GHANA

Motifs for survival

Africa's jewel-coloured 'wax' fabrics are still hugely popular, but the illegal trade in cheap counterfeits from Asia is eating away at local production. One Hong Kong-owned Ghanaian factory, however, is finding new strategies to keep its African textiles made in Africa.

By **Rose Skelton** in Accra

In the staff lunch room at Akosombo Textiles Limited's factory, on the banks of Lake Volta in eastern Ghana, the tables have Lazy Susans of the kind found in Chinese restaurants, and the menu includes sweet and sour pork and Asian greens in oyster sauce. At this, the production headquarters of one of West Africa's oldest and most famous textile companies, the chef is a Chinese-trained Ghanaian and the diners Ghanaians, African expats and Chinese. On the walls, ATL wax prints are mixed with Chinese watercolours of bamboo groves and misty mountains. It's a collision of continents.

While much has been said in recent years about the growing presence of China in Africa, China's involvement in the Ghanaian textiles industry is nothing new. Kwame Nkrumah, Ghana's first president, embarked on Ghana-China partnerships in the industry in the 1960s, and GTMC – the Ghana Textile Manufacturing Company – still exists today, albeit at a very low level of production. The ATL factory in Akosombo was built by Cha Textiles Group, a Hong Kong-based company, in 1967. Of its 1,300 staff, only a handful are Chinese, employed mostly as engineers to maintain the huge, complex machines that produce millions of metres of cloth every year.

The Chinese staff don't get involved with the actual production of the textiles at ATL, one African employee at the factory said, because "they don't have the knowledge of what we're doing". Instead, it is the African staff who look after the design studio, the weaving, spinning and printing of cotton, and the complex marketing strategy that keeps these brightly-coloured fabrics popular. ATL's cotton comes from smallholders in Ghana, Benin and Côte d'Ivoire, and is spun and woven at the factory in Akosombo. Just as in many African countries, the textiles industry has become an important contributor to the Ghanaian economy, employing large numbers directly and indirectly, from farmers through to traders.

'Wax' cloth, also known as 'waxy', 'fancy', 'Java' or 'wax Hollandais', has become the iconic African product and is proudly worn across sub-Saharan Africa. But it did not start out in Africa.

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The cloth was first created in Indonesia, when the Dutch colonial rulers started mass-producing the fabric to undercut the local batik trade. These prints found their way to Africa in the 19th century via Dutch traders who discovered a continent hungry for the brightly coloured, exotic fabrics. These came to be known as 'wax' after the wax used to make Indonesian batik.

But the African textiles industry has been in crisis since the market opened up to other players in the 1990s, and today it still faces an uncertain future. Companies like ATL, who print on the continent, are facing the threat of closure as their designs, each one unique, are copied and reproduced in China in a lower quality, cheaper cloth, and sold back onto the African market at a lower price. While the Ghanaian government tries to combat the illegal copies, there is no pressure from the Chinese government – which subsidises textile exports – to stop them.

CHINA TURNS A BLIND EYE

"Our group has registered its trademarks and brands in China but legal actions take a long time to be resolved," says Stephen Dutton, ATL's sales and marketing manager. "At the moment it doesn't appear that the Chinese authorities have the will to take on this problem."

"Manufacturers in China are interested in bringing textiles to Africa but they don't know what will be a hit on the local market," says David Boafo, a

ATL now uses its robust but complex machines to produce high quality fabric aimed at the middle classes

member of the Ghana Standards Board committee set up to combat counterfeiting in the Ghanaian textiles industry. Boafo explains that when companies such as ATL release a new design on the market, samples of these are immediately sent to manufacturers in China to be copied. While they can't say exactly who is sending the samples to China, the Standards Board suspects it to be a partnership between Ghanaians and Africans from neighbouring countries.

"Most goods land in Togo and are smuggled by petty traders across the border," says Boafo, adding that the port in Lomé has no controls on imports. "The quantities are huge. Almost every day, four to five 23tn shipping containers [of counterfeit textiles] enter Makola market [in Accra]," he says.

