



## NIGERIA'S INDUSTRIAL REVOLUTION PLAN UNVEILED

Nigeria's industrial sector looks set to benefit from renewed commitment to industrialization. Abundant oil and gas resources riches have brought billions of dollars into its coffers since the early 1960s, leading to a neglect of agriculture, which traditionally provides employment for about 40 percent of the population, and a nascent manufacturing industry. Revenues from oil exports have hampered efforts to diversify the economy, further leading to industry stagnation.

The textile sector is a case in point. "In the mid-1980s, functional textile mills in the country numbered around 180. Employing about a million people, it accounted for over 60 per cent of the textile industry capacity in West Africa, empowering millions of households across all geopolitical zones of Nigeria," one local journalist wrote in a newspaper article. "The story soon changed and the sector took a massive dive into an industrial abyss. At a point during the crisis in the sector, from about 180 thriving textile companies, the number came down to almost zero."

### REVAMPING AUTOMOBILE BUSINESS

Nigeria had automobile assembly plants from before independence, producing cars, trucks and buses from completely knocked down parts. But by the 1980s, the sector had entered into difficulties owing to the Structural Adjustment Programme which curtailed consumers' purchasing power and made many Nigerians to settle for imported, fairly used vehicles. Smuggling through porous borders, poor infrastructure and bad government policies also conspired to bring manufacturing to its knees. Millions lost their jobs, exacerbating poverty.

President Goodluck Jonathan last year began to take practical steps to stem the decline. Beginning with cement, local manufacturers like Lafarge WAPCO Plc and Dangote Cement Plc, owned by Aliko Dangote, Africa's wealthiest man, were encouraged to invest billions of dollars in existing and new factories, ending years of imports. At least 1.6 million jobs have been created in this sector already. Trade and Industry Minister Olusegun Aganga said with 28.5 million metric tonnes produced last year, with more than 8 million metric tonnes in excess of domestic demand, making the country a net exporter of the building material for the first time.

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## MOST AMBITIOUS PROGRAMME

Also in a bid to end sugar imports, the government says it has been able to attract about \$3 billion in investments to this sector within a year of flagging off the new policy. The government has put together a more comprehensive industrial plan to diversify the economy, achieve inclusive growth and reduce poverty. On Feb. 14, 2014, President Jonathan formally launched the comprehensive Nigeria Industrial Revolution Plan which he described as “the most ambitious industrialization programme” ever pursued in the country. It is designed to “accelerate growth in those industries where Nigeria has comparative and competitive advantages such as the processing of food and agricultural products, metals and solid minerals processing, oil and gas related industries, and construction, light manufacturing and services.”

“The Nigeria Industrial Revolution Plan will also address age-old constraints that have persistently limited manufacturing. It will build-up industrial infrastructure, prioritize power for industrial use, reduce borrowing costs and mobilize funding for the real sector. It will also facilitate youth training in industrial skills, improve our investment climate, raise our product standards, link innovation to industry, and promote local patronage of ‘made in Nigeria goods,’” assured President Jonathan.

## GENEROUS INCENTIVES

Unlike in the past, businesses will now receive generous tax concessions, cheap funding through long term bank loans and single-digit lending rates from Bank of Industry, the nation’s premier development bank. The government is also determined this time to protect domestic manufacturers from cheap and inferior imported goods and lack of local patronage. Government offices are to be mandated to buy locally made goods. Some industries will also enjoy export processing zone status and provision of infrastructure. In order to ease the burden of chronic power shortage on the manufacturing sector, the private sector is stepping in to boost power generation following the government’s divestment last year from former state-owned generation and distribution utilities. According to Minister of Trade and Investment Olusegun Aganga, manufacturers spend about 30 percent of their capital on power because of the current poor public supply.

NIRP aims to increase the contribution of the manufacturing sector to GDP from the present four percent to more than 10 percent in five years, boosting the annual revenue earned by Nigerian manufacturers by up to \$31 billion per annum. Investors appear to be convinced that the government means business this time.

The automotive industry has attracted over six international car manufacturers, including Nissan and Hyundai, according to Mr. Aganga. President Jonathan and the Chief Executive of automaker Nissan, Carlos Ghosn, announced in January in Davos, Switzerland, that the car giant would commence assembling in Nigeria by April 2014.

## DANGOTE’S ENDORSEMENT

Prominent local investor Dangote has given his endorsement to the new policy. Aliko Dangote recently announced plans to commit \$9 billion to a petrochemical industrial complex in the commercial city of Lagos. When completed, it will have, among other things, a petroleum refinery capable of ending current embarrassing fuel imports in one of the world’s leading crude producer.

Launched simultaneously with NIRP was the National Enterprise Development Plan designed to deliver growth within Nigeria’s micro, small, and medium enterprises. It will fully unlock the potentials of Nigeria’s MSME sector by resolving many of the problems that most small businesses face such as access to finance, access to markets, weak business development, dearth of technical skills, lack of infrastructure, and insufficient market information,” President assured. Under NEDEP, it is projected that at least 17 million jobs will be created, assuming that each one of the SMEs registered in the country as at 2012 employ one person – not a small feat in a country with 24 percent unemployment rate, according to the National Bureau of Statistics.

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