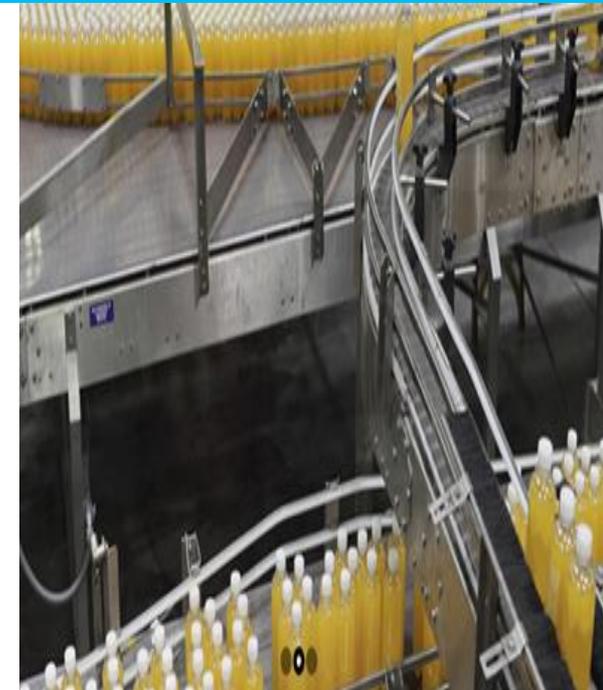


# Manufacturing in Nigeria: Perspectives and Opportunities



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*Innoson Vehicle Manufacturing Plant, Anambra State, Nigeria.*



# Country Figures and Facts.

## Population Demographics

- Over 178 million inhabitants (UN, 2016 estimates)
- 93% of the Population is below the age of 54.
- Median age is 18 years.

## Largest Economy in Africa.

- \$568.5 billion in GDP (World Bank, 2014 estimates)
- Within the top 7 fastest growing economies for 2015.

Major Oil and Gas producer.

Manufacturing sector projected to grow by 5% in 4 years (MAN, 2016)



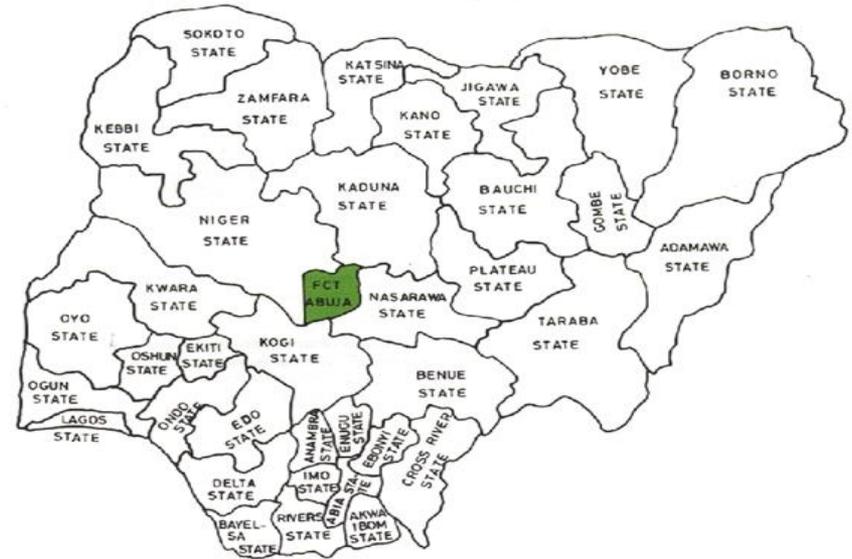
*Map of West Africa*



# Country Overview.

## Nigeria in context.

- 36 States
- 1 Federal Capital
- Over 300 ethnic groups
- Over 400 languages.



## Manufacturing Hubs.

- Abia State.
- Anambra State.
- Enugu State.
- Kaduna State.
- Lagos State.