It's a partnership that benefits local traders, Chinese manufacturers, and consumers who are happy to have a cheaper-quality fabric. Chinese copies – sometimes half the price of the original – are made with polyester-cotton blend fabrics, which are much cheaper to produce than the high quality cotton that ATL uses.

Ghana's existing import duties and government levies on textiles from outside the ECOWAS region come to around 50% of the invoiced value of the goods. While this should offer some protection to local manufacturers, says Dutton, it can only work effectively on officially imported goods, on which taxes are paid.

Another alternative is banning imports altogether. But in Nigeria, where there is a ban, markets are full of smuggled Far East textiles. ATL has never lobbied for a ban on textile importation because they believe that people should have a choice of quality and price level that they can afford. "A reasonable tariff rate would be the best option," argues Dutton, adding that most people want to be on the right side of the law. Bans or higher import tariffs would diverge from Ghana's free market policies, and could have an effect on its relationship with institutions such as the World Bank.

To combat the Chinese competition, ATL has begun a new marketing strategy that takes into account a changing consumer. "The only way that manufacturers in countries such as Ghana can compete is through higher quality, through innovation in designs and product development, all of which requires additional investment," says Dutton.


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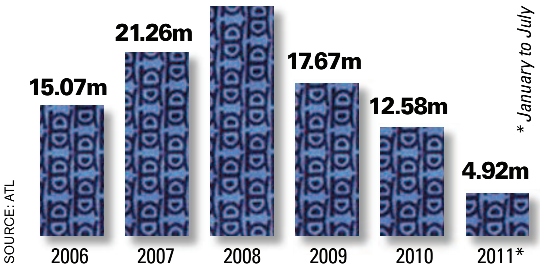
Nigeria accounts for 60% of Akosombo textile exports

AKOSOMBO PRODUCTION IN DECLINE
(metres of fabric)



Like Nigeria – which alone accounts for 60% of ATL's exports – Ghana has a rapidly emerging middle class that can afford to pay for higher quality fabrics and prêt-à-porter items. "We are losing consumers," says Alfred Pambi, production co-ordinator at ATL, "but we are improving the quality of the fabric to target the middle and upper classes. If we produced for the mass market to compete with the Chinese, we would kill the brand."

Instead, ATL is collapsing many of its lines. These days, half of the massive, oily machines at the Akosombo factory lie dormant. In 2008, ATL turned out 26.6 million metres of cloth. In the first half of 2011, the company produced just 4.9 million metres (see graph). What has replaced mass output are fabrics with a wider margin, marketed to the oil-rich classes who have money to spend on luxury items and are proud of the African traditions that wax fabrics carry. ATL and other companies such as Vlisco, a Dutch company that has been making high-end wax textiles since 1846, are designing products to reflect this, which have become highly-desirable consumer goods among the upper classes of many African countries. Six yards of Vlisco cloth costs around 110 GHS ($70), a price out of reach of much of the population, yet it is still one of Ghana's top sellers.

THE RICHES OF KINGS Four years ago, ATL launched Da Viva ('Proudly African Inspired'), a new brand of expensive fabrics and tailored clothes that are popular in Nigeria, DRC and Senegal. A year later, it launched the 'Treasure' line, prints inspired by the traditional hand-woven *kente* cloths of Ghana and Côte d'Ivoire, originally worn only by royalty. 'Treasure' cloth, which goes for 50 GHS ($32) for six yards, carries the same symbolic colours as *kente* and draws on the pattern, each of which has a particular meaning.

Whereas *kente* cloths are traditionally narrow strips of material worn as shawls, wraps or toga-like draped garments, 'Treasure' fabrics can be turned into shirts, trousers or party dresses. "ATL's 'Treasure' is our most popular fabric," says Anita Peterson, a textiles trader at Accra's enormous Makola market. "People like it because it is produced in our country. It's part of our culture."

