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The External Bottlenecks of the Ghana Textile Industry

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Abstract

The study investigates the external challenges of the Ghana textile industry and makes feasible projections to maximize productivity for optimum returns towards invigoration of the industry. This is crucial as experiential studies have shown that the sub-sector struggles to survive the turbulent times mainly due to external forces. The study based on phenomenological perspective of qualitative research approach employed descriptive observational research design with interview, observation, questionnaire and focus group discussion as the main instrumentations for data collection and analysis. The study revealed that the Ghana textile industry is faced with stiff external competition where the influx of cheap foreign textiles on the ticket of trade liberalization has been a major threat to the industry due to their competitive advantages in terms of affordability and variety. Again, the move by Ghana to join the league of liberal trade of WTO has abysmally done the country more harm than good leading to excessive dumping of second-hand clothing and upsurge in textile smuggling which have debilitated most domestic textile factories leaving thousands of Ghanaians jobless. As one of the key industrial sectors for national development considering its commercial viability production activities and high employment creation coupled with its socio-economic and cultural significance, the study recommends that the textile industry partner with key stakeholders to make concerted efforts to develop pragmatic anti-dumping policies for sustainable development of the sub-sector.

Keywords: *Textile Industry; Bottlenecks; Anti-dumping; Liberal trade; Invigoration.*

INTRODUCTION

The prime objective for the establishment of large-scale textile factories in Ghana was not only to embark on mass textile production to meet the clothing needs of the country but to raise the standard of living of Ghanaians to improve the country's economy (MOTI, 1973; Osei-Bonsu, 2001). Until 1960, Ghana depended largely on United Kingdom and other European countries for textiles and other manufactured goods due to the fact that the then government of Ghana did not have enough capital and technical expertise to establish and operate large-scale industries. However, when the government realized the need to raise the standard of living of Ghanaians, it became necessary to initiate strategic economic independence policies by developing an appropriate mixture of import substitution and export oriented industrial production. This led to the establishment of the various state enterprises which included large-scale textile factories in the early 1960s. The establishment of the textile factories was paramount in the government's plans for industrialization in Ghana in the sense that, textile was considered as the most important consumer good around which industrialization in Ghana could evolve, considering its socio-cultural and economic significance (Osei-Bonsu, 2001). These factories flourished in the 1970s employing more than 25,000 which accounted for 27 percent of Ghana's total manufacturing employment (Abdallah, 2010).

In recent times however, Abdallah (2010) observes that Ghana, one of the West African countries with a vibrant textile industry is gradually joining the league of other nations in the sub-region with collapsed textile and garment manufacturing sub-sector. This confirms Quartey (2006) assertion that, the sub-sector which was once the leader in Ghana's industrial sector serving as an important source of foreign exchange and revenue to the country has undergone a considerable decline over the years due largely to the trade liberalization programme which made it almost impossible for Ghana's textile products to compete with cheap imports, particularly from Asia. From over 40 textile firms that employed more than 25,000 people in the 1970s, the country now has only four textile factories employing less than 4,000 workers. Statistics from the Ghana's Revenue Agencies Governing Board (RAGB) shows that the country is losing about 300 billion Ghana old Cedis in potential revenue annually through smuggling of textile materials. Ghana's once thriving textile market is now flooded with Chinese sub-standard textile products, thereby surging up the country's unemployment index (Quartey, 2006; Abdallah, 2010). Quartey (2006) records that the country's total industry textile output peaked at 129 million yards in 1977 with capacity utilization rate of about 60 percent. Unfortunately, total industry output declined to 46 million yards in 1995 including that of Ghana Textile Manufacturing Company (GTMC), Akosombo Textile Limited (ATL), Printex and Ghana Textile Printing (GTP) which were the four major companies that survived the turbulence in the sub-sector. With regard to foreign exchange and revenue generation, textile exports generated 179.7 million US dollars in 1994 but revenue from exports declined consistently and by 1998, the figure had decreased to 3.173 million US dollars (MOTI, 2005; Quartey, 2006). These statistics evidently show the extent of decline of the Ghana textile industry.

The gradual decline of the sub-sector over the years (Egu, 2009) have been attributed mainly to external factors of which influx of cheap Asian textiles and proliferation of used and second hand clothing are the major threats leading to closure of most textile factories (Howard, 2013). The rippling effects are the high rate of unemployment in the sub-sector. Most textile employees have been laid off (Egu, 2009) whereas most fresh textiles graduates from the country's universities and polytechnics remain unemployed. The core aim of this study is to investigate the external challenges of the Ghana Textile Industry and make feasible recommendations to help mitigate the challenges the industry is confronted with.

METHODOLOGY

The study is based on phenomenological perspective of qualitative research approach and employs the descriptive observational study research design with interview, observation, questionnaire and focus group discussion as the main instrumentations for data collection. Findings of major empirical research works of various authors relevant to the study were analytically reviewed and compared with the observable, interview and questionnaire findings of experts and resource personnel of the major textile industries to establish concrete conclusions and draw feasible recommendations. The study targeted workers of four selected textile factories namely; Ghana Cotton Company Limited (GCCL), Akosombo Textiles Limited (ATL), Texstyles Ghana Limited (TGL), Volta Star Textiles Limited (VSTL) as well as resource personnel whose operations have direct or indirect influence on the textile industry such as the Ministry of Trade and Industries (MOTI), Customs, Excise and Preventive Service (CEPS), textile lecturers and textile merchandisers. Both purposive non probabilistic and probability random sampling techniques were used to select respondents from the parent population for the study. Tables 1 and 2 show interview and questionnaire respondents accessed for the study.

