

LEGISLATIVE BRIEF

LONG TITLE

A BILL FOR AN ACT TO ESTABLISH THE NIGERIAN TEXTILE INDUSTRY TRUST FUND TO PROVIDE FINANCIAL ASSISTANCE IN THE FORM OF LOANS AND GRANTS TO OPERATORS IN THE NIGERIAN TEXTILE INDUSTRY AND FOR OTHER MATTERS CONNECTED THEREWITH

SPONSORED BY HON. JERRY ALAGBAOSO

SHORT TITLE: THE NIGERIAN TEXTILE INDUSTRY TRUST FUND BILL, 2018.

INTRODUCTION:

Mr. Speaker, Honourable Colleagues, for a long time, the textile industry played a dominant role in the manufacturing sector of the Nigerian economy. With a record of over 140 companies, Nigeria witnessed a boom in the textile manufacturing industries in the 1960s to 1970s with companies such as Kaduna Textiles, Kano Textiles, United Nigeria Textiles, Aba Textiles, Texlon Nigeria Limited, First Spinners Limited, Afprint, Arewa Textile Mills, Gaskiya Textile Factory, Finetex Nigeria Limited, Nortex Nigeria Ltd, Supertex Nigeria Ltd, Unitex Nigeria Ltd and other textile factories in other parts of the country, employing about a million people, contributing about 15 per cent of the manufacturing sector earnings to the GDP of the Nigerian economy and accounted for over **60 per cent** of the textile industry capacity in West Africa.

The story for the industry changed in the late 70s following the oil boom as the government became reliant on oil and abandoned agriculture. The neglect of the agricultural sector had an adverse effect on the textile industry. The production of cotton, the basic raw material used for the manufacture of clothes regressed rapidly as its production capacity declined by 50 per cent.

In addition, the economic regression meant that manufacturers could not afford to import sophisticated modern equipment which could have facilitated the production process. Similarly, textile manufacturers and fabric designers who could afford to import raw materials procured the materials at an astronomical cost which had an effect on their business. This meant the textile industry had insufficient and at times, no raw materials to work with.

CHALLENGES FACING THE TEXTILE INDUSTRY IN NIGERIA

The fact remains that the Nigerian Textile Industry is not confronted only with funding challenges. There are also the problems of the absence of reliable public infrastructure such as electricity and raw materials. For example, one of the raw materials - the black oil, known as LFPO, which is the main product needed to drive operations in the industry is no more readily available and whenever it is, the price is scandalously high.

There are also a lot of bottlenecks that need to be addressed if the gates of the various textile factories across the country are to reopen for production. **These include obsolete equipment, unskilled labour and high cost of borrowing.** The issue of porous borders and corrupt security operatives posted to man the various entry points into the country are also critical to reviving and sustaining the textile industry.

OBJECTIVES OF THE BILL

- (a) To provide financial and material support in form of loans, grants and machinery to operators in the Nigerian Textile Industry;
- (b) To serve as an intervention fund to the Nigerian Textile industry and related matters;
- (c) To provide financial assistance to governmental and Non-governmental organizations involved in research and development in the Nigerian Textile Industry;
- (d) To partake in educating the citizens on the need to patronize Nigerian fabrics and by extension the Nigerian Textile industry;

BILL SYNOPSIS

The Bill has 28 chapters divided into 12 parts. Part one deals with the establishment of the Textile Industry Trust fund. Part two takes care of the establishment of the Trust Fund Board. Part three and four deal with the finances and accounts of the Trust Fund respectively. Parts Five, six, seven and eight contain staff matters, exemption from tax, application of the fund and subscription to the fund respectively. While parts nine, ten eleven and twelve handled other functions of the Board, offences and punishment, interpretation of terms and Citation respectively.

SUMMARY AND CONCLUSION

Having x-rayed the Textile Industry in Nigeria, vis a vis the history, the challenges that led to its drastic decline as a huge export sector as well as the way forward. There is a need for the parliament to lead the dialogue with stakeholders in the country to ensure that the industry is revived to perform competitively locally and ultimately globally. The effort should not be limited to the disbursement of funds from the Trust Fund alone, but the provision of some facilities such as non – oil export stimulation facility (NESF) in line with CBN Act section 31 which has low interest rates.

Finally, those entrusted with leadership and policy making should fine tune the policies to benefit various sectors of the economy particularly the textile industry as it would assist in tackling unemployment, boost our local production and create employment.