stimulating local patronage
- ii. compelling National Orientation Agency to intensify its reorientation campaign on consumption of Nigerian products and services
- iii. Large-scale dissemination of information on the benefits of the American Growth Opportunities Act (AGOA), especially in respect of standardized product specification for America.
- iv. Improvement of infrastructural facilities and accessories
- v. Reduction of duty on equipment/machinery and accessories
- vi. Establishment of technical colleges and institutes and the employment of foreign teachers as a strategy for technology transfer and adaptation
- vii. Assisting and supporting members in the attendance of international investment summit, trade fairs and exhibitions
- viii. Providing funds for credit

iii) LEATHER AND LEATHER PRODUCTS GROUP

The syndicate group agreed that the major factors affecting capacity utilization of all industries will have to be addressed to bring down high cost of production due to decaying industrial infrastructure including energy, water and communications

For the leather industry, the major problem is that of shortage of the raw materials (properly processed, hides and skins) for those involved in the use of natural leather. The major problem for the synthetic leather users group is shortages of such raw materials as PVC, plasticizer, stabilizer, pigments and dyestuff. The other problem is that of limited knowledge by the custom officers who inspect imported raw materials into the Country. The misinterpretation of the tariff code results in high duty on the imported raw materials for the synthetic leather industry

CURRENT SITUATION

Tanning and finishing of leather in the mechanized way started more than 50 years ago in Kano. John Holts Group established the first factory in 1949, followed by Great Northern Tanning Co. Ltd. in 1964. CFAO established International Tanners Ltd. (Intertan) in 1974 while SCOA followed 4 years later by establishing Tanarewa Ltd all in Kano. At present there are no less than 25 tanneries in Kano, 3 in



Raw Materials Research and Development Council

Sokoto, 2 in Lagos and one each in Maiduguri and Gusau. There are also some unmechanized native tanning units mainly in Sokoto and Kano.

Reasons why Nigerian hides are not fully utilized by the tanneries were observed as follows;

- (i) Nigerian cattle are too small in size producing small hides of an average of 20sq.ft per piece as compared to 60sq.ft. of European and American hide.
- (ii) Poor animal husbandry due to the absence of commercial livestock farming
- (iii) Lack of modern abattoirs, majority of animals are not slaughtered in abattoirs, but on the slaughter slabs
- (iv) Poor flaying and handling, due to the absence of flay masters in the slaughter slabs and even in the modern abattoirs. Flaying under these condition produce poor quality hides
- (v) Lack of modern curing facilities; raw hides are liable to putrefaction after flaying unless they are properly cured either by drying or by salting. None of these are practiced properly in Nigeria. The producers do not consider it necessary to undertake the curing of the hides because ultimately, it is going to end up in the cooking pot instead of in the tannery

The estimated installed capacity of hide-based tanneries is about 300,000 pieces, which equaled to about 6 million sq.ft. while the current production capacity is about 100,000 pieces which is equivalent to about 2 million sq.ft. which amounted to about 33% capacity utilization.

Other reasons why capacity utilization in the tanneries are low besides human consumption were agreed to be as follows;

- (a) High prices of hides due to competition with the market women
- (b) Large scale importation of second hand footwear
- (c) The installed machinery and equipment are obsolete which are not capable of producing high quality leather for the footwear or furniture and automobile
- (d) The position of skin based tanneries were observed to be more favourable because goatskins and sheepskins are available and of good quality. All the tanneries in Nigeria have the capacity to produce wet-blue which only about 10 of them can produce crust leather while about 5 have installed the necessary machinery and equipment to produce finished leather

Other factors leading to low capacity utilization in the leather industry were enumerated as follows:

- (1) Installed plant and machinery are old and obsolete. Most tanneries import second hand machinery due to lack of necessary finance to install modern and sophisticated plant and machinery capable of producing good quality finished leather than can compete favourably in the international market.



Raw Materials Research and Development Council

- (2) Lack of good and efficient management
- (3) Inadequate working capital
- (4) High bank interest rates on lending
- (5) Reliance on contract tanning of wet-blue. The export, which was banned in the 1998 budget
- (6) The shifting of world leather production from Western Europe their main market to Asia pacific region especially China
- (7) High price of rawhide and skin
- (8) Collapse of Nigerian footwear industry
- (9) Massive importation of second hand shoes
- (10) Spare parts for plant and machinery have to be imported at high price due to the falling exchange rate value of the Naira
- (11) About 80% of chemical used in processing have to be imported

PROBLEMS FACING THE FOOTWEAR AND LEATHER GOODS INDUSTRY:

1. Lack of sufficient finished leather because tanneries are exporting most of their products in the wet-blue form instead of finishing for the footwear and leather goods industry
2. Human consumption of rawhide, which deprive the leather industry of its vital raw material.
3. Smuggling of second hand footwear
4. Importation/dumping of cheap and inferior footwear made of plastics from Asia Pacific Countries particularly China
5. Lack of government patronage such as boots, belts and other accessories used by the security agents, which are all imported by the government instead of purchasing them from the local footwear and leather goods manufacturers
6. Lack of research and development by the manufacturers and absence of an institute that teaches good designing, styling and marketing skills. These are important elements in marketing of footwear and leather goods. For example footwear designed by a multinational company such as Nike will purchase from a manufacturer at say \$8 pair in China but will appear in the High Street Shop in New York for \$50.
7. Almost all components and accessories in the manufacture of footwear and leather goods have to be imported.