Table 1: Percentage distribution of questionnaire and retrieval

Respondents	Copies Administered	Percentage (%)	Copies Retrieved	Percentage (%)	Copies Lost	Percentage (%)
GCCL	25	20.8	22	18.3	3	2.5
ATL	25	20.8	23	19.2	2	1.6
VSTL	25	20.8	25	20.8	0	0
TGL	25	20.8	20	16.6	5	4.2
Lecturers	20	16.6	18	15.0	2	1.6
Total	120	100	108	89.9	12	9.8

Table 2: Interview respondents

Respondents	Number	Percentage (%)
Cotton farmers	10	15.4
ATL	5	7.7
VSTL	5	7.7
TGL	5	7.7
GCCL	5	7.7
CEPS	5	7.7
MOTI	5	7.7
Central market (Kumasi)	10	15.4
Mokola market (Accra)	10	15.4
Woodin shops	5	7.7
Total	65	100

RESULTS AND DISCUSSION

Multiple responses on major external challenges of the Ghana textile industry from technical staff of the four selected textile factories and selected textile lecturers from KNUST, UEW, Kumasi and Takoradi Polytechnics show varied opinions as indicated in Table 3.

Table 3: Multiple responses on external challenges of the Ghana textile industry

Challenge	Frequency	Percentage (%)
Influx of foreign textiles	92	81
High imports vis-a-vis low export of the industry	39	36
Competitive range of foreign textiles on the local market	22	20
Price competitiveness of foreign prints as against the local prints	45	42
Illicit trade/smuggling of textiles	68	62
Knock-off of local print designs	65	60
Absence of policy document on textile production in Ghana	33	30
Lack of subsidy for the local textile industry	57	53
Lack of capital investment	38	35
Lack of research and development	19	18
Lack of collaboration between the industry and the institutions	55	51
Impact of global concern for eco-friendly production	5	5
Effects of trade liberalization	85	79

Source: Field Survey (2014)

It is evident from the Table 3 that the majority of the respondents; ninety-two (92) representing 81% hold the view that influx of cheap foreign textiles is the major challenge crippling the Ghana textile industry with only 5% for Global concern for eco-friendly production. Eighty-five (85) respondents being 79% indicated the effects of trade liberalization as the major challenge with 62% and 60% indicating illicit textile trade (smuggling) and knock-off of local print designs as the major challenge. Inferring from the views of the respondents in Table 3, it can logically be established that as trade liberalization allows systematic elimination or reduction of cross border taxes (tariffs) and quantitative restrictions on imports (Underhill, 2009), its operation will definitely results in the influx of foreign goods. Concurrently, as importation increases on the ticket of liberal trade with high import tariffs, importers will strife to find a means of escaping payment of right taxes in order to make more profit and this eventually leads to upsurge in smuggling of textiles. This therefore provides evidential basis for smuggling recording 62% which is second highest to influx of textiles as the major challenges confronting the textile industry.

Influx of Cheap Foreign Textiles

The Ghana textile industry (Administrative Manager of ATL, Personal communication, June 14, 2010) is faced with a keen competition of cheap foreign textiles that are flooded into the Ghanaian market. He established that, those textiles which come in with a wider variety are mainly imported from Asia and Europe. A survey of selected Ghanaian open market by the researcher (November, 2014) with specific reference to the Makola market in Accra and Kumasi Central market reveals huge quantities of foreign textiles in various degrees of qualities ranging from new brands, seconds, used or second-hand types in display at almost every textile merchandising outlet. It was also observed that, a number of textile merchants, mostly from the neighbouring countries such as Togo, Nigeria, Cote d'Ivoire, Benin and Burkina Faso, engage in streets and house-to-house sales of foreign textiles of all kinds bringing such products to the door steps of consumers to the extent of crediting the prints to consumers to be paid by instalments. The observation revealed that such textiles are usually very cheap, mostly ready-made, used or second hand clothes such as shirts, pants and trousers and sell as low as GH¢1 with very good quality (First selection) selling at GH¢5. Selected consumers that the researcher interacted with on the spot buying those textiles established that, they prefer the readymade foreign clothes due to their quality and affordability as compared to the locally-made types. They emphasized that buying the ready-made foreign clothes saves time and money. They justify that, sewing a trouser at a cost not less than GH¢20 or a Kaba and Slit at GH¢35 aside labour cost with a local print is too expensive for most Ghanaian to afford. Moreover, it takes a garment maker a minimum of two weeks to a month to complete a simple garment which in most cases, does not fit properly due to the ignorance and lack of technical competence of some local tailors and seamstresses.

It is disturbing to note based on the foregoing findings that, the local textile market has become a dumping ground for cheap ready-made, second-hand and used clothing of all categories which as a matter of affordability have attracted many consumers and thereby gradually relegating the locally-made prints to the background for selected few consumers. As indicated in Table 5.1, ninety two (92) out of one hundred and eight (108) respondents representing 82% attributed the proliferation of cheap foreign textiles on the Ghanaian market as the major threat to the local textile industry. Taking sides with the MP for Subin (In the House TV Discussion, December 27, 2010), the researcher contends that the excessive flood of second-hand foreign textiles in the country is due to the fact that Ghana has no Anti-dumping law to check the excessive importation of used products which is gradually turning the country into a mess with its associated health risks and therefore need immediate attention by policy makers.

High Imports vis-a-vis Low Exports

Focus group discussion (July 12, 2014) with five (5) respondents of the Textiles Unit of MOTI revealed that Ghana imports assorted textile products mainly from China, India, Netherlands, Pakistan, Hong Kong, Korea, Switzerland, United Arab Emirates, Thailand, United Kingdom, Germany, and some African countries including Togo, Burkina-Faso, Senegal, Benin, Mali, South Africa, among others. This is confirmed by statistics on Textile Trade (MOTI, 2010) from 2005 to 2008 which show a variety of imported textiles including unbleached plain weave cotton (grey baft), corded cotton, handkerchiefs, men's and boys' singlet, T-shirts (knitted) and trousers, knitted fabrics of all kinds, sacks and bags, printed bed-spread linen and cotton, women's and girls' dresses, printed woven fabrics (polyester/cotton blends), dyed plain cotton, lint cotton, etc. This source also reveals that Ghana's textiles export mainly comprises printed woven cotton fabrics; real and imitation wax and fancy prints, lint cotton, cotton linters, grey baft, men's and boys' cotton shirts, and Kente cloths. Table 4 presents the statistical figures of the imports and exports of textiles within a four year period from 2005 to 2008.

