

The Nigeria: Why Instability in Pakistan May Help Revive Africa's Textile Industry

Written by Dave K

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It is no secret that the country of Pakistan has been struggling for a long time. The country of around 180M has faced an energy crisis, political division leading to civil unrest and most recently a surge in violence and terrorist attacks. Pakistan is also a country that is labeled a concern for corruption by Transparency International.

While many countries around the world face problems; all of these combined create instability and with that comes higher prices and less foreign investment. Fuel shortages increase costs of transport and it becomes a vicious cycle causing exports to drop.

We now see companies leaving Pakistan after years of business and investment in the country. The most notably as of recent being Walt Disney Company and the Canadian menswear label Kanati Clothing Company.

A recent article titled "Badly Governed to Ungovernable" in Pakistan Today stated "The only way that an ordinary businessman in Pakistan can be 'successful' is by hook or by crook, "putting wheels on files" by greasing palms and evading as much tax as possible to keep going. If a businessman wants to become big time he has three options: join cartel-mafias, become a crony-front man of the official Mafia or enter politics and get into government. Try and do it morally and legally and you will come a cropper because morality and legality are singularly absent in Pakistan."

Pakistan clearly faces some challenges and even though there are some signs things will improve; this will take time. Many areas of the country often go without power and communications for up to 13 hours a day. A looming water crisis is expected to hit this year unless drastic changes are implemented.

Foreign companies have limited protection in Pakistan and it is now being revealed just how many companies are finding the country a concern to their flow of business and no longer willing to manufacture or invest in the country. Pakistan is a country on the decline according to the World Bank's "Ease of Doing Business" ranking system that places the country at only 128 of 189 countries.

"After much thought and discussion, we felt this was the most responsible way to manage the challenges associated with our supply chain," said Bob Chapek, president of Disney Consumer

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Products in a statement.

He added that the decision is based on a recent report from the World Bank, which assesses how countries are governed, using metrics like accountability, corruption and violence, among others.

"As an organization that serves clients globally, we just can't afford the disruption and down time in Pakistan. Our clients depend on a fast and reliable service. We can no longer wait and hope for improvements in Pakistan" said company co-founder of Kanati Clothing Company Liam Massaubi in a press release. He continued to say "We recognize when it is time to cut losses and move on. There are added benefits of a domestic manufacturing approach where we are able to control all of the variables, which we cannot do in Pakistan"

These problems leave many companies seeking new opportunities elsewhere in the world and many are setting their sights on Africa. Why not? Africa produces close to 10% of the world's cotton and has one of the largest untapped work force in the world. By 2040, Africa will have 1.2 billion people of working age which will be bigger than India, China and Pakistan.

Many textile companies are taking advantage of this. Swedish label H&M built a factory in Ethiopia and the US company PVH which produces for labels like Calvin Klein and Tommy Hilfiger plan to produce in Kenya. Many Turkish textile firms are also looking at building factories in Africa.

Nigeria's textile industry collapsed a few years ago and many of the factories were left to wither away and are now in a state of decay. There is hope that the Nigerian textile industry will see a new breath of life. The people are talented and willing to work, there is much more stability than Pakistan and companies can find better pricing and transportation options.

With numerous African countries becoming encouraged to compete globally with some major names in the industry willing to manufacture here, there is also hope trade will improve between African countries and economies will pick up.

Botswana exports to the United States under the African Growth Opportunity Act (AGOA) increased by over 50 percent between January and November 2014.

It is clear that there is much potential for growth and sustainability in the textile market from Africa. Instability elsewhere in the world strikes fear into foreign business and prevents them from meeting their company time requirements.

With big name companies finding Africa to be a key part to their business with a skilled work force, we can expect to see a flow of companies who are unable to find support elsewhere

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follow. It is an interesting time and a rebirth for Africa in the textile world.