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Development and Self-reliance in Tanzania's Cotton and Textile Sector

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"There are all kinds of new techniques that are being devised by international capital. After all, mosquitos today are able to cope with the DDT insecticide. Similarly, imperialism has a certain flexibility, and I think the new forms and adjustments are maybe more difficult to combat because they are subtle, and there is a time lag before it can be appreciated that imperialism can also turn retreat into success."
–Walter Rodney, *Problems of Third World Development*

Decolonization and the national liberation struggles of Third World peoples presented an obstacle to the expansion of monopoly capitalism and imperialism following the Second World War (Yeros 2024). Using the case study of cotton and textile production, this paper examines Tanzania's struggle for self-reliant development and imperialism's attempt to turn retreat into success in the post-independence period. Furthermore, the paper examines industrial development in the late neocolonial period, and the government's failure to increase the domestic consumption of cotton despite its rhetoric emphasizing the development of the cotton-to-clothing sector. The paper begins by examining the post-independence government's industrial development strategy vis-à-vis the cotton and textile sector. Next, it discusses how and why the textile industry went into decline by the early 1980s as well as the negative effects of the implementation of structural adjustment policies beginning in 1984. Lastly, the paper provides an overview of the textile industry and obstacles to autonomous and more sustainable industrial development in the late neocolonial period.

Cotton comprised the second major cash crop and export earner at independence and continued to play an important role in the post-independence economy and in post-independence development planning. The first section of the paper analyzes the post-independence government's industrial development strategy vis-à-vis textile production. The post-independence government regarded the development of the textile sector as common sense given the country's inherited dependence on the production and export of raw cotton. Moreover, the umbrella organization for cotton marketing cooperative unions—the Victoria Federation of Cooperative Unions (VFCU)—comprised a source of domestic capital in the face of miniscule national reserves, a reluctant domestic private sector with limited funds, and fickle foreign aid, loans, grants, and investments (especially following the Arusha Declaration in 1967). Considering Tanzania's inherited role in the regional economy as an exporter of raw materials with miniscule industrial development, the post-independence achieved the impressive feat of constructing a textile sector from scratch, establishing the first factories to process domestically grown cotton. By comparing archival records regarding the government of Tanzania's negotiations with foreign investors to secure the funds to construct the fully-integrated textile factories, this section examines constraints that the post-independence government faced implementing its development plan as well as contradictions of its industrial development strategy under the plan. Despite a period of success and the expansion of textile production over the course of the late 1960s and 1970s, production began to decline in the early 1980s, falling to a mere 32 per cent of capacity in 1984 (Mpango 1988).

The second section of the paper examines the decline and eventual collapse of the textile industry by the late 1990s, resulting in the shuttering of the majority of textile factories in Tanzania. The section begins by examining how and why the industry began to decline beginning in the late 1970s. The paper argues that the post-independence government's failure to transform the economy's dependence on the export of raw materials or improve agricultural productive forces, together with its uncompromising focus on capital intensive fully-integrated textile factories that did not match the level of domestic capital accumulation, rendered the industry vulnerable to crisis and collapse (Rwenyamu 1981). The government's continued dependence on the revenue generated from cotton exports to invest in industry, rendered industrial development vulnerable to international market prices for primary products. When Tanzania faced a balance of payments crisis following xxx that diminished earnings from the export of primary products like cotton, the government could not only not sustain its investments in industry, it found itself on the brink of bankruptcy. Despite resisting xxx, in 1985/6 the government of Tanzania conceded to signing its agreement with the International Monetary Fund and the World Bank. Structural adjustments had devastating effects on the textile industry, and by the late 1990s the majority of both private and state-run textile factories were shuttered.

The final section of the paper provides an overview of the textile development landscape in the late neocolonial period. Following the collapse of the industry and shuttering of factories, in the early 2000s, the government approached private investors to purchase the former state-run fully integrated factories on the condition that they maintain their function as textile concerns. At the time of carrying out fieldwork in 2018-2019, only 6 factories were operational and consuming domestically grown cotton. Four out of the six factories comprise former fully-integrated state-run factories that continue to produce for the domestic market rather than for export, while the remainder primarily produce for export (polyester mosquito nets and some garments). Based on in depth interviews with factory owners and managers, the paper examines obstacles to maintaining the textile industry in Tanzania, highlighting the role of technology, competition from imports (from China in the case of kanga and vitenge production, and from the global North, in the case of second-hand clothes and garment production), and domestic politics/ regional dynamics. The paper concludes by xxx.