Table 4: Ghana's Imports and Exports of Textiles (2005-2008)

Year	Imports (Gh¢)	Exports (Gh¢)
2005	131,078,447.96	6,580,067.40
2006	162,350,407	215,778,163
2007	201,155,605.78	28,723,831.30
2008	247,384,092.81	17,698,259.67
Total	741,968,553.55	268,780,321.37

Source: Textile Trade-MOTI (2014)

Imports and exports figures from Table 4 revealed that as importation of foreign textiles consistently increases, exportation of locally made textiles inversely decreases. Evidently, Ghana made a total revenue of GH¢215,778,163 in 2006 from exportation of assorted textile products but this figure reduced drastically to GH¢17,698,259.67 in 2008. Comparing the total revenue on exportation of local textiles of GH¢268,780,321.37 to the total value of GH¢741,968,553.55 spent on importation of textiles, it could be deduced that a difference of

GH¢473,188,232.18 was lost in the country's textiles export and import activities. With reference to African prints, the statistics of Ghana Statistical Service (2010) from 2002 to 2008 indicate that importation of African prints increased between 2005 and 2006 as shown Fig. 1 and the trend kept rising till 2008. Exportation of local prints, on the other hand, increased significantly between 2004 and 2005 with a sharp decrease from 2006 till 2008 as shown in Figure 2.

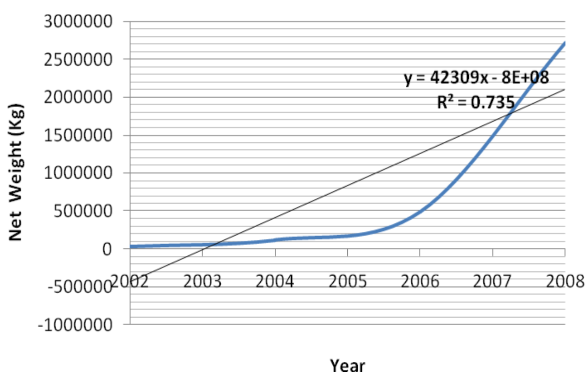

Fig. 1: Importation of African prints (2002-2008)
Source: Ghana Statistical Service (2014)

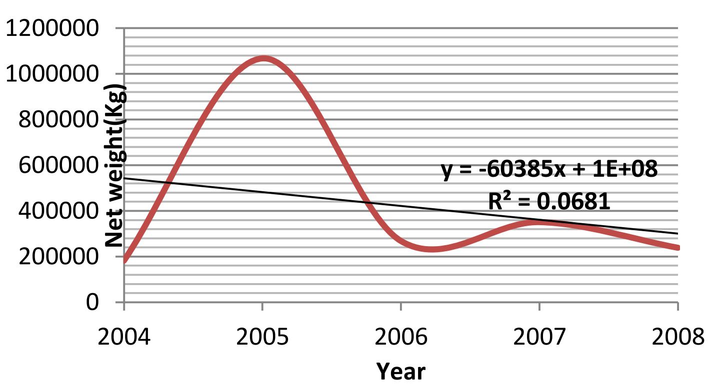

Fig. 2: Exportation of local prints (2004-2008)
Source: Ghana Statistical Service (2014)

These statistics of Ghana's imports and exports of textiles clearly show that the import levels far outweigh that of exports. Whiles importation of foreign textiles keeps on increasing, exportation of local textiles is decreasing. This suggests that the country's production level of textiles is low and consequently does not add much to its GDP in terms of foreign exchange. Fig. 3 shows a graphical picture of Ghana's productivity levels of printed textiles within a 6-year period from 2002 to 2008.

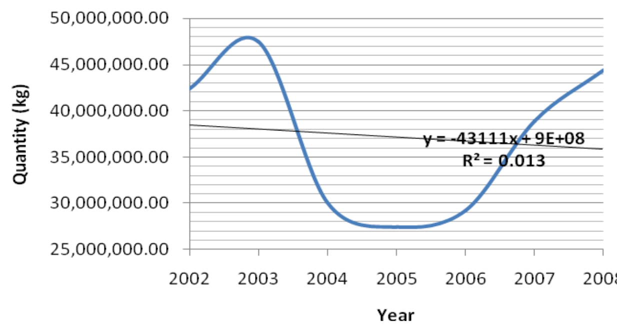

Figure 3: Trend in local textile production (2002-2008)
Source: Ghana Statistical Service (2014)

From Fig. 3 it is evident that production of locally made textiles had experienced frequent fluctuations with low levels of production figures within the past years. Local textile manufacturers with specific reference to Administrative and Personnel Managers of ATL, Technical Director of VSTL and Health and Safety Manager of TGL interviewed in the study attributed this to the surge in the importation of cheap African textile prints usually from Asia which has dominated the local textile market with high patronage and thereby compelling the few existing domestic textile factories to produce mainly to meet orders. Such scenario, from the perspective of the researcher, is not a good implication for the country which is still under developing and need to develop and sustain its domestic industries.

Competitive Range of Foreign Textiles on Ghanaian Market

Observation made by the researcher through market survey (November, 2014) on the range of textile products on the Ghanaian market with specific reference to Makola market (Accra) and Kumasi Central market revealed lack of product variety of the locally made textiles which makes the foreign textiles with their wider range of product variety get a competitive edge over them in terms of fabric utilization. As indicated by Spandex (2009), technological advancement in the global textile manufacturing has brought about development of high performance and technical fabrics to serve the need of wider consumers. Such textiles with their competitive advantage have brought dynamism in fabric utilization providing consumers with a wider range of textile items that meet almost every possible need. Despite the worldwide growing need for wider range of textiles, the products of the Ghana textile factories reveal limited range of textiles compared to their foreign counterparts as shown in Tables 3 and 4.