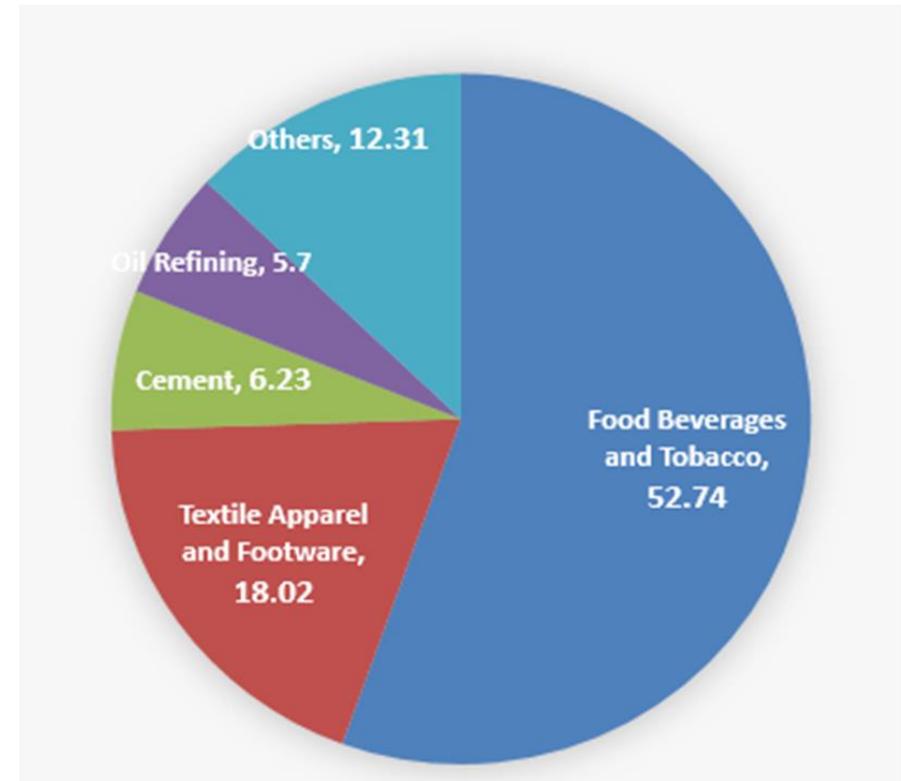
Combined Population of Manufacturing Hubs is over 40 million inhabitants.



# Major Manufacturing Sectors.

## Key Points

- Food, Beverages and Tobacco (FMCG) sector constitutes about 52.74% of entire manufacturing.
- Refining stands at 5.7% of entire manufacturing.
- Others include Chemicals, Pharmaceutical, Pulp and Paper and the Automotive Sector.



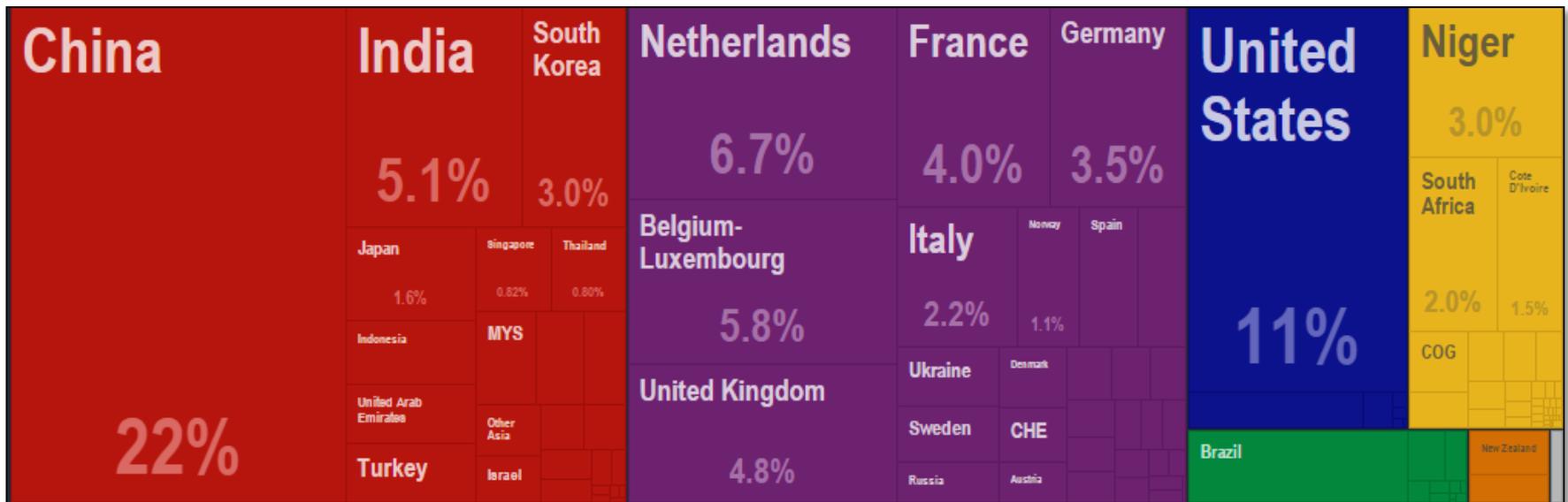
# Manufacturing Exports Destinations.



