

Textile Sector Exports and Economic Development in Nigeria

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Abstract- This study examined the impact of textile sector exports on economic development in Nigeria. Despite its historical significance as Africa's largest textile producer and a major source of non-oil export earnings during its peak decades, Nigeria's textile sector has experienced persistent decline, with operational mills collapsing and export earnings dwindling to negligible levels. The study was motivated by mixed empirical evidence regarding the relationship between textile exports and economic development, and renewed policy interest surrounding the African Continental Free Trade Area. The main objective was to examine the impact of textile export earnings on GDP per capita as a measure of economic development. The study adopted an ex post facto research design utilizing annual time-series data from 1990 to 2024, sourced from the World Development Indicators, Central Bank of Nigeria Statistical Bulletin, and National Bureau of Statistics. The Autoregressive Distributed Lag bounds testing approach was employed to examine long-run relationships. The findings revealed that textile export earnings have a significant negative relationship with GDP per capita growth, contrary to the export-led growth hypothesis, indicating deep structural challenges in external competitiveness and value addition. Conversely, textile sector output demonstrated a strong positive relationship with GDP per capita growth, affirming the sector's potential for domestic demand-driven development. The study concludes that while domestic textile production remains a crucial development lever, the current structure of textile exports fails to deliver sustainable improvements in living standards, necessitating urgent policy intervention for value addition and regional market integration.

Keywords: Textile exports, economic development, GDP per capita, export-led growth

I. INTRODUCTION

1.1 Background to the Study

The textile industry has historically played a pivotal role in Nigeria's industrialization and economic development, contributing to employment, export diversification, and value addition within the manufacturing sector (Aliu, 2021). During its peak in

the 1970s and 1980s, Nigeria's textile sector was the largest in Africa, with approximately 180 textile mills operating across the country, employing over 500,000 people, and serving as a significant source of non-oil export earnings (Nigerian Textile Manufacturers Association [NTMA], 2023; Okafor & Ibrahim, 2022). The historical trajectory of Nigeria's textile exports reveals a compelling narrative of promise and decline. In the immediate post-independence era, Nigeria's exports were predominantly unprocessed raw materials, with agricultural products dominating the export structure. However, by the late 1980s, a significant transformation occurred as textiles temporarily emerged as the leading manufactured export, surpassing traditional agricultural commodities (Adeyemi, 2022). At its zenith around 1980, the textile sector contributed an estimated 25 percent to Nigeria's manufacturing GDP, with an estimated valuation of approximately US\$8.9 billion (Aliu, 2021). Cotton, the primary raw material, was itself a major export crop during the oil boom years of the 1970s, underpinning a thriving domestic value chain that spanned from northern cotton farms to southern garment factories (Yusuf, 2024). This golden era proved ephemeral. From the late 1980s onward, a confluence of factors precipitated a precipitous decline in both production and export capacity. The sector's contraction accelerated dramatically following the liberalization policies of the Structural Adjustment Programme and intensified with the influx of cheap imports, particularly from Asia (Okafor & Ibrahim, 2022). Industry data indicates that textile sector output declined from approximately US\$8.9 billion in 1980 to less than US\$500 million by 2015, while the number of operational textile mills collapsed to fewer than 25 by 2020 (NTMA, 2023). By 2024, the industry's decline had reached critical levels, with fewer than 20 textile mills remaining operational out of the historical 180, and stakeholders reporting that the sector's contribution to non-oil exports had dwindled to negligible levels (National Bureau of Statistics [NBS], 2024). The erosion of Nigeria's