Table 3 clearly shows that, locally made textiles are only cotton yarns with plain weave grey, mercerized and printed cotton fabrics. The printed designs are oriented toward African cultural and aesthetic values. The foreign textiles (Table 4) however come with assorted range of natural and man-made fabrics and blends with varied structural and surface pattern designs for wider application. This goes to buttress the point made by Frings (2001) that natural and man-made fibre producers work together to research and develop fibre blends of which textile engineers find the best properties in combining them in satisfactory proportions to maximize their best characteristics; hence, broadening the scope of their utilization. This is evident in the findings made on foreign textiles in Ghanaian market which, to the researcher, makes the foreign textiles receive higher patronage in the local market compared to the locally made textiles.

Price Competitiveness of Imported Textiles on Ghanaian market

The market survey conducted (Makola-Accra and Kumasi Central markets, November 2014) on price points also revealed significant differences in local and foreign textiles with the local prints costing about twice higher than the foreign types (Table 5).

Table 3: Product range of the local textile factories on the Ghanaian market

Yarns	Fabric structure	Prints	Design	Application
cotton yarns	plain weaves	wax, fancy, metallic	Symbolic patterns, Colourful	clothing

Source: Market Survey (2014)

Table 4: Range of foreign textiles on the Ghanaian market

Yarns	Fabric structure	Prints	Design	Application
cotton, silk polyester, nylon, rayon, wool, blends.	plain weave, twill, sateen, satin, pile, lace, knitted, knotting, braided, non-wovens.	wax, java, fancy, metallic, discharge, transfer.	floral, geometric, pictorial, Abstract, plain, dyed.	clothing, curtain, bedspread, carpeting, upholstery, napkins.

Source: Market Survey (2014)

Table 5: Price points of local and foreign African prints

Company	Type of print	Price per piece (12 yards)
TGL (Local)	Nustyle	GH¢65
	Hand Block Wax	GH¢100
	Plain	GH¢39
Woodin (Local)	Design	GH¢60
	Metalic	GH¢62
	Fancy	GH¢60
	Excellence	GH¢150
ATL (Local)	ABC Wax	GH¢120
	CTD ABC Local	GH¢80
	VIP Gold	GH¢80
	Osikani	GH¢80
Vlisco (Hollandaise)	Wax	GH¢230
Da Viva (local)	Treasurer	GH¢80
	Ultimate	GH¢60
	Plain	GH¢38
	Combination (Alphadi)	GH¢62
	Fancy	GH¢55
Chinese–Hitarget (Foreign)	Fancy	GH¢30
	Wax	GH¢42

Source: Market Survey-Accra and Kumasi (November, 2014)

Evidently, the least price among the local prints is ATL fancy which costs GH¢ 60 per half a piece. This figure is even twice higher than the Chinese fancy which is sold at GH¢ 30 per half a piece. Incidentally, the high price points of TGL, ABC, Woodin, Da Viva and ATL brands make them reserved for selected few consumers who are enthused for quality local prints irrespective of their price. The researcher observed that, most of the prints of ATL, TGL, ABC and Hollandaise are now niche products on Ghanaian market giving the Chinese and other cheap foreign prints a competitive price advantage over them. ATL Administrative Manager (Personal communication, June 14, 2014) noted that, the issue of price competitiveness of the foreign textiles as against locally made types has generated much public concerns on the future of the local textile industry. He therefore concluded that, Ghana being a developing country with majority of its citizenry with low per capital income levels coupled with high rate of unemployment, affordability becomes a major determining factor for purchasing textile prints. Concurrently, interactions with randomly selected consumers by the researcher on the spot of buying (November, 2014) from Makola and Kumasi Central markets of Accra and Kumasi respectively confirm that majority of consumers consider affordability as number one factor in buying local prints due to their low income levels. It is however logic based on these premises to conclude that the cheap Asian prints stand a greater chance of higher patronage than the local prints.

Illicit Textile Trade/Smuggling of Textiles

The study finds that, smuggling of textiles in the country is on the increase. It is estimated that the State loses about 300bn Ghana cedis annually through textile smuggling (Chronicles, Friday October 24, 2003). Statistics of CEPS shows that smuggling figures of African prints keep increasing at Aflao and Ho entry points where smuggled prints are frequently intercepted. As indicated in Figure 5, the rate of textile smuggling increased unprecedentedly between

2004 and 2006 with a gradual decrease from 2006 to 2007. However, smuggling of textiles shoots up in 2007.

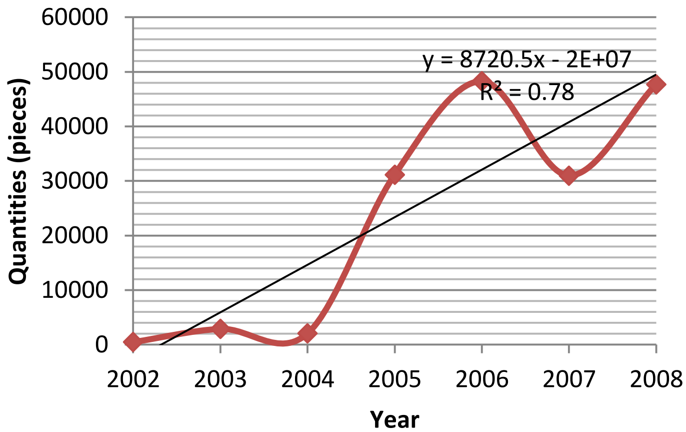

Figure 4: Smuggling of African prints at Aflao and Ho entry points (2002 -2008) Source: CEPS (2014)

A focus group discussion (July 13, 2014) with five (5) staff of the Operations Department of CEPS in charge of examination of goods and assessing the amount of duty payable revealed that, the sharp increase in smuggling of African prints between 2004 and 2006 especially at Togo-Aflao border was due to the ban of importation of textiles through no entry point other than Takoradi port with the aim of monitoring the flood of foreign textiles and minimizing smuggling of textiles into the country. Howard (2013) argued that there were difficulties in enforcing this directive as most importers due to inconveniences of long transits and meeting deadlines could not pass their goods through Takoradi port as directed, and for that matter were compelled to use unapproved roots to get their goods through without paying the requisite taxes. This, consequently, has had an adverse effect on government revenue since the ban was enacted.