Development planning for self-reliance

The textile industry became the most rapidly growing industry in Tanzania following independence, with textile production increasing fivefold between 1967 and 1978 (Mpango 1988). Despite only 5 textile factories operating at independence, all relying on imported yarn, by the early 1980s, the industry had expanded to 35 textile factories, employing around 37, 000 people (Kabissa xxx). It comprised the government's third largest source of tax revenue and the largest exporter of manufactured goods (ibid.). Despite meeting domestic consumer demand for a period however, textile production began to decline in the early 1980s, falling to a mere 32 per cent of capacity in 1984 (Mpango 1988). The section examines how the post-independence government's failure to transform the economy's dependence on the export of labor intensive raw agricultural products proved determinantal to sovereign industrialization and self-reliant development.

The post independence government regarded the emphasis on textiles as common sense given the role of cotton production in the Tanzanian economy. At independence in 1961 there were only 3 textile factories in Tanzania and by 1963, there were only 5 textile factories, all using imported yarn. Only one of the factories, Tasini, carried out dying and produced finished garments like shirts. The remaining factories produced grey cloth and rayon. The country's first Three Year Development plan (1961—64) was devised by the outgoing administration in consultation with the World Bank and did not reflect the policies or principals of the new government (Rwenyamu 1973). Following the stipulations of the East African Licensing Board following independence, the government only granted licenses to capital intensive textile factories but did not require the consumption of domestically grown cotton and in fact maintained policies that encouraged the use of imported man-made yarns. When the first Five Year Development Plan (1964-9) was enacted, however, the processing of Tanzanian cotton into textiles in Tanzania constituted a focus of the post-independence government's industrial development plan. Although the plan did not explain how development targets would be met, the post-independence government, in continuation with the late colonial government, focused on capital intensive, be they fully integrated, textile factories.

"In order to minimize cost of production, small units on regional basis maybe make more sense? But whether like it or not, fully integrated policy is what it is" (xxx). Expand on archival data regarding the assumption of capital-intensive factories. Also, the continuation to expand despite reports stating that Tanzania was meeting domestic demand (and not part of regional strategy either, to rationalize production). To this end, it sought the capital necessary for the projects in the face of domestic private capital flight, a fickle foreign aid, and miniscule national reserves.

Based on the archival data, explain how the deal with the Chinese government was negotiated as well as some the terms of the agreement (commodity credit, materials, planning, labor, servicing land).

Based on the archival data, explain how the deal for Mwatex was negotiated, between the National Development Corporation (NDC), the VCFU, and the foreign investors and management firms (French and Swiss). The role of the state to secure private investment (servicing land etc), but accruing little of the benefits/ profits as a result of the terms of investment with the foreign management firms.

In both cases, the government of Tanzania was very constrained and desperate for the capital having tried and failed to secure investments from domestic private capital (primarily Asian or Kenyan Asians with existing business interests in Tanzania, reference archival data). Nonetheless, within 2 years, Mwatex and Urafiki were open and operating, processing Tanzanian cotton in Tanzania for the first time.

Crisis and restructuring

Despite successfully building the textile sector from scratch, the post-independence government's failure to transform the economy's dependence on the export of raw materials or improve agricultural productive forces, together with its uncompromising focus on capital intensive fully-integrated textile factories that did not match the level of domestic capital accumulation, rendered the industry vulnerable to crisis and collapse (Rwenyamu 1981). Moreover, by focusing solely on light manufacturing, resulted in textile factories depending on imports for all of their inputs (chemicals, dyes etc). Following World Bank prescriptions, the post independence government focused on expanding production of major cash crops. In the case of cotton, and consistent with late colonial policy however, the government utilized the cooperative societies to increase acreage, rather than developing the means of agricultural production.[1] By xxx, the Victoria Federation of Cooperative Unions (VFCU)—the umbrella organization for agricultural marketing cooperative societies in the Lake Zone—was large and wealthy. Explain how they were extracting surplus from smallholders without investing in improving agricultural techniques (husbandry, seed varieties, implements, irrigation) and the extension services that the government did provide via the cooperatives were paid for by the farmers from fees and levies deducted from their sales. Peasant incomes fell (Rwenyamu 1973).

