IMPLEMENTATION OF IMPORT PROHIBITION POLICY AND THE GROWTH OF TEXTILE MANUFACTURING INDUSTRY: A FOCUS ON LAGOS STATE, SOUTH WESTERN NIGERIA, 1999-2007

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resort to machine-produced fabrics in place of 'Aso-Oke' because it enabled them cope with the demands in volumes without fear of disappointment. This contributed to the tremendous growth of modern textile industries in South Western Nigeria (Olajide*et al.,* 2009). As a result of the progress that was being recorded in the textile industry, traders then shifted to the thriving manufacturing industry. This led Indian and Lebanese investors to establish textile manufacturing industries in South Western Nigeria (Salau, 2008). Their investments boosted textile manufacturing in the region such that, at present, no fewer than eighteen (18) out of the thirty-four (34) operating textile manufacturing industries in Nigeria are located in Lagos State, South Western Nigeria. This accounts for the focus on Lagos State, South Western, in view of high concentration of over 50 percent of the operating textile manufacturing industries in the country in the region, to test the impact of import prohibition policy on the growth of textile manufacturing industry in Nigeria.

The use of import prohibition as a trade policy instrument in Nigeria dates back to the mid-1970s when Nigeria's main trade policy instruments moved from tariffs to quantitative import restrictions. As a result of this fundamental shift, the Nigerian government, between 1978 and 1985, placed a broad range of import items on the import prohibition list. Items placed on import prohibition list then were agricultural products such as fruit, vegetables and grains as well as manufactured products such as rubber, chemicals, textiles and others (Oyejide, Ogunkola&Bankole, 2003a; GATT, 1991). Government utilized import prohibition to regulate the inflow of highly subsidized textile materials into the country with a view to stimulating the growth of domestic textile manufacturing (Oyejide, Ogunkola, Adeninkinju, Jerome& Bankole, 2003b). Though a number of import items were routinely placed and removed from the import prohibition list by the Nigerian government over the preceding years, the general trend in the use of import prohibition policy to enhance balance of payment was essentially sustained. By 1989, almost 96% of the tariff lines for textiles and clothing were subjected to an import prohibition regime (GATT, 1991).

The use of import prohibition to stabilize balance of payment by the Nigerian government has drawn the discontent of the multilateral trading institutions. In 1982, Nigeria first invoked Article XV111:B of GATT on import restrictions for balance of payment reasons and followed it up with consultations with GATT Committee on Balance of Payments Restrictions in April 1984, October 1986, October 1988, and March 1996. Discussions on the

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The use of import prohibition to regulate the movement of textiles into Nigeria with a view to protecting and promoting textile manufacturing industry, enhancing balance of payment, and reducing the country's perceived import dependence, has attracted the attention of writers. Ukoko (2006); Jauch and Traubmerz; Schmeling-Brinkmann (2002) focused on the impact of the contradictions of the global political economy on textile manufacturing industry in Nigeria. On the other hand, World Bank (2009), Salau (2008), Oriloye (2008), Treichel, Hoppe, Cadot and Gourdo (2006) and Oyejide *et al.* (2003a) converge on effectiveness and enforcement lapses in the implementation of import prohibition. Altogether, these writers fail to advance the linkage between the implementation of import prohibition on textile materials and the growth of the textile manufacturing industry in Lagos State, South Western Nigeria, between 1999 and 2007. Against the background of protectionist textile import prohibition policy adopted to inspire growth and employment, this study examines the link between the implementation of import prohibition policy on textile materials and the growth of textile manufacturing industry in Lagos State, South Western class are the same people managing the state it is merely a coincidence: the state serves capitalist interests regardless of who is in charge (Jessop, 1982). Based on the analysis of Louis Althusser and NicosPoulantzas, the central proposition of the Marxist Structuralist theory of the State could be synthesized as follows: *The institutions of the state function in the long-term interests of capital and capitalism.*

The relevance of this framework to the analysis of the Nigerian state and implementation of import prohibition policy on textile materials to engender the growth of textile manufacturing is evident. It enlightens our understanding of the nature of global capitalist order and gives us insight into its role and production and exchange relations. Marxist structuralist theory of the state demonstrates that the institutions and structure of the state and their boundaries are defined and constantly shaped by the nature of the dominant mode of production and social formation. The institutions and structure of the Nigerian State have functioned, therefore, to preserve the long-term interests of capital and capitalism, that is, the sustenance and propagation of the capitalist mode of production. These institutions and structure of the Nigerian state are in turn shaped by capitalism which is the dominant mode of production in Nigeria. Hence, policies, laws, programmes, initiatives and so on are formulated and enforced in Nigeria depending on how they foster, sustain and project the long-term interest of capital. The ineffective enforcement of import prohibition policy on textile materials and insignificant growth of textile manufacturing industry in Nigeria is in line with long-term interests of capital and capitalism.