The top destinations of manufacturing products for Nigeria are India (\$12.4bn), the United States (\$10.9bn), Brazil (\$9.7bn), Spain (\$7Bbn) and the Netherlands (\$5.12bn)



# Manufacturing Import Origins.

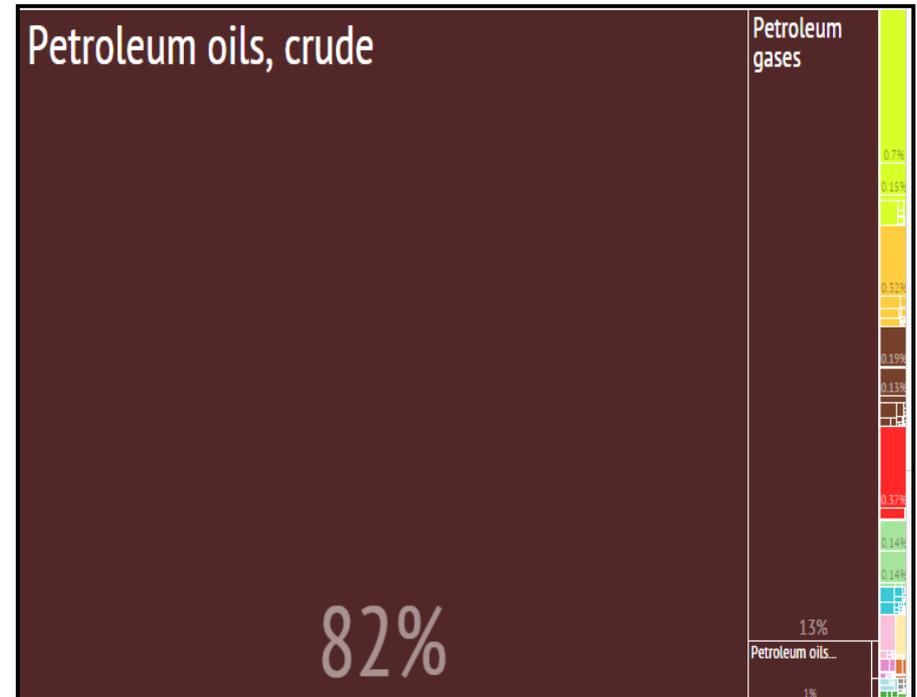


The top import origins of manufacturing products for Nigeria are China (\$11.6bn), the United States (\$5.89bn), the Netherlands (\$3.59bn), Belgium-Luxembourg (\$3.08bn) and India (\$2.69bn)