The directive, according to Asare (2010) was detrimental to small-cross-border importers who only import a few tens or hundreds of pieces of products and for that matter it becomes practically impossible for them to procure their ware from across the border and ship such small quantities to the Port of Takoradi for clearance. Asare therefore proposes the customs principle of "canalization and concentration" as a means through which proper monitoring could be done to control smuggling of textiles. This will involve a selection of stations to be adequately staffed and resourced to carry out whatever controls a policy directive may seek to enforce at a greater efficiency. Contrary to this, the Administrative Manager of ATL thinks otherwise with the contention that CEPS officials are part of the upsurge in smuggling of textiles in the country with the justification that, CEPS officials make personal profits through the activities of the small-cross-border importers by taking bribes from them and allowing them to cross the borders with the smuggled goods and for that matter are against the ban.

Knock-off of Local Print Designs by Textile Importers and Merchandisers

Copying of locally printed designs has become the habit of most textile importers and traders. The focus group discussion (July 13, 2014) with five (5) staff of the Operations Department of CEPS also revealed that the culprits for this illicit textile trade do not only smuggle their prints through unapproved roots to escape payment of right tariffs, but also engage in pirating and printing large quantities of local print designs to be sold in Ghanaian market on the detriment of the original local prints and their merchandisers. Samples of pirated local prints (Plate 1 and 2) intercepted at Togo-Aflao border which the researcher observed at ATL Design Studio, Storage Section in Accra (July 2, 2014) confirms this with evidence of complete knock-off of motifs, textures, and colour to the extent of, sometimes, copying the labels of the local firm together with the production codes and serial numbers of the prints.

The Design Manager of ATL (Personal communication, July 2, 2014) attested to the fact that within a maximum of three months a new local design is printed and introduce into the market, knock-off of such design is seen on the market. He elaborated that the local print designs are usually sent to China and other Asian countries by Ghanaian textile merchandisers to be printed and smuggled into the country to be sold at a very cheap price to local consumers. This situation is very worrisome and creates unfair competition in the domestic textile market in the sense that the dealers of the imitation prints sell their products far below the domestic production cost as they manage to import these prints without paying the right taxes. This, as a result, leads to high patronage of the imitation prints due to the ignorance on the part of the local consumers who are unable to distinguish the original prints from the imitation (Plates 1 and 2).

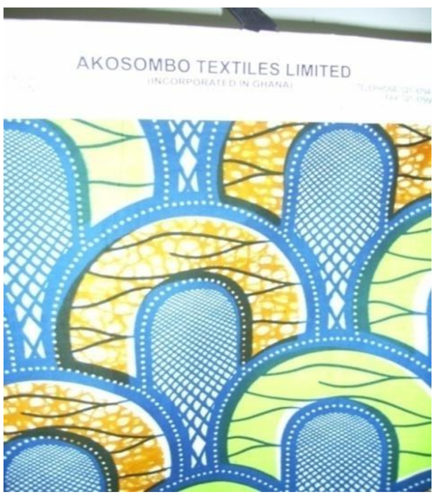

Plate 1: Original wax print (ATL)

Plate 2: Pirated wax print (Hitarget)

Source: Field Survey, ATL (2014)

Looking at the two prints it is obvious that a lay person will find it extremely difficult to make out the differences in terms of motifs, textures and colour as the design has been professionally copied without glaring defects. The copied print even exhibits excellent colour brilliance compared to the original. But technically, the wax effects in both prints can be distinguished by critical observation to identify the real from the imitation. Whereas the real wax reveals accidental and random placement of wax bubbles with blur edges and crackle effects, the imitation exhibits well calculated placement of wax bubble effects with very fine edges. The reason is that in real wax, the wax effect is achieved with wax application by duplex technology which creates accidental crackle effects and makes the resultant print assumes identical images on both sides of the cloth. But with imitation wax print the wax effect is replicated and consciously printed on only one side of the cloth with a rotary screen or roller printing machine.

The ATL Administrative Manager (Personal communication, June 14, 2014) argued that the CEPS officials at the borders have little or no knowledge about the prints and thereby find it difficult in determining the differences when the prints are intercepted at the borders due to their close likeness. For this reason, they always have to depend on representatives of the various local textile factories who have to travel long distance to the borders to identify the prints. In most cases the factory representative are unable to visit the borders due to their tight schedules at the factory and smugglers manage to sail through. This has incidentally increased the rate of smuggled textiles in the country. The staff of the Operations Department of CEPS engaged in a focus group discussion (July 13, 2014) called for training programmes for their staff by the textile factories to enlighten them on the prints for easy identification in order to help reduce copying and smuggling of local print designs. However, the Administrative Manager of ATL argued that detecting of imitation from original prints require technical expertise and professionalism and as such there is the need for CEPS to work closely with the factory representatives or employ textile professionals at the borders to do such job. He also established that, right from the onset when the textile factories wanted to collaborate with CEPS and Ghana Standard Board to assist in checking of smuggled textiles, CEPS rejected the idea. The rejection of such collaboration by CEPS made the factory representatives suspected that CEPS has a devious agenda in the smuggling of textiles.

Absence of a National Policy Document on Textile Production in Ghana

One of the major factors accounting for the inability of the Ghana textile industry to operate effectively is the absence of a national policy document for the sub-sector. This stems from the evidence that the textiles and garment sector was given no significant attention in the 2001 review policy (Ghana Trade Policy Review, 2001). Appallingly, while most textile producing countries like China, India, Kenya, Nigeria, etc., have developed and implemented pragmatic national policy documents for sustainability of their textile industries (China's Textile Industry, 2009; Omolo, 2006; and Oyejide, 1975), the Ghana textile industry is operating in a vacuum with no sense of direction and vision.