More importantly, the framework enables us understand that the rationale for implementing import prohibition policy by President Obasanjo was not necessarily an attempt to pursue autonomous development, but rather an intrinsic feature of a populist protest orchestrated by the dynamics of the struggle between the Nigerian government as an agent of local capital in its conflict with international capital arising from the recomposition of capital attendant on global capitalist crisis. The policy neither altered "the structure of production and exchange relations that tie the Nigeria's economy to the world capitalist economy" (Bangura, 1984, p. 48), nor its deleterious effect on the growth of the manufacturing sector. Rather, the policy nurtured the impression that President Obasanjo was moving away from the dogmatic application of the doctrine of unregulated economic liberalization to one of interfering in business for the benefit of the masses.

industries in each of the three senatorial districts. This technique gave the entire textile industries in each of the three senatorial districts equal and independent chance of being included in the sample. In all, we selected six textile industries. We proceed now to test our hypothesis.

Background to the Neoliberal Structural Character of the Nigerian State

The Nigerian state emerged as a result of colonial intrusion particularly at the stage of 'extensive growth' of capital (Ibeanu, 1998 and Ifesinachi, 2006). The British intrusion and the consequent unification of then independent political units into one administrative entity through conquest and pacification were essentially borne out of the need to extract raw materials and to locate markets for British finished products. The forceful integration of the Nigeria's economy with metropolitan capital through the "imperialism of foreign trade, and the monetization of the Nigerian economy". (Ifesinachi, 2006: 124) disarticulated and relegated Nigeria's economy in the international division of labour on the one hand, and reinforced its export orientation and dependence, on the other.

The post-colonial state of Nigeria appears to manifest the contradictions of the peripheral capitalist state. This is so because, prior to the juridical independence in 1960, a structural link between the fractions of political leadership (national capital), and foreign capital had already been established through the export of raw materials and import of manufactures. This foreordained the emergence of an indigenous political leadership on the wheels of primitive accumulation of capital (Ifesinachi, 2006). The point being made is that the pattern of integrating the pre-capitalist Nigerian economy into the mainstream of monopoly capitalism, the dominance and monopoly of foreign capital and the pattern of capital accumulation arising therefrom are factors that render Nigeria's economy susceptible to external control. The structures and institutions of international capital dictate, shape and convulse Nigeria's economy. The implementation of the conditionality of Bretton Woods institutions deepened and sustained primitive capital accumulation and conditions for the extended reproduction of the system (Ifesinachi, 2008). The post-SAP era witnessed an aggravated pursuit of the liberalization of the Nigerian political economy particularly through privatization and deregulation of public enterprises, and intensification of primitive accumulation of social wealth by both national and international capital. This has had deleterious effect on the growth of manufacturing industryas shown in table 1 and 2 below.

economy is also seen in table 2 which compares the share of exports of the three sub-sector of Nigerian economy between 1980 and1997. Altogether, the tables depict the adverse effects of SAP on the growth of manufacturing industry in Nigeria.

The civilian government of President Obasanjo did not hide its preference for private market-driven economy when it channelled government's efforts towards bringing about suitable investment climate for foreign investors. President Obasanjo also privatized the Electric Corporation (NEPA), the telecommunication, Vehicle Assembly plants, the state-owned hotels, Nigerian Airways, the country's four oil refineries and others. His government equally engaged in routine removal of petroleum subsidy, and even gave clear indication of full deregulation of the downstream oil sector. The aggressive pursuit of the liberalization of the Nigerian political economy and recomposition of capital by the civilian administration of President Obasanjo engendered a fierce struggle between the different factions of national capital on the one hand, and the international capital on the other over the accumulation of social wealth. To have an upper hand over the latter, President Obasanjo began to implement import prohibition policy. Therefore, the recourse to import prohibition as a trade policy instrument is an intrinsic feature of populist protest by the Nigerian government in the recomposition of capital arising from the contradictions in the appropriation of social wealth between national and international capital. The remaining sub-sections of the study demonstrate, using the textile manufacturing industry in Lagos State, South Western Nigeria, the inefficacy of import prohibition policy implemented by President Obasanjo in the context of recomposition of capital.