Raw Materials Research and Development Council

8. Due to the protection given to the industry in the 1978 budget, by banning import of footwear and leather goods, the industry had failed to utilize this protection to build a strong and competitive one.

RECOMMENDATIONS

To increase quality and quantity of raw hides and skin the Federal and States Ministry of Agriculture and Natural Resources should take the following measures.

- (a) Rehabilitation of all abattoirs and slaughter slabs and construction of new ones.
- (b) Provide modern flaying machines known as “flay masters” in abattoirs
- (c) Re-introduce inspectors at abattoirs to ensure proper flaying
- (d) State and Local Government should revive the hide and skin improvement service to enforce the relevant regulations
- (e) Discourage consumption of “POMO” because of its detrimental impact towards the survival of the hide-based tanneries
- (f) Provide grazing reserves with the necessary infrastructures and improve breeding stocks by cross-breeding with imported foreign breeds
- (g) The Federal Ministry of Agriculture should endeavour to conduct a periodic and reliable livestock census figures as well as a survey of its by- products for proper planning
- (h) Banning of the exportation of wet-blue in 1998 should be re-examined and export of finished leather should be prohibited until local demands are met
- (i) The Federal Government should ensure that all machinery to be imported should be new
- (j) Government should establish Secondary Effluent Treatment Plants where tanneries are located.

To improve the capacity utilization of leather goods industry, it is recommended that the following measures should be undertaken

- (a) All finished leather produced in the Country should be channeled to this sector
- (b) To revive the collapsing leather product industries, the newly established Industrial Bank should provide soft loan for purchase of modern plant and machinery as well as working capital
- (c) Government should ensure that the massive smuggling of second hand footwear and large importation/dumping of inferior and cheap footwear from Asia Pacific Countries are stopped



Raw Materials Research and Development Council

- (d) The Government should patronize the Nigeria Footwear Industries by placing orders for boots, belts and related accessories used by the Army, Police and other uniformed security agencies
- (e) The Government should fund research and establish institutes that will aid manufacturers in designing, styling and marketing to conform with the latest fashion

GENERAL RECOMMENDATIONS

1. To increase the supply of the major raw material for the leather industry, programmes aimed at increasing the number of cattle, sheep and goats should be put in place
2. To increase the quality of the processed raw materials, modern, hygienic animal processing methods should be enforced through the setting up of pickling plants in slaughterhouses and/or building of more modern abattoirs. The pickling plants and abattoirs should be properly equipped for hides and skins preservation to prevent defects caused by delayed curing
3. Programmes should be designed to organize the rural tanners and leather craftsmen so that they can increase their share in the exploitation of the country's hides and skins in order to raise their productivity, as well as increase the supply of hides and skins to the leather industry. This may be through upgrading of their indigenous technology, relevant technological adaptation and standardization of their production techniques.
4. Tanneries should pay more to the local suppliers of hides and skins to encourage them.
5. Rearing of non-traditional sources of hides and skins such as ostriches and camels should be encouraged
6. The Government should take up the completion of the petrochemical plants at Kaduna and Eleme as a top priority to enable the Country become self reliant in the production of dyestuff and chemicals for the leather and leather products industries

The recommendations for the private sector contribution to achieve sustainable development and growth are as follows:

- private initiative in capacity building by setting up a school to train specialized manpower
- Knowledge of the business in terms of guide for special operation by way of training
- Improvement on the quality of finished goods
- Specialization and proper division of labour
- Discipline and honesty in terms of business execution



Raw Materials Research and Development Council

iv) CARPET SUB-SECTORAL GROUP

The carpet sub-sector, which was the least, represented at the seminar, had in attendance the suppliers of the chemical raw materials used for carpet/rug finishing (call compound) and the manufacturers of P.V.C carpet.

Problems

The problem brought forward by the suppliers of the chemical raw materials was that of flooding of the market with cheap imported and synthetic chemical called synthetic based rubber (S.B.R). The suppliers of this cheap alternative are forcing them to reduce their prices in order to remain in business. The imported SBR is obviously of lower quality hence it sells cheap.

The manufacturers of the PVC carpet complained that with the globalization of the economy, the Country is now flooded with imported inferior carpets. The indigenous manufacturers are now finding it very difficult to compete, with attending consequence of a lot of them now being forced to close down.