On the issue of policy document on textiles, the Administrative Manager of ATL (Personal communication, June 14, 2014) challenged the Ministry of Trade and Industry to prove if its outfit has a policy document for the textile industry. In respond to this, the five (5) selected staff of MOTI engaged in a focus group discussion (July 12, 2014) in a confirmation clarified that, a number of directives and policies have been put in place to develop and invigorate the textile industry since 1960s, but as to a complete policy document with regard to production and sales of locally made textiles that has been developed and implemented or yet to be implemented, there is no such document available. The researcher noted that, the industry has been dependent mainly on external policies and Acts to operate. These include; Import Substitution Industrialization policy, Trade liberalization policy, AGOA, among others, which were adopted generally to help the growth of the domestic industries (Quartey, 2006). These policies have rather imposed a number of challenges on the domestic textile factories making it difficult for them to survive. The obvious reason for this from the researcher’s point of view is that, these policies were formulated based on the philosophies and developmental plans of the home countries, and therefore adopting them for another country becomes a risk adventure.

Lack of Subsidy for the Textile Industry

Amidst globalization with high product price competitiveness, most countries have devised ways and means to subsidize their domestic industrial production to reduce cost of production. The study reveals that whiles Ghanaian textile factories do not enjoy any form of subsidy on production and exportation, their

Asian counterparts, with specific reference to China, get subsidies on production and tax rebates on textile export from the government (China's Textile Industry, 2009). Former Ghanaian President Kufuor, in his May Day speech (2005), stated that Ghana cannot subsidize textiles production as done in Nigeria, because the country does not have the resources to do so.

Commenting on the issue of subsidy on textile production, the Administrative Manager of ATL noted that, Chinese textile firms power their machinery through steam energy which is supplied freely by the government indicating that such companies spend very less on energy. Besides, Chinese textile companies get 13% rebate on exportation of their products which is aimed at promoting domestic textile companies and encourage them to engage substantially in textile exportation. This implies that, when a company exports $100,000 worth of goods to say Ghana, the company is given $13,000 as rebate. This goes to buttress the point made in China's Revitalization Plans for the Textile Industry (2009) that stresses on the move by the China government to give more export tax rebates to encourage textile enterprises and increase profits of the whole industry. The unfortunate situation in Ghana is that, despite the fact that the textile factories embark on exportation of locally made textiles to some ECOWAS countries, no tax rebates or incentives are given to encourage them increase their export activities. According to the ATL Administrative Manager, after exporting for one year, what Export Promotion Council does is to look at the company's total export value and if it is beyond certain margin, an award in the form of a plaque or citation is given to honour the company. This is no incentive and does not encourage domestic industries to grow.

A similar situation exists in the cotton industry where the Administrative Manager of GCCL (Personal communication, May 25, 2014) asserted that, as a very significant cash crop serving most of the fabric manufacturing companies worldwide, it is a common practice to see most governments of cotton production countries subsidizing cotton production to lessen the burden on both cotton growers and ginnery firms, making specific reference to China, US, India, Pakistan, and in the sub-region Burkina Faso, Benin, Mali, and Cote d'Ivoire. The situation in Ghana, according to the GCCL Administrative Manager is different as cotton production is not subsidized in any form by the government. He however noted that, food crop production in the region is subsidized by the government to encourage farmers to produce more foodstuffs. Moreover, the General Secretary of Cotton Farmers Association (Personal communication, May 28, 2014)added that, a number of NGO's have gone into sponsorship of food crop production in the region making it more attractive and for that matter causing most of the cotton farmers to divert into the production of food crops. This from observation has created a great vacuum in cotton production industry resulting in reduction in cotton yields.

Lack of Capital Investment in the Textiles Sub-Sector

An apparent observation made by the researcher which was confirmed by the Acting Technical Director of VSTL and the Administrative Manager of GCCL was lack of capital investment in the sub-sector by government, financial institutions and stakeholders. The study found that, textile factories whose management control is by the government are confronted with serious financial constraints and are crying for the government to recapitalize the factories. Those with the private management control are calling for financial institutions and other stakeholders to invest or assist them to recapitalize their factories. In support of the assertion made by MOTI (1973), the Acting Technical Director of VSTL confirmed that running a textile factory is capital intensive and therefore requires the state or foreign investors to come in to ensure efficiency and sustainability. Taking sides with each other, both the Acting Technical Director of VSTL and the Administrative Manager of ATL contended that, successive governments have not been supportive due to high financial demand and lack of interest in the textile sub-sector. Political aspirants, according to them, make flimsy promises during their political campaigns and fail to deliver their promises after they have come to power. Very disturbing issue that the researcher noticed is the discontinuity of past governments' policies or agenda which continues to cripple the industry as new governments always want to pursue their own manifesto agenda leaving the unfinished projects of previous government to die out. This trend affects the state owned companies the most as they usually rely on the government for recapitalization. The private owned companies on the other hand have no option than to depend on loans from some financial institutions with high commercial interest rate to remain in business. The result of this is high indebtedness of most textile manufacturing companies.

Lack of Research and Development in the Textile Sub-Sector

A survey of the various plants of the four selected textile factories; GCCL, VSTL, ATL and TGL indicate that the industry still sticks to the production of plain weave cotton fabrics with high dependency on obsolete machinery and technology for production. It was observed that the local textile industry employs only tappet looms which have limited design possibilities with limited application. A factory like TGL still utilizes cumbersome dyeing and printing technology such as pit dyeing and hand block printing. An obvious revelation from the survey is that, since the inception of the textile industry in the 1960s, not much significant research and development have been made in the sub-sector to position the industry at a competitive level so as to rub shoulders with its offshore counterparts who have advanced into research and development of fibre/fabric variance and functionality with much emphasis on production of fabrics for technical, industrial and high fashionable applications. This is affirmed by the observation made by Majory (1986) that, since 1960s, major changes in the production and manufacture of fibres, yarns, and fabrics have occurred where the development of fibre variance and modifications, and new methods for processing fibres into ultimate end-use products have affected finishing and colouring fabrics at the manufacturing level and behaviour in use and care at the consumer level.