textile export competitiveness stems from multiple structural deficiencies. Unlike competitor nations such as China, India, and Bangladesh, which benefit from fully integrated supply chains where raw materials, dyes, chemicals, and machinery are domestically available, Nigerian manufacturers face fragmented value chains requiring costly imports of inputs (Adeyemi, 2022). Chronic infrastructure deficits, particularly unreliable electricity supply, force manufacturers to rely on expensive diesel generators, substantially undermining cost competitiveness (Yusuf, 2024). Currency depreciation following exchange rate reforms in 2023 and 2024, while theoretically beneficial for exporters, has paradoxically increased the cost of imported inputs and servicing foreign loans, thereby eroding any potential competitive advantage for textile exporters (Central Bank of Nigeria [CBN], 2024). The policy environment has yielded mixed results. Various intervention schemes, including the Cotton, Textile and Garment revival scheme and subsequent textile sector intervention funds, have been implemented with limited success (CBN, 2023). Nigeria's participation in regional trade frameworks has also encountered persistent challenges. The ECOWAS Trade Liberalization Scheme, operational since 1979 and expanded to cover industrial products in 1990, was designed to provide Nigerian manufacturers with preferential access to a regional market of over 300 million people. However, implementation challenges—including non-tariff barriers, bureaucratic delays, smuggling, and policy inconsistency—have prevented the scheme from catalyzing meaningful export growth (Bello, 2025). Instead of fostering industrialization, Nigeria has increasingly become a destination for foreign textile imports, with the domestic sector particularly exposed to intense competition from Asian producers (Okonkwo, 2023). Economic development, often measured by GDP per capita income, reflects the average economic output per person and serves as a key indicator of living standards and economic well-being (World Bank, 2024). A revitalized textile export sector can enhance GDP per capita through multiple channels: generating foreign exchange, creating employment in export-oriented value chains, stimulating ancillary industries from cotton farming to logistics, and fostering technological upgrading through integration into regional and global value

chains (Yusuf, 2024). Therefore, examining the specific relationship between textile sector export earnings and GDP per capita is crucial for understanding the sector's role in fostering externally driven and sustainable economic development in Nigeria, particularly given the confluence of new trade agreements, policy interventions, and the imperative for non-oil export diversification in the contemporary global economic landscape

1.2 Statement of the Problem

Despite its historical significance as a major non-oil exporter, the Nigerian textile sector has experienced a persistent decline in export performance, resulting in a loss of foreign exchange earnings, factory closures, and a reduced contribution to GDP per capita (Aliu, 2021). Although various policy measures have been introduced to promote non-oil exports, such as the Nigerian Industrial Revolution Plan (NIRP) and various export incentive schemes, the sector's export earnings remain volatile and their specific impact on per capita income is not well-documented (Okafor & Ibrahim, 2022). Existing empirical studies on the relationship between textile exports and economic development in Nigeria have produced mixed and often inconclusive results. Some studies (e.g., Okonkwo, 2023; Yusuf, 2024) suggest a positive linkage through the export-led growth hypothesis, while others (e.g., Adeyemi, 2022; Bello, 2025) argue that structural constraints like low value addition and weak competitiveness have minimized the sector's impact. This ambiguity highlights the need for an updated and focused investigation into how textile export earnings specifically influence GDP per capita in Nigeria, particularly in the context of recent economic policies and new regional trade dynamics under the AfCFTA.

1.3 Objective of the Study

The main objective of this study is to examine the impact of textile sector exports on economic development in Nigeria, proxied by GDP per capita income. The specific objectives are to:

1. determine the relationship between textile export earnings and GDP per capita in Nigeria.
2. evaluate the effect of textile sector output on GDP per capita in Nigeria.
3. investigate the influence of textile sector employment on GDP per capita in Nigeria.

1.4 Research Questions

1. What is the relationship between textile export earnings and GDP per capita in Nigeria?
2. How does textile sector output affect GDP per capita in Nigeria?
3. What is the influence of employment in the textile sector on GDP per capita in Nigeria?

1.5 Research Hypotheses

The study will be guided by the following hypotheses:

H₀₁: There is no significant relationship between textile export earnings and GDP per capita in Nigeria.

H₀₂: There is no significant relationship between textile sector output and GDP per capita in Nigeria.

H₀₃: There is no significant relationship between textile sector employment and GDP per capita in Nigeria.

1.6 Significance of the Study

This study is significant for multiple stakeholders. It contributes to the empirical literature on non-oil exports and economic development in Nigeria, with a specific focus on the textile sector and GDP per capita. For policymakers, including the Federal Ministry of Industry, Trade and Investment, the Nigerian Export Promotion Council (NEPC), and the Central Bank of Nigeria, the findings will inform targeted trade and industrial policies aimed at boosting textile exports to improve per capita income. For industry stakeholders such as the Nigerian Textile Manufacturers Association (NTMA), the results will support advocacy for export-friendly policies, planning, and investment strategies. Additionally, the study will serve as a reference for researchers, students, and development practitioners interested in export-led growth and economic transformation in emerging economies.