Describe briefly the political and economic situation in the early 1970s—withdrawal of foreign aid, grants, and loans, following the Arusha Declaration, nationalizations as an attempt to xxx but still failed to transform economic structure (ie dependence on export of labor intensive agricultural raw materials). In the textile sector, the government acquired majority shareholding of the large textiles factories. Management often remained however, and it drained state reserves, paying the companies.[2]

The National Textile Corporation (TEXCO) became operational in 1974, taking over all the National Development Corporation's investments in major textile companies (TEXCO 1974). TEXCO also served as a Government development agency tasked with developing the textile industry to process all of Tanzania's raw cotton (ibid.). TEXCO thus aimed to take over the management and control of existing major textiles companies as well as expand the sector, despite the impending national economic crisis. It replaced the NDC's role in Urafiki and Mwatex (ibid.).[3] It also became the majority shareholder of Tanganyika Dying and Weaving (Suguratex), and had plans to expand Urafiki, Mwatex, and Suguratex (ibid.). Despite noting as well as the negative effects of water shortages and power cuts, TEXCO maintained the imperative to expand existing textile factories and build new ones, at the expense of agriculture, maintaining the goal of processing all Tanzanian cotton, rather than addressing the distortion of the economy and the fact that Tanzania could never process all of its cotton (without strategy to export textiles), and even if

[1] Explain more?
[2] Explain some of the mechanisms the factory owners used to profit from nationalizations?
[3] It also took over NDC interests in some smaller companies like Tanzania Bag Corporation, and Blankets Manufacturers Limited (TEXACO 1074).

it succeed, crop than impoverishes people while providing the only means of survival, in semi arid, underdeveloped places like the western cotton growing areas. In other words, no investment in agriculture, means no insulation or protection from international market for farmers.[4] Despite issues, continued to expand the textile in the late 1970s in the class interest of the state.

By the late 1970s the balance of payments crisis reached xxx, and as the economy deteriorated the country faced increasingly severe water shortages and power cuts, inflation, and xxx. Determined to hold firm, and not relent to the pressures from the international lending institutions like the International Monetary Fund and the World Bank, by 1985/6, signed first agreement. Explain more details (Uganda war, regional liberation struggles too etc).

How liberalization decimated the textile sector, nail in the coffin of the struggling industry already facing (water shortages, power cuts, inflation). Lowering of duties on imports, textile factories not able to compete and shuttered one by one, larger concerns holding on for a bit longer, but by the late 1990s/ early 2000s, all shuttered. Then, in the early 2000s, the government approached private investors (mostly Tanzanian Asians), selling the former state-run fully integrated factories for a pittance. Explain who bought which factories, and how Urafiki was privatized a bit differently (joint venture with a private Chinese company and the government of Tanzania).

The post-independence government's plan to process raw cotton, grown in Tanzania, was sounds, but, the capital intensive fully integrated strategy was no sustainable from the beginning, and moreover, need to address the issue of agriculture and diverting people from cotton production or totally transforming techniques. The nationalizations under TEXACO presented a vain attempt to mitigate the crisis in the balance of payments. However, it did not work because the strategy of development reproduced foreign dependence and depended on capital not consistent with the level/ capacity of domestic capital accumulation. Moreover, no investment in agriculture, or other sectors of industry (e.g. chemicals, capital goods).

Industrial development in the late neocolonial period

At the time that I carried out fieldwork in 2018/ 2019, there were only 6 textile factories operating that consumed Tanzanian grown cotton. Two of the factories only consumed negligible amounts of cotton—one of them being one of the export-oriented factories, and the other being Urafiki, or the former Friendship Mill. While the export-oriented factory specialized in polyester mosquito nets and other poly- products like xxx, consuming only a small amount of cotton for East African cloth production (kanga, vitenge, kikoi, masai cloth), Urafiki consumed a negligible amount of cotton as a result of production challenges, operating only for a few months of the year, and

[4] "The long-term basic industry strategy is unlikely to have much effect on the project composition of the next Five-Year Plan. The pipeline of industrial projects that are already being implemented or that have already been approved is such that there is little scope for radical changes or additional projects during the next 5 years." WB goes on to say existing projects consistent with plan (ie of using raw material, but not address capital intensiveness and dependence on external technology).

producing only a small quantity of textiles.[5] Only two of the four factories were able to function year-round, while the profitability of all of the factories was questionable (potentially only operating to function as a front for louche business dealings). In 2018 and 2019, I carried out site visits and semi-structured interviews with the factory owners or managers at all of the textile factories consuming domestically grown cotton and oriented to the domestic market. The main themes that arose in regards to sustaining textile production regarded i) competition from imports, ii) backward technology, and iii) local government policies and lack of regional coordination.