Recommendations

It was observed that the major problem facing the sub-sector was the unchecked flooding of market with imported inferior goods. Consequently, the group recommended as follows:

1. The seminar should recommend for the restriction of importation of S.B.R. through all ways possible like imposition of high tariff to allow the local producers of this raw materials complete favourably.
2. The seminar should recommend to the government to observe through Nigeria Customs and Excise strict manning of our borders as most of these imported goods reach the Country illegally.
3. The government should also be advised to hasten the completion of the Petro-chemical/Natural gas plants so that the Country can have comparative advantage on those chemical raw materials derivable from petroleum like PVC DOP etc.
4. The Standard Organization of Nigeria (SON) should also be advised to increase vigilance so as to stop the importation, manufacture and distribution of sub-standard and inferior products in the Country.

GENERAL RECOMMENDATIONS

The local raw materials production industry will not grow if government does not impose restriction on the importation of raw materials of which the Country has potentials for abundant local supply. It is not often easy for the corporate firms to introduce changes in their operations. Pressure must be mounted



Raw Materials Research and Development Council

on the industry to utilize local raw materials. However, inducements would need to be introduced to ameliorate the initial problems and consequently encourage the industrial sector to replace imported raw materials with local alternatives. Along with the inducements, control measures to compel the industrial sector to utilize local raw materials may be introduced. Such measures may range from increase tariff, to partial or total ban (if possible). Any meaningful protection for local industries requires at least 30% tariff differential between raw materials and imported finished goods.

- a) To develop this sector, Nigerians should patronize made-in-Nigeria goods, as this will impact strongly on the sales turnover and hence the fortunes of the local industries.
- b) There is an apparent paucity of managerial and trained professional skills in the textile and allied sector. Institutions of higher learning and technical colleges, which organize relevant course, are few. In addition, there is need to organize relevant course to retrain established workers in the industry.
- c) There is need to protect local industries through a regime of low customs tariff structure whereby imported machinery and spare parts would not attract high duty. This would allow local industries a level playing field for competing with imported manufactured goods.
- d) Review of trade liberalization policy through phased liberalization programme, pre-import registration of finished goods, and urgent take-off of the anti-dumping committee.
- e) Importation of second hand cloth, footwear and other leather products should be banned on health grounds. This would also enhance capacity utilization of the industries.
- f) The petrochemical plants are essential for the production of synthetic fibres and chemical needs of the textile and allied industries. The sector would therefore eagerly wait for a time when the petrochemical plant would be able to meet its needs, and local sourcing of raw materials would then be taken for granted. The proposed petrochemical projects should come fully on stream.
- g) The present government's efforts at resuscitating the run-down power and communication sectors should be sustained to provide the manufacturing industries with uninterrupted and cheaper power supply for their plants and reliable, fast and readily available communication network.
- h) Standards are essential tools in industrial development. They are relevant materials, design procedures and products, and as such support all sectors of the industry. The sector must therefore ensure use of quality raw materials, which have met specifications to production standard goods that will compete favourable with, imported ones.



Raw Materials Research and Development Council

Textiles

- (a) The research on high-yield varieties of cotton should be sustained by relevant agricultural research institutes with a view towards developing long-staple fibres and increasing yield per hectare.
- (b) The cultivation of long staple cotton varieties being promoted by the institutes of agriculture should be vigorously pursued. Adequate arrangements should be made by the Cotton Revolving Fund Management Committee for prompt buy-back of the farmer's seeds to cut the "apparent glut" of cotton at harvest periods.
- (c) For sustainable expanded cotton production, farmers would require guaranteed supply of inputs at affordable prices as well as guaranteed producer price.
- (d) Kenaf fibre is a good substitute for jute. Efforts should therefore be made to induce farmers in those parts of the Country where the environment is conducive, to cultivate the crop. Huge savings in foreign exchange now being expended for jute importation could thereby be achieved.
- (e) To meet the shortfall in fibre supply vis-à-vis the demands of textile producers, more of the large firms in the sub-sector should be encouraged to backward-integrate into cotton cultivation. Since this will necessitate large-scale mechanized plantation agriculture, adequate incentives should be provided; including subsidies on agricultural equipment and inputs, etc.

LEATHER AND LEATHER PRODUCTS

- (a) Programmes should be put in place for increasing the absolute number of herds of cattle, goats and sheep in Nigeria. This means that more modern animal husbandry techniques should now supplement traditional approaches.
- (b) More modern and hygienic animal processing methods (which would yield better quality hides and skin) should be encouraged and promoted. For instance, this could be achieved through the setting up of pickling plants near slaughterhouses as a form of hide (pelt)/preservation, where fresh hides are fleshed, limed, bated, pickled to prevent defects caused by delayed curing.
- (c) The rearing of non-traditional sources of Hides and Skins such as camels and ostriches should be encouraged.
- (d) With the prohibition of exportation of raw Hides and Skins from Nigeria, a programme for the exports of only finished leather should be drawn up and implemented, in order to increase value – addition to the industry.
- (e) The existing Hides and Skins Regulations should be revised and enforced throughout the Country. This will not discourage the human consumption of hides and skins, but will lead to an improvement of the quality of these commodities.



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- (f) Encouragement should be given to the proper organization of and production by the traditional tanners and leather craft men so that they can increase their share in the exploitation of the country's hides and skins, in order to raise their productivity. This may be in the form of co-operative bodies and relevant technological adaptation and standardization of production techniques.