1.7 Scope of the Study

This study focused on the impact of textile sector exports on economic development in Nigeria, measured by GDP per capita income. It covers the period from 1990 to 2024, encompassing major policy regimes including the Structural Adjustment Programme (SAP), the National Economic Empowerment and Development Strategy (NEEDS), and recent CBN intervention funds. Textile export earnings are measured by the annual growth rate of textile exports. Data was sourced from the Central

Bank of Nigeria (CBN) Statistical Bulletin (2024), and World Development Indicators (World Bank) (2024).

II. LITERATURE REVIEW

2.1 Conceptual Literature

Textile Export Earnings represent the foreign exchange income generated from the international sale of textile products, including raw cotton, yarn, fabrics, and finished garments (Yusuf, 2024). These earnings contribute to the national current account and reflect the sector's competitiveness in global markets. Textile Sector Output refers to the total production of textile goods within an economy, measured by the annual index of textile production (Aliu, 2021). It encompasses spinning, weaving, finishing, and garment manufacturing activities. Textile Sector Employment measures the number of individuals engaged in textile production and related activities (NBS, 2023). GDP per capita income is a key measure of economic development, calculated as the gross domestic product divided by the midyear population, reflecting the average economic output per person and serving as a proxy for living standards (World Bank, 2024).

The relationship between textile exports and GDP per capita operates through direct and indirect channels such as foreign exchange earnings, which can be used to import capital goods, and the multiplier effects from export-oriented industries on employment and output. A buoyant textile export sector can elevate per capita income by generating foreign exchange, creating jobs, and stimulating related economic activities (Yusuf, 2024). The sector's export performance thus serves as a barometer of its international competitiveness and its potential for fostering inclusive growth in developing economies.

2.2 Theoretical Literature

This study is anchored on three relevant theories: The Export-Led Growth Hypothesis contends that expansion in non-oil exports, such as textiles, can drive economic growth and increase per capita income through foreign exchange earnings, economies of scale, technological spillovers, and enhanced productivity (Okonkwo, 2023). This theory provides the primary framework for hypothesizing a positive link between textile exports and GDP per capita.

The Lewis Theory of Economic Development posits that the transfer of labor from low-productivity sectors to high-productivity industrial sectors (e.g., textiles) raises overall output and per capita income (Lewis, 1954). In the context of exports, a thriving export-oriented textile sector can absorb surplus labor, contributing to rising GDP per capita.

The Endogenous Growth Theory emphasizes the role of sector-specific investments, innovation, and human capital in driving long-term growth in per capita income (Romer, 1990). Revitalizing the textile export sector through technology adoption and skill development can foster sustained increases in GDP per capita.

2.3 Empirical Literature

2.3.1 Empirical Review on Textile Exports and GDP per Capita

The empirical evidence on textile export earnings and GDP per capita reveals significant challenges in translating foreign sales into broad-based income growth. Adeyemi (2022) investigated this relationship from 1995 to 2021 and found no statistically significant link, citing poor value addition, weak global competitiveness, and export concentration in low-margin raw materials as key limiting factors. This suggests that without vertical integration and quality upgrading, textile exports may fail to substantially elevate per capita income. More recent studies have incorporated post-COVID trade dynamics and regional integration effects. Bello (2025) applied a gravity model to Nigeria's textile export flows to ECOWAS countries between 2015 and 2024, finding that a 1% increase in intra-African textile exports was associated with a 0.08% rise in GDP per capita. The study attributed this modest but significant effect to higher value retention within the region compared to exports outside Africa. Similarly, Okafor and Ibrahim (2025) employed an instrumental variables approach to examine the impact of the African Continental Free Trade Area (AfCFTA) on Nigeria's textile exports and per capita income. Their results indicated that AfCFTA-driven export growth had a stronger per capita income elasticity (0.12) than non-African exports, underscoring the importance of regional value chains.

2.3.2 Empirical Review on Textile Output and GDP per Capita

Studies examining the direct relationship between textile sector output and GDP per capita in Nigeria have yielded mixed results. Aliu (2021) analyzed this relationship from 2000 to 2020 and found a positive but statistically weak linkage, attributing the modest impact to high import dependency. Supporting this, Yusuf (2024) projected that a 10% increase in textile output could raise GDP per capita by 0.3% annually through multiplier effects, suggesting that while the relationship exists, its magnitude is constrained by structural inefficiencies.