It is increasingly a strong connection to tradition that keeps the African textiles market going. President John Kufuor made it mandatory in Ghana for workers to wear African cloth every Friday. Churches, banks, schools, NGOs and companies print their own, personalised cloth which employees use to make outfits for 'Friday wear'. "Fifty per cent of our local business is now Friday wear," says Berthold Onadambo, ATL's production manager, as he surveys the seven layers of ink being printed onto 12,000 metres of cloth bearing the words 'Global Evangelical Church'. A church can spend $80,000 on a single order, he says. "Tradition is keeping our business alive."

But people's lifestyles are changing, and with it traditions are being revamped. The textiles industry has to shift in order to keep up. "It used to be that a family would buy 12 yards of fabric: six yards for the mother, the father will take two, then four yards for the children," says ATL's Pambi. "On church days or feast days, the whole family will match. But these days, with Africans travelling overseas to study, having mixed relationships, becoming more open-minded, they won't be going to the market to buy 12 yards of fabric. Companies can't survive on mass-production like they could in the 1960s."

Many textile manufacturers in Africa have already closed down, including the Cha factory in Kaduna, Nigeria, with the loss of 5,000 jobs. Recognising what a loss to the economy the collapse of the textiles industry would be, the Ghana Standards Board has launched a committee to combat the trade in counterfeit textiles. It makes sweeps on Makola market, handing over the textiles it seizes to government agents to be burned. The committee also encourages importers of textiles to register with the Board and educates traders on the dangers of the illicit trade.

4-5
23 tonne containers
of counterfeit textiles arrive at Makola market in Accra every day

"People need to understand that it's not just about money, but about protecting the future of our industries," says the Standards Board's Boafo. "If our industry collapses, there is a chain reaction. People lose jobs, health care and school fees can't be paid. If people understand this, they can help stop the trade. If not, it will be very difficult to fight."

Africa's textile manufacturers have faced crisis before – when the Chinese began penetrating the largely French, German and Dutch-dominated industry in the 1990s. But ATL's Pambi, who also runs his own company exporting ready-made clothing to the US and Europe, using ATL fabrics, thinks that this time the competition can have some positive effects.

COMPETITIVE ADVANTAGE

"Competition always brings new ideas," he says. "Africans are conservative so a textile design can be passed from generation to generation. We find change strange. But, in the modern day, this kind of thinking cannot exist. We are running a business and we have to innovate. Chinese competition has forced this change. Now we need new investment, new technology."

With it being cheaper to produce outside of Africa, one wonders why Cha Textiles Group has continued to produce its fabric at the Akosombo factory rather than transfer production to China, especially after the Kaduna factory closed. According to ATL's Dutton the decision was partly to protect jobs, understanding the impact that moving production to China would have on the economies of Ghana and Nigeria, but the company also hopes that its proximity to its markets will help it to survive this crisis in the industry. "Only time will tell if we have made the right decision." ●

INNOVATION IS THE ANSWER


ALAMY/PHOTO 12
Mauritian companies are manufacturing in India

ACCESS TO GOVERNMENT SUBSIDIES, soft loans, cheap labour and export incentives give China and the Far East a competitive advantage over Africa. Textile industries across Africa have struggled to readjust to the competition.

Some countries have fared better than others. Aware that it cannot compete against the low-cost Chinese factories, Mauritius has refocused on innovation and higher value textile products. Exports are mainly to Europe and the US, but exports to South Africa are growing in importance.

Mauritian companies such as CIEL Textile have set up shop in neighbouring Madagascar, where prices are cheaper, and in India. The government has introduced stricter standards, and promoted a greener industry. Despite moving up the value chain, the Mauritian textile sector was hit hard by the 2008 financial crisis. After posting growth of 9.9% in 2007, the sector contracted by 0.2% 2009, though it recovered in 2010 with 1% growth.
Lesotho's textile sector – which accounts for 80% of manufacturing jobs – has had more trouble adjusting. The appreciation of the rand, on which the Lesotho loti is pegged, has made textile exports less competitive. The Lesotho Textile Exporters Association has asked for government help, but the government has little cash to play with. According to the African Development Bank, unit costs for producers in Lesotho were almost 80% higher than those in Pakistan – the world's cheapest supplier. ●

Gemma Ware and **Rose Skelton**