Technology

All of the factories relied on imported machinery and expatriate experts.

Factories oriented to domestic consumption	Products manufactured	Type of technology	Maintenance of machinery
Urafiki	Cotton kangas and vitenge	Backward and inefficient technology	Spare parts come from China (racket)
Mwatex	Cotton kangas and vitenge, cotton bedsheets	Shuttleless looms (cotton only)	European machines, struggle with spare parts and securing expatriate technical labor
NIDA/ Namera	Cotton and polycotton kangas and vitenge	Shuttleless looms (cotton and polycotton)	Pakistani machines, and Pakistani expatriate labor to run and service machinery. New innovations from China (e.g. printing techniques), Chinese technicians
21st Century	Cotton and polycotton kangas	Shuttleless looms, air jet (most advanced	European machines,

[5] The factory has thrived in large part as a result of partnership with international development organizations (e.g. UNICEF), non-governmental organizations, and even government organization (e.g. CDC), to produce long lasting insecticidal nets (LLINs) to prevent malaria. The other factory that is oriented to export production was also established by Kenyan Asians in Arusha. Although it aimed to take advantage of the AGOA agreement, the business went bankrupt and was shuttered in 2008, along with the former state-factory in Arusha, Kiltex. Multi fiber agreement undermined the advantages of AGOA, but some years later, the factory reopened operations.

	and vitenge, polyester uniforms	technology for polyester)	

The only competitive advantage that the Tanzanian factory owners and managers said they had in the face of kanga and vitenge imported from China, produced using the most advanced techniques and sold at a lower cost on the Tanzanian market than Tanzanian-made fabrics, is the turn around given the factories' domestic location. For example, although production cost in China is always lower than in Tanzania, even considering transportation costs, it still takes several weeks for a container to be shipped from China to Tanzania or East Africa. Since there are no textile factories oriented to domestic consumption in the region, producing kangas and vitenge in the region, this is also oftentimes an advantage for Tanzanian factories exporting to regional markets, for example, Malawi and Zambia where there remains a market for kanga and vitenge.

Imports

Related to technology, is the competition from imports. As a result of Tanzania's reliance on externally developed and often dated technology and capital goods, Tanzanian textile manufacturers struggle to compete. As one of my interlocuters explained, the Chinese are in a continuous cycle of innovation, so they keep making new products. He continued saying, Tanzanians can't compete with that, so they call technicians from China to introduce new technologies for printing, according to new fashions, or even recycling mitumba (second hand clothes) into yarn. Technicians arrive with translators, he explained, since they often can't speak any English, and it works well. Chinese machines, he explained, are advantageous because it's easier and cheaper to access spare parts compared to European machines which come with strict warrantees, require licensed technicians, and expensive spare parts. The factory owner does not have to invest as much fixed capital, and even if the machinery does not last as long, he explained, it doesn't matter, because then the technology changes. Most of the dyes and chemicals required in textile production are also imported from China at a lower cost.

No capital to invest in technology, or developing techniques that xxx, means that the industry is in a continual cycle of catch up, always depending on more backward techniques, and unable to remain competitive with manufactures produced using more advanced techniques.

Moreover, the issue of duty on imported goods, and government rebates given on imports, further undermine the Tanzanian textile factories' ability to compete with imported goods.
The issue of smuggling and under declaring goods.

Domestic planning and regional coordination

Lack of domestic planning and regional coordination! Development planning is necessary for determining development strategies, choices of techniques, and assessing technology transfers (Abdallah xxx). Planning must consider development goals and consider the level of domestic capital accumulation. Planning must also integrate agriculture, industry, and energy and mining sector. But, how to address contradictions between development planning that centers the interests of workers/ peasants/ working people, and post-colonial state complicit with imperialism?

Textiles were historically viewed as a catalyst for wider industrial development and transformation and this idea must be met with serious skepticism, even if textile manufacturing plays an important role in the Tanzanian economy/ development planning. Tanzania, like other African countries, can not simply emulate the development trajectory, or even strategies, of another country or region. How can a country with no control or influence over internal markets, find the capital to develop technology autonomously? Necessity of creativity, assessment of existing institutions and resources, environmental considerations, and a long term plan with short and medium term strategies.