The Nigerian State and the Growth of Textile Manufacturing in Lagos State, South Western Nigeria, 1999-2002

In line with the requirements of economic adjustment programmes, General Sani Abacha, the then Military Head of State unbanned the importation of textile materials in line with the rules of the WTO which the country acceded to two years earlier. The lifting of the ban on importation of textile materials led to massive importation of highly subsidized textile materials into Nigeria. The effects of this on textile manufacturing industry were stupendous: many factories closed down (about 37 within 7 years), many job opportunities were lost (about 74 thousand within 7 years) capacity utilization declined to 30 percent, and more fundamentally, the domestic market was taken over by the foreign fabrics (*Financial Standard*, Monday April 7, 2008 and NTMA, 2003a). The

Table 5: Revenue generation in the six selected textile industries, 1999 – 2002 (in Naira)

Textile Industries	1999	2000	2001	2002
SunflagNig.Ltd	6,600, 000 000	6, 000,000 000	6,000,000 000	4,800 000000
Alkem Nigeria Ltd	1,056, 000 000	960,000 000	948,000000	936,000 000
Woolen and Syn. Textile Ltd	1,800, 000 000	2,040, 000 000	2,160, 000 000	2,040, 000 000
International Textile Industry	3,600, 000 000	3,120, 000 000	3,000 000 000	2,640, 000 000
United Nigeria PLC	1,176, 000 000	984,000 000	1,128, 000 000	960,000 000
Crown Natures Nig. Ltd	1,044, 000 000	1,164, 000 000	1,212, 000 000	1,152, 000 000
Total	**24,780, 000 000**	**14,268, 000 000**	**14,448, 000 000**	**12,528, 000 000**

Source: Data provided by the chief executive officers of the selected textile manufacturing industries in face-to-face interview, 19th -21st July, 2012.

NB: These may not correspond to the actual revenue as virtually all those interviewed were initially very reluctant to disclose their revenue generation for fear of taxation.

As can be seen from table 3 above, the number of regular workers in the selected textile manufacturing industries decreased from 4917 in 1999 to 4891 in 2000, and finally to 4641 and 4493 in 2001 and 2002 respectively. In the same vein, output for the selected textile manufacturing industries, as presented in table 4, also witnessed downward slope. It decreased from 16,113,690.3 in 1999 to 15,789,666.1 and 15,724,813.6 in 2000 and 2001 respectively, and finally to 10,316,7342 in 2002. As also presented in table 5, the revenue generation in the selected textile manufacturing industries which stood at 24,780,000,000 in 1999 reduced to 14,268,000,000 in 2000, 14,448,000,000 in 2001, and finally to 12,528,000,000 in 2002. The implication of this is that the growth of the textile manufacturing industries in South Western Nigeria, between 1999 and 2002 witnessed decline in terms of regular workers, output and revenue generation.

In the next sub-heading, we shall examine the enunciation and implementation of import prohibition as a trade policy instrument aimed at stimulating the growth of domestic textile manufacturing in Nigeria.

Import Prohibition Policy on Textile Materials in Nigeria under the Obasanjo Administration

Since the mid-1970s when Nigeria's main trade policy instruments shifted markedly away from tariffs to quantitative import prohibition, government, at its discretion, has been modifying the lists of import prohibition by adding to, or subtracting from the items. Between 1978 and

- Necessary legislation to be put in place to enable Nigeria take advantage of African Growth and Opportunity Act (AGOA) (NTMA: 2003b).

The directive of President Obasanjo on the implementation of the recommendations of the Committee led to an upsurge in the number of import items placed under import prohibition list in 2003. And uppermost in the 2003 import prohibition list are textile materials. In the next sub-section, we shall examine the impact of import prohibition policy, implemented by the neoliberal Nigerian state while embarking on recomposition of capital, on the growth of Nigeria's textile manufacturing industry with focus on Lagos, South Western Nigeria.