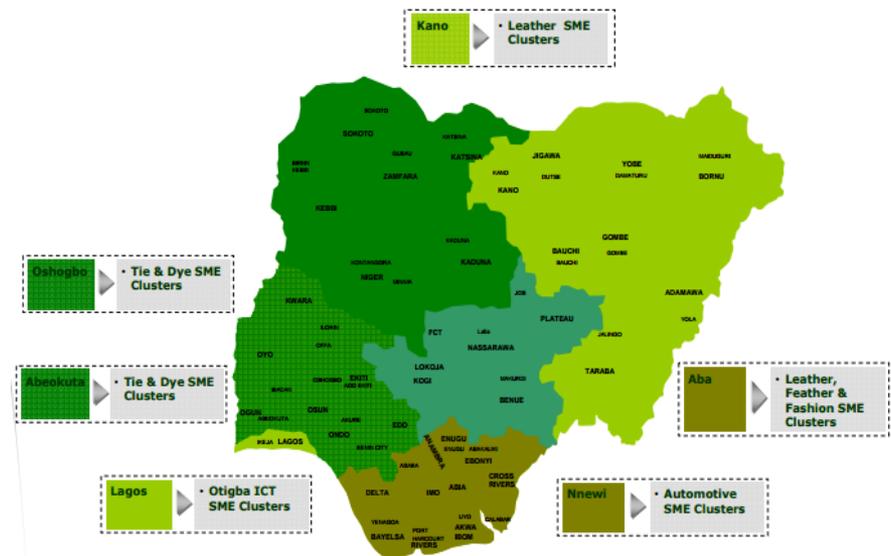
# Major Export Commodities

- The major export commodities include petroleum oils and crude which constitutes 82%, Petroleum gases (13%), Petroleum Oils constitutes 1% of export commodities.
- Other commodities make up the rest 4% of export. These include cocoa beans, copper waste and scrap, unwrought aluminium, turbojets, turbo propellers, etc.



# SMEs in Nigeria

- According to the IFC show that approx. 96% of Nigerian businesses are SMEs.
- This is compared to 53% in the US and 65% in Europe.
- In Nigeria, SMEs are distributed by clusters within regions.
- SMEs contribute 1% of GDP in Nigeria compared to 40% in Asian countries and 50% in the US or Europe.



## Opportunities

- **SMEs have significant untapped growth potential**
- **Strong export and employment potentials**
- **SMEs in Nigeria are currently distributed along sectors within regions; creating potential operational and cost synergies**

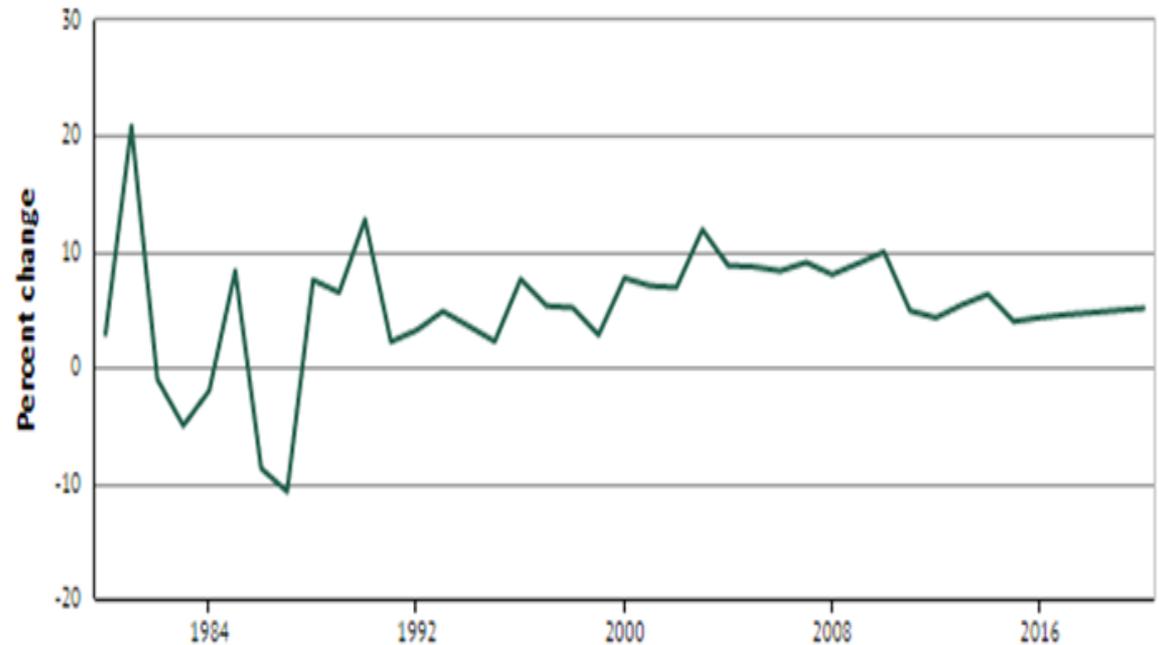
## Challenges

- **Huge gaps in infrastructure**
- **Poor financial support and credit environment**
- **High levels of unskilled workforce**
- **Low investment commitment to bring pilot plants to commercial scale**



# Economic Indicators

- According to IMF projections, Nigeria should experience a 5.1% GDP increase in 2020.
- Nigeria's GDP represents 38.9% of the GDP in Sub-Saharan Africa.
- Chemical and Pharmaceutical product activities grew by 38.5% in Q2, 2014.