Contrary to this phenomenon that has become a trend in worldwide production of textiles, questionnaire responses of textile lecturers from the country's high academic institutions with specific reference to KNUST, UEW, Kumasi and Takoradi polytechnics (Figure 5) revealed little research and development in the textiles sub-sector. Evidently, twelve (12) out of eighteen (18) respondents representing 66.6% indicated that there has been little research and development in the textiles subsector, with three (3) that is 16.6% going in for no research and development in the subsector, whereas two (2) representing 11.1% hold the view that there has been significant research and development in the subsector.

Very unfortunate observation made by the

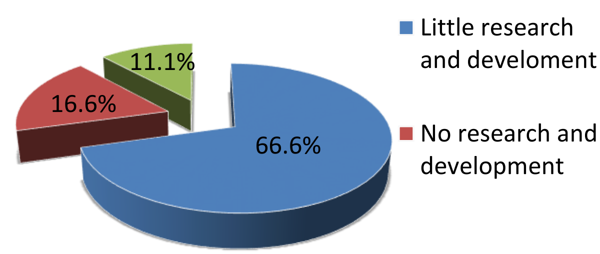

Fig. 5: Research and development in the textiles subsector
Source: Field research (2014)

institutions offering textiles is that research findings in the form of theses and dissertations by both lecturers and students usually end up in the shelves without any impetus for implementation of such findings in the industry as there is no form of action plan or programme that allows for such development to take place.

It was also observed that the local cotton industry is faced with frequent shortage and poor quality of cotton seeds due to lack of research in cotton production by the research institutes in the country. According to the Administrative Manager of GCCL (Personal communication, May 25, 2010), Savannah Agriculture Research Institute (SARI) established with one of its core objectives to research into cotton for the sustainability of the cotton industry has directed its focus into other agricultural produce other than cotton, given cotton growers and ginneries no option than to import cotton seeds from the neighbouring cotton producing countries like Mali, Cote d'Ivoire, and Burkina Faso who, according to the General Secretary of the Cotton Farmers Association supply farmers with poor quality seeds leading to low yield each season.

The Administrative Manager of GCCL further stated that, some attempts were made by Ministry of Trade and Industry in 2006 to support SARI in the development of an improved seeds for use by cotton farmers and as a result, SARI came out with three seed varieties of which the National Varietals Release Committee (NVRC) released two for cultivation. A lot more, to the researcher, is required in this direction as much more improved cotton varieties with less inputs requirement and high yield are increasingly being developed by cotton producing countries worldwide for economic reasons. For instance, with the introduction of Genetically Modified Policy (GM) in cotton production which is aimed at reducing heavy reliance of pesticides, most cotton producing countries in both the developed and developing worlds such as US, India, and China have shifted to GM cotton production to reduce cost of inputs and for that matter production cost, and also to boost their output performance (Genetically Modified Cotton, 2010). The Administrative Manager of GCCL added that cotton producing countries in Africa like Cote d'Ivoire, Mali, Burkina Faso, among others have as well moved in this direction to produce significant quantities of cotton for local consumption and for export. But due to the Ghana government's unpreparedness to implement the Genetically Modified Policy (GM), the researcher finds that not much has been done in this area and the cotton industry suffers the most with a very blur future.

Global concern for Eco-friendly Production Practices

The Health and Safety Manager of TGL (Personal communication, July 7, 2014) responding to questions on environmental friendly production asserted that, the global concerns for environmental protection, health, and safety issues have compelled most industries including domestic textiles manufacturers to engage in environmentally friendly production. He further noted that TGL has even won an award for judiciously use and recycling of water aimed at saving the environment from toxic chemicals. This buttresses the point made by Frings (2001) that the American and European textile companies have made a move to maintain health, safety and clean air and water leading to the introduction of E3 (Encouraging Environmental Excellence) programme which urges producers to protect the environment.

In order to break-even and have a fair share of patronage in the international markets, however, the researcher observed that some domestic textile companies like VSTL, ATL and TGL have made some attempts into environmental friendly production to make their products acceptable on international markets. These include installation of water, wax, and other chemicals recycling systems, which ensure safe disposal of toxic production substances thereby reducing the risk of pollution these pose on the water bodies, air and the environment as a whole. Provision of nose and ear protective devices to employees for their safety with enforcement of safety precaution norms was apparent in the factories. This is in line with the assertion made by Majory (1978) that, employees are now provided with nose and ear protective devices to protect them from inhalation of fumes from boilers that in the past has been responsible for a variety of illness among employees, and high sound vibration that has an adverse effect on the hearing of workers.

However, the researcher observed that, local textile factories have not been able to engage fully in E3 programme due to the high capital cost involved in eco-friendly textile production which according to Frings (2001) makes some textile producers, especially those from the less developed countries, kick against environmental friendly production. For the domestic textile industry to get fully into eco-friendly production in order to cope with global trends, a lot more has to be done in terms of capital and machinery infrastructure, production processes and material utilization, as well as enforcement of safety policies for personnel, among others. The following alternatives as suggested by Frings could be considered by the domestic textile manufacturers:

a) The use of alternative methods of picking systems requiring water or air on modern looms to bring to the barest minimum the high sound vibration that characterized shuttle looms which has an adverse effect on the hearing of workers.
b) Installation of water–purification equipment to reduce water and air pollution. That is alternative use of solvents and foam technology for the reduction of water pollution which requires less energy consumption for effective textile production.
c) Cleaning and filtering air to reduce or eliminate interior pollution.

