

Nigeria

Cotton, Textile and Garment Policy Re-Awakens Clothing Industry

Compiled by:

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Nigeria's population has been estimated at 170 million people. The weather is tropical and humid with a few months of rains. The clothing used are mainly obtained from cotton and similar fabrics. Considering the style of dressing, about 1.2 bn metres of cloth is required yearly for dressing in the country based on an average of 6metres per capita. The market also includes an access of all ECOWAS countries with a total population of 350 million people.

There are also export opportunities for fabrics due to the African Growth and Opportunity Act which provides African countries with duty free quota to the United States market. The Nigerian textile sector was vibrant from the 1960s to the 1980s and the second highest employer of labour. The industries were owned by foreigners although some had a percentage of government shareholding which was divested with time. The lack of incentives and increased importation led to the decline of the industry. However, the industry is picking up again as Nigerians now embrace local fabrics and many work places encourage dressing in such clothing unlike before.

Raw materials are available from cotton fields which can grow in 26 out of 36 states of the country. Cotton farmers are being encouraged to increase their output. In 2010, the Federal Government released CHF 480m being a 'Cotton, Textile and Garment Scheme' to make funding available to cotton farmers. In 2012, clothing and apparels worth \$813m formed the second highest non-oil export to the United States. In January 2015, Nigeria launched a policy framework to stimulate the textile industry known as the 'National Cotton, Textile and Garment

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policy'. This policy is a part of the Nigerian Industrial Revolution Plan (which was launched in 2014) and seeks to create an environment to encourage textile production in the country. The objective is to provide the textile industry with the world class facilities needed to set-up competitive textile units.

Integrated Textiles and Garments Parks (ITGPs) will be developed with nearness to raw materials, markets, availability of infrastructure and geographical advantages. The parks shall either be fully private sector initiative or operate on a Public Private Partnership basis. Each ITGP is expected to host between 30-40 textile and garment plants. It will function as an industrial area with common infrastructural amenities available for all companies in the park. Energy supply can be procured by textile and garments companies from the Nigerian National Petroleum Corporation for a reduced amount (the same cost applied to power generating companies in Nigeria) for an initial period of 3 years. Other incentives to stimulate production include:

- Removal of tax on imported equipment and inputs: All investors who invest in the textile sector from 2015-2019 will be able to import inputs such as plant and machinery, spares, dyes, chemical and packaging materials duty and VAT free for a period of 2 years
- Application of industry wide tax holidays: All major textile manufacturers will benefit from a three year tax holiday i.e. 2015 till 2017.
- Investors who invest a minimum of CHF9.3m in a cotton, textile and garment industry and employ a minimum of 500 direct Nigerian staff can import fabrics equivalent to 50% of their output from their Nigerian manufacturing operations levy free for a 5-year period after which they will have to commence the local manufacture of the imported fabrics.
- All military and para-military agencies as well as government schools are to compulsorily purchase only made in Nigeria textiles and garments for their uniforms once the necessary standards are met.

Clothing in Nigeria is often made to suit each person by trained cloth-makers. Although a lot of clothes are ready made imports from Asia, the fabric market is insufficient to meet the demands of the huge population. Usually, Nigerians spend a lot of money buying expensive fabrics suitable for common ceremonies, as the cost of fabric worn gives an idea of the social class/status of a person. The more expensive a fabric is, the more it is seen as a status symbol. For ceremonies, guests are often expected to wear uniform fabrics and celebrations are common place in the country.

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