The Nigerian State and the Growth of Textile Manufacturing in Lagos State, South Western Nigeria, 2004-2007

The structural link between the Nigerian government as an agent of local capital and international capital orchestrated during the period of forceful integration of Nigeria's economy into the orbit of the western capitalist economy foreordained the reliance of Nigeria's economy on external forces with the attendant crisis of accumulation. The reliance on external forces and forcefully implementation of economic adjustment programmes by the Nigerian government deepened the struggles over the appropriation of social wealth between local and international capital. The aggressive pursuit of the liberalization of the Nigerian political economy and recomposition of capital by the civilian administration of President Obasanjo intensified the struggles for the accumulation of social wealth. The policy of import prohibition implemented by President Obasanjo, as a populist protest in response to the dynamics of the struggles, neither altered "the structure of production and exchange relations" – the capitalist neoliberal fetters that tie the Nigeria's economy to the world capitalist economy nor its deleterious effect on the growth of manufacturing industry in Nigeria.

number of regular workers in the selected textile manufacturing industries before and after the implementation of import prohibition policy using paired sample t-test.

Table 7: Paired Samples T-Test for the six selected textile industries on regular workers

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	regular workers before	4.7355E3	4	204.00899	102.00449
	regular workers after	3.7598E3	4	617.65599	308.82799

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	regular workers before & regular workers after	4	.989	.011

In table 7 above, it is seen that at 95% confidence interval, the significance (2-tailed) value is greater than 0.05, that is, .018 > 0.05. This indicates that, with respect to number regular workers,the growth of the selected textile manufacturing industries, after the implementation of import prohibition policy is insignificant

Table 8: Output in Six Selected Textile Industries, 2004-2007(In Metric Tons)

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	regular workers before - regular workers after	9.75750E2	416.93595	208.46797	312.31187	1639.18813	4.681	3	.018

Textile Industries	2004	2005	2006	2007
SunflagNig.Ltd	9,146,831.2	6,458,3 80.2	4,787,251.8	3,587,201.2
Alkem Nigeria Ltd	4,260	4,280	4,105	3,898
Woolen and Syn. Textile Ltd	3,612.94	3,148.44	2,998.91	2,737.82
International Textile Industry	5,348,394	4,758,144	4,947,912	3,635,823
United Nigeria PLC	3340	3529	3270	2987
Crown Natures Nig. Ltd	5,020	3,560	2,710	2,847
Total	**14,511,458.1**	**11,231,041.6**	**9,748,247.71**	**7,235,494.02**

Source: Data provided by the chief executive officers of the selected textile manufacturing industries in face-to-face interview, 19^{th} -21^{st} July, 2012

NB: These may not be the actual outputs as virtually all those interviewed were initially very reluctant to disclose their outputs for fear of taxation.

Table 10 above shows that revenue generation in the selected textile manufacturing industries that was 12,660,000000 and 10,200,000000 in 2004 and 2005 respectively stood at 7,008,000000 and 7,620,000000 in 2006 and 2007. To further demonstrate whether the growth of the selected textile manufacturing industries after the implementation of import prohibition policy, with respect to revenue generation, is significant or insignificant, we statistically analyzed revenue generation in the selected textile manufacturing industries before and after the implementation of import prohibition policy using paired sample t-test.

Table 11: Paired Samples T-Test for the six selected textile industries on revenue generation

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Revenue before	1.0448E10	4	6.83864E9	3.41932E9
	Revenue after	9.3720E9	4	2.59194E9	1.29597E9

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Revenue before & Revenue after	4	-.827	.173

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	Revenue before - Revenue after	1.07595E9	9.10050E9	4.55025E9	-1.34050E10	1.55569E10	.236	3	.828

It is seen in table 11 above that, at 95% confidence interval, the significance (2-tailed) value is greater than 0.05, that is, .828 > 0.05, meaning that, regarding revenue generation, the growth of the selected textile manufacturing industries, after the implementation of import prohibition policy,is insignificant.

At this juncture, it is evident, based on the quantitative data we presented and analyzed above, that the 2-tailed values for regular workers, annual output and revenue, indicators we used to measure growth in the selected textile industries, are greater than 0.05, and as such, insignificant. What this means is that since the growth of the selected textile manufacturing industries in Lagos State, South Western Nigeria 'before' and production. This makes it difficult to enforce policies that undermine the interests of controllers of the actual capital of production.

The above scenario explains the inherent predicament of political leaders in the formulation and enforcement of quantitative import prohibition policy. Neoliberalism which is an inherent feature of the contemporary global political economy not only aggravates Nigeria's socio-economic and political problems, but will ensure Nigeria's continued dependence on foreign capital and hence undermine realistic and development-oriented trade policy.

The solution to the lingering problem of Nigeria's vulnerability in her external economic relations lies in the ability of political leadership to effectively mobilize human and material resources towards re-defining Nigeria's interaction with foreign capital. More fundamentally, the structure of Nigeria's economy need to be comprehensively restructured to foster, sustain and enhance autonomous development.

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