Although the installation of various controls required in the reduction of noise, water and air pollution add to the cost of production and consequently affects the price of the finished textile products, manufacturers have no option as environmental friendly production has become mandatory in some developed worlds. This poses an unforeseen threat to the future of the local textile industry as environmental friendly production is increasingly becoming a global phenomenon in industrial processes.

Effects of Trade Liberalization

The Administrative Manager of ATL (Personal communication, June 14, 2014) was emphatic that, trade liberalization is not a bad phenomenon in that it brings about competition and encourages improvement of quality of domestic products and consumer benefits. He however was in contention that, the untimely enforcement of liberal trade policy in Ghana in the 1980’s as part of the conditionality of World Bank and IMF for the country to access funds from them was a major cause for the near collapse of the textile industry. This confirms the argument by Egu (2009) that the collapsing of the textile industry in Ghana is attributed to the trade liberalization policy emphasizing that the liberalization in trade in Ghana led to the flood of textile products from China and other countries which due to their relatively cheaper prices compared to those produced in Ghana made it difficult for the local producers to cope with the competition. Stakeholders have proposed that, it is good to protect the textile industry from external factors since it forms part of the production sector of the economy. However, whiles the industrialists oppose the trade liberalization policy, economists have argued that trade protectionism flies against the theory of comparative advantage, which suggests that opening up world markets, and reducing trade barriers (Trade liberalization) would lead to gains from trade for all concerned (Globalization & Gender Brief Series, 2009).

The ATL Administrative Manager was of the view that, government should have devised expedient measures to elevate the standards of those domestic factories which were sub-standard and vulnerable in terms of capital and physical infrastructure to an appreciable level, strong enough to produce quality products at reasonable affordable price which could compete keenly with products from the foreign countries before going ahead to implement the trade liberalization policy. This, according to him, was not done before the policy was introduced and within three years of its implementation, the textile factories, which were in the excess of about 300 comprising large and medium scale industries, reduced drastically to nine (9). This was because the products of those domestic firms could not compete with the imported types in terms of quality and price. The unfortunate issue is that, some of the imported textiles come in not necessarily under the same competition as some foreign textile producers get subsidies from their government to cut down production cost which is not the case in Ghana; hence accounting for the collapse of many local textile factories with the existing ones struggling hard to survive.

These opinions by the ATL Administrative Manager are proven by MOTI's report (2004) which affirms that, most industries went out of business and the situation deteriorated under trade liberalization, which formed part of the Structural Adjustment Programmes (SAP) pursued in the 1980s and 1990s by the government. Hence, employment in textiles sub-sector declined from 7,000 in 1995 to 5,000 in 2000. The reforms led to increased importation of textiles and other used apparel, which facilitated the closure of many textile industries in Ghana. This, to the researcher, is a clear indication that the woes of the country's textile industry is primarily as the result of the introduction of trade liberalization policy.

It is therefore economically important for the government to put in place stringent measures that will serve as safeguards to the textile industry as other developing countries in the sub-region like Kenya and Nigeria have done to protect their domestic textile factories from collapsing. As indicated by Omolo (2006), between the time of Kenya's independence and the end of 1990, the government systematically introduced controls in the sector to protect the local industry by imposing 100 percent duty on imported textiles. This ensured rapid growth of the local textile industry hitting an average production capacity of over 70 percent. However, by the mid-1980s, the textile and garment industry started to decline as a result of the implementation of trade liberalization which affected Kenya's economy. As one of the key sectors targeted for employment creation and poverty reduction in the country, the Kenya government, according to Omolo, determined to revive the dwindling fortunes of the industry by outlining a number of policies to promote the growth and development of the textile sector. To increase trade and investment within the sector, the government made proposals to review trade licensing agreements to provide market information to Kenya textile manufacturers, support the private sector in identifying new markets, improve the quality of Kenyan goods and to reduce non-commercial risks. The government also pledged to improve the business climate by developing a new regulatory framework for financing and infrastructure, strengthening the rule of law, improving security and reducing the number of regulations and steps required for investing in the country.

Faced with fierce competition from outside, the Federal Republic of Nigeria, according to Oyejide (1975), introduced a number of restrictions on imports between 2001 and 2004 to encourage local production and consumption. For instance, the number of broad product groups under import ban rose from 27 in February 2003 to 35 in January 2004. In 1989, for example, close to 96% of the tariff lines for textiles and clothing were subjected to an import prohibition regime (GATT, 1991). This was done to ensure that domestic textile factories in Nigeria are protected by restricting products that are judged to be 'not essential' or compete with domestically produced goods that are available in adequate quantities. Ghana can learn from these experiences to protect and sustain its textile industry.

CONCLUSIONS AND RECOMMENDATIONS

The study revealed that the Ghana textile industry is faced with stiff external competition where the influx of cheap foreign textiles on the ticket of trade liberalization has been a major threat to the industry due to their competitive advantages in terms of affordability and variety which foster wider application. Again, the move by Ghana to join the league of liberal trade of WTO has abysmally done the country more harm than good leading to excessive dumping of second-hand clothing and increase in textile smuggling which have debilitated most domestic textile factories and left thousands of Ghanaians jobless. To sustain the textile industry amidst strong external forces therefore requires formulation and implementation of national policy document on textiles with the focus on anti-dumping strategies to build competitive edge and to serve as a blue-print to accelerate smooth production and sales operations of the local textile industries. This is very crucial as the study finds no national policy document on the subsector which has been one of the main challenges hindering the success of the industry. Developing a holistic national policy document for the textiles sub-sector will necessitate collaborative effort of government management of the textile industries and textile institutions with other stakeholders to discuss and formulate pragmatic strategies in short, medium and long terms to salvage the situation. This will essentially require a thorough feasibility studies of the industry from the raw material base to finishing and marketing by experts to establish the true picture of the industry and to serve as the basis for the development of the national policy for textiles just as China, India, Kenya, Nigeria and others countries have done to develop and sustain their textiles industries.

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