2.3.3 Empirical Review on Textile Employment and GDP per Capita

Research on the employment channel of the textile sector indicates a more direct--though modest--effect on per capita income. Okonkwo (2023) reported that a 1% increase in textile employment led to a 0.15% rise in GDP per capita, highlighting the sector's role in poverty alleviation, though the effect size remains limited due to declining formal employment and the prevalence of low-wage informal jobs.

2.4 Summary and Gap in the Literature

The reviewed literature indicates that while the textile export sector has the potential to influence GDP per capita, empirical evidence in Nigeria remains mixed and fragmented. Most studies focus on aggregate exports or sectoral output without specifically examining the impact of textile export earnings on per capita income. There is also a lack of recent studies covering the period of renewed policy interest (2020--2024) and the advent of the AfCFTA. This study aims to fill this gap by providing a focused, up-to-date analysis of the impact of textile sector exports on GDP per capita in Nigeria using robust econometric methods.

III. RESEARCH METHODOLOGY

3.1 Research Design

The study adopts an ex post facto research design, utilizing historical time-series data to analyze the relationship between textile sector exports and GDP per capita in Nigeria. This design is appropriate as the variables are pre-existing and not subject to manipulation.

3.2 Sources of Data

Secondary data for this study are obtained from three principal sources. The World Development Indicators (World Bank, 2024) provide data on GDP per capita income. The Central Bank of Nigeria Statistical Bulletin (2024) supplies data on textile export earnings and textile sector output. The National Bureau of Statistics Annual Abstract of Statistics provides data on textile sector employment.

3.3 Model Specification

The model specification is empirically grounded in the approach of Yusuf (2024) and Adeyemi (2022), whose analyses of Nigeria's textile sector demonstrated that exports, output, and employment channels collectively influence income per capita.

The functional form of the model is specified as:

$$GDPPC_t = f(\text{TEXP}_t, \text{TSO}_t, \text{TEMP}_t) \dots\dots\dots (3.1)$$

Where:

GDPPC_t = GDP per capita income growth rate

TEXP_t = Textile Export Earnings growth rate

TSO_t = Textile Sector Output growth rate

TEMP_t = Textile Sector Employment level

The econometric form is expressed as:

$$GDPPC_t = \beta_0 + \beta_1 \text{TEXP}_t + \beta_2 \text{TSO}_t + \beta_3 \text{TEMP}_t + \mu_t \dots\dots\dots (3.2)$$

Where:

β_0 = Intercept

$\beta_1, \beta_2, \beta_3$ = Coefficients of explanatory variables

μ_t = Error term

3.4 Method of Data Analysis and Justification

The estimation procedure follows a structured econometric approach to ensure robust analysis. First, unit root tests---Augmented Dickey-Fuller (ADF)---are employed to determine the stationarity properties of the variables and avoid spurious regression results. Given the potential for mixed orders of integration among the series, the Autoregressive Distributed Lag (ARDL) Bounds Testing approach is adopted to examine long-run cointegrating relationships, as it remains valid regardless of whether variables are I(0) or I(1). Upon confirming cointegration, both the long-run ARDL model and a short-run Error Correction Model (ECM) are estimated to capture dynamic

adjustments. Diagnostic tests for serial correlation, heteroskedasticity, and normality are conducted to validate the reliability of the estimates. All analyses are performed using EViews 13.

IV. DATA PRESENTATION, ANALYSIS, AND INTERPRETATIONS

4.1 Data Presentation

This section presents the data and analysis used to examine the impact of textile sector performance on economic development in Nigeria from 1990 to 2024. The analysis utilizes four key variables. The primary dependent variable is GDP per capita income growth rate (GDPPCI). The main independent variable of interest is the Textile Export Earnings growth rate (TEXP). The other independent variables are: Textile Sector Output growth rate (TSO) and Textile Sector Employment level (TEMP).

4.1.1 Trends of the variables

GDP per capita growth (GDPPCI) exhibits considerable volatility throughout the study period from 1990 to 2024. The series records moderate positive growth in the early 1990s, with values of 6.15% in both 1990 and 1991, before contracting sharply to -3.88% in 1994. A recovery phase follows, with impressive peaks of 26.54% in 2006 and 23.45% in 2010, reflecting the commodity boom era. However, the series experiences severe contractions during the 2015-2016 recession, recording -15.06% and -17.89% respectively. A gradual recovery occurs post-2017, though growth remains modest, culminating at 4.18% in 2024.

Textile export earnings growth (TEXP) demonstrates predominantly negative trends across most of the period, confirming the sector's persistent external sector challenges. The 1990s open with negative growth, reaching a low of -22.4% in 1994, before brief positive episodes in 1996-1997 (5.2% and 3.8%). The 2000s witness severe contractions, with particularly sharp declines in 2008 (-28.5%), 2009 (-32.7%), and 2010 (-24.3%). The 2020 COVID-19 pandemic triggers another severe contraction of -31.5%, followed by a notable recovery in 2021-2022 (15.4% and 12.8%), likely attributable to post-COVID trade normalization and renewed policy interventions, before moderating to 6.5% in 2024.

Textile sector output growth (TSO) records consistently negative values throughout the 1990s and most of the 2000s, indicating sustained production decline. The series registers -1.2% in 1990-1991, deteriorating to -4.5% in 1994. Brief positive growth occurs in 1996-1997 (0.5% and 1.2%), but negativity resumes thereafter. The deepest contraction occurs in 2009 (-7.3%), coinciding with the global financial crisis. Output growth remains negative until 2018, when modest positive growth of 0.3% emerges. A more sustained positive trajectory appears from 2021 onward, with values of 2.4%, 3.1%, 2.8%, and 2.5% through 2024, suggesting tentative production recovery.

Textile sector employment (TEMP) displays a dramatic and uninterrupted downward trajectory throughout the entire 34-year period. Employment declines steadily from 135,200 workers in 1990 to 124,100 in 1995, further to 111,500 in 2000, and continues falling to 95,400 by 2006. The decline persists through the 2010s, reaching 82,300 in 2010, 70,100 in 2014, and 66,900 in 2016. By 2020, employment stands at 63,200, eventually falling to 61,000 by 2024. This represents a cumulative loss of approximately 74,200 jobs (55% of the 1990 workforce), graphically illustrating the sector's profound deindustrialization and its diminishing capacity for labor absorption.

4.1.2 Augmented Dickey-Fuller Test (Unit Root Test)

Table 4.1: Analysis of Augmented Dickey-Fuller Test at 5% Significance Level

Parameters	ADF Test Statistic	Critical Value (5%)	Integration Order	Conclusion
GDPPCI	-2.668953	-2.951125	I(1)	Not Stationary at Level
TEXP	-3.078681	-2.954021	I(0)	Stationary at Level
TSO	-2.622487	-2.951125	I(1)	Not Stationary at Level
TEMP	-3.053511	-2.951125	I(0)	Stationary at Level

Source: Result Output, 2026

Table 4.1 presents the Augmented Dickey-Fuller (ADF) unit root test results. The null hypothesis of a unit root cannot be rejected for GDP per capita growth (GDPPCI) and Textile Output growth (TSO) at level. However, both become stationary after first differencing [I(1)]. Conversely, Textile Export growth (TEXP) and Textile Employment (TEMP) are stationary at level [I(0)]. This mixed order of integration---I(1) and I(0)---validates the use of the ARDL bounds testing approach.

4.2 Data Analysis

4.2.1 Bound Test Analysis

Table 4.2: ARDL Bounds Test for Cointegration

Test Statistic	Value					
F-statistic	8.318768					
	10%		5%		1%	
Sample Size	I(0)	I(1)	I(0)	I(1)	I(0)	I(1)
30	2.676	3.586	3.272	4.306	4.614	5.966
35	2.618	3.532	3.164	4.194	4.428	5.816
Asymptotic	2.370	3.200	2.790	3.670	3.650	4.660

Source: Result Output, 2026

The calculated F-statistic of 8.318768 exceeds the upper critical bounds at all significance levels. This provides strong evidence against the null hypothesis of no long-run relationship. Therefore, we conclude that a stable long-run equilibrium relationship exists between GDP per capita growth and the textile sector variables (exports, output, and employment) in Nigeria.

4.2.2 ARDL Short-Run Analysis

Table 4.3: Short-Run ARDL and Error Correction Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
COINTEQ*	-0.616827	0.088547	-6.966071	0.0000
D(TEXP)	-1.608299	0.280693	-5.729749	0.0000
D(TEXP(-1))	0.257737	0.082788	3.113214	0.0042
D(TEMP)	-9.167952	2.525263	-3.630494	0.0011
D(TEMP(-1))	6.835927	2.458511	2.780515	0.0096
R-squared	0.708706	Mean dependent var		-0.059697
Adjusted R-squared	0.667093	S.D. dependent var		8.105095
S.E. of regression	4.676487	Akaike info criterion		6.061698
Sum squared resid	612.3467	Schwarz criterion		6.288442
Log likelihood	-95.01803	Hannan-Quinn criter.		6.137991
F-statistic	17.03072	Durbin-Watson stat		2.121704
Prob(F-statistic)	0.000000			

Source: Result Output, 2026

The short-run dynamics reveal a significant error correction term of -0.6168 ($p = 0.0000$), indicating a rapid adjustment speed of approximately 62% per year toward long-run equilibrium following a shock. Current textile export growth (D(TEXP)) has a negative short-run impact, though partially offset by positive lagged effects. This reflects the complex, lagged adjustments in how export fluctuations transmit to income growth.

4.2.3 Long-Run Dynamics

Table 4.4: ARDL Long-Run Coefficients

Deterministics: Rest. constant (Case 2)

$$CE = GDPPCI(-1) - (-3.821035*TEXP(-1) + 15.096925*TSO - 0.225003*TEMP(-1) + 8.721766)$$

Variable *	Coefficient	Std. Error	t-Statistic	Prob.
TEXP(-1)	-3.821035	0.944950	-4.043636	0.0004
TSO	15.09693	3.722154	4.055964	0.0003
TEMP(-1)	-0.225003	0.087836	-2.561626	0.0159
C	8.721766	6.580321	1.325432	0.1954

Source: Result Output, 2026

The long-run analysis indicates that Textile Export growth (TEXP) exhibits a significant negative long-run coefficient (-3.821, $p = 0.0004$). This indicates that, historically, export growth has not translated into proportional per capita income gains, possibly due to low value addition and external vulnerabilities. Conversely, Textile Output growth (TSO) has a strong positive impact on GDP per capita growth, with a coefficient of 15.097 ($p = 0.0003$), underscoring the sector's potential as a growth driver for the domestic market. Textile Employment (TEMP) shows a modest negative long-run relationship (-0.225, $p = 0.0159$), likely reflecting the structural decline in formal textile jobs.

4.2.4 Diagnostic Tests

The diagnostic tests (Normality Test: Jarque-Bera $p=0.124$; Serial Correlation Test: $p=0.7398$; Heteroskedasticity Test: $p=0.3390$) collectively confirm that the ARDL model is well-specified, reliable, and suitable for policy inference.

4.3 Hypothesis Testing

The hypothesis testing is conducted using the long-run coefficient estimates presented in Table 4.4, evaluated at the 5% significance level.

Hypothesis 1 (H_{01}): There is no significant relationship between textile export earnings and GDP per capita in Nigeria.

Result: Rejected. The long-run coefficient for TEXP(-1) is -3.821035 with a probability value of 0.0004, which is less than 0.05. The t-statistic of -4.043636 confirms statistical significance, indicating a significant negative long-run relationship between textile export earnings growth and GDP per capita growth in Nigeria.

Hypothesis 2 (H_{02}): There is no significant relationship between textile sector output and GDP per capita in Nigeria.

Result: Rejected. The long-run coefficient for TSO is 15.09693 with a probability value of 0.0003, which is less than 0.05. The t-statistic of 4.055964 confirms statistical significance, indicating a strong positive and statistically significant long-run relationship between

textile sector output growth and GDP per capita growth.

Hypothesis 3 (H_{03}): There is no significant relationship between textile sector employment and GDP per capita in Nigeria.

Result: Rejected. The long-run coefficient for TEMP(-1) is -0.225003 with a probability value of 0.0159, which is less than 0.05. The t-statistic of -2.561626 confirms statistical significance, indicating a significant but negative long-run relationship between textile sector employment and GDP per capita growth. These results demonstrate that all three null hypotheses are rejected, confirming that textile export earnings, textile sector output, and textile sector employment each have statistically significant long-run relationships with GDP per capita growth in Nigeria, albeit with varying directions of impact

4.4 Discussion of Findings

The empirical findings of this study both corroborate and extend the existing literature reviewed in Section 2.3. The central finding of this recast study is the significant negative long-run relationship between textile export earnings and GDP per capita. This starkly validates the concerns raised by Adeyemi (2022) regarding poor value addition and global competitiveness, demonstrating that export growth alone, without structural upgrading, may fail to translate into broad-based income improvements. However, this finding contrasts with the more optimistic, though modest, projections of Bello (2025) regarding intra-African exports, suggesting that Nigeria's textile exports have not yet successfully penetrated even regional markets in a way that drives per capita income growth. The significant positive relationship between textile output and GDP per capita reinforces the projections of Yusuf (2024) for domestic market-led growth. The negative relationship with formal employment, contrasting with Okonkwo (2023), indicates a deepening "jobless growth" trajectory. Thus, while aligning with the broader consensus on the sector's potential, this study provides updated evidence that Nigeria's textile export sector is currently failing to be an engine for economic development, underscoring the need for urgent policy intervention.

V. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This study investigated the impact of textile sector export earnings, output, and employment on economic development in Nigeria from 1990 to 2024 using the ARDL approach. The analysis established several critical findings:

Textile Export Earnings growth (TEXP) was found to have a significant but negative long-run effect on GDP per capita growth, underscoring challenges in converting export revenues into broad-based income gains.

Textile Sector Output growth (TSO) was found to have a strong, positive, and statistically significant long-run effect on GDP per capita growth.

Textile Sector Employment level (TEMP) exhibited a significant but negative long-run relationship with per capita income growth.

The error correction mechanism was significant at -0.617, confirming a stable long-run relationship and a rapid annual adjustment speed towards equilibrium.

5.2 Conclusion

This study examined the impact of textile sector exports on economic development in Nigeria from 1990 to 2024. The research aimed to empirically clarify how textile export earnings influence GDP per capita income as a measure of economic development. Using the ARDL cointegration methodology, the study confirmed a stable long-run relationship among textile export earnings, textile sector output, textile sector employment, and GDP per capita growth. The findings reveal that, contrary to the export-led growth hypothesis, textile export earnings have a significant negative relationship with GDP per capita growth in the long run, with a coefficient of -3.821 ($p = 0.0004$). This indicates deep structural challenges in the sector's external competitiveness and value-addition capabilities, which prevent export earnings from translating into broad-based income improvements. In contrast, textile output growth demonstrates a strong positive and statistically significant relationship with GDP per capita growth, with a coefficient of 15.097 ($p = 0.0003$), affirming the sector's potential as an engine

for domestic demand-driven economic development. Textile sector employment exhibits a significant but negative relationship with GDP per capita growth, reflecting the persistent decline in formal sector jobs and the phenomenon of jobless growth within the industry. This study concludes that while textile production for the domestic market remains a crucial lever for economic development, the current structure of textile exports fails to deliver sustainable improvements in living standards. Realizing the full potential of textile exports requires targeted strategies to transform the sector's export value chain, enhance value addition, improve competitiveness, and ensure that export growth translates into tangible and equitable gains in per capita income for Nigerians.

5.3 Recommendations

Based on the findings, this study recommends a multi-pronged strategy.

1. For Enhancing Export Impact: To address the negative impact of exports, the government and sector stakeholders should implement urgent strategies for vertical integration and value addition, moving beyond raw material and low-quality exports to finished, high-value goods. Policies must actively leverage platforms like the African Continental Free Trade Area (AfCFTA) to access regional markets with higher-value products and support Nigerian firms in meeting international quality and standards.
2. For Policymakers: Efforts should intensify to revive overall textile production through sustained investment in power infrastructure, access to affordable finance, and combating smuggling, as domestic output growth is confirmed to be a major development driver. Policies must simultaneously address the employment paradox by incentivizing labor-intensive production phases.
3. For Researchers: Future studies should investigate the firm-level constraints to export competitiveness, the impact of trade policies like the AfCFTA on the sector, and the potential for niche, high-value export markets to reverse the negative trend identified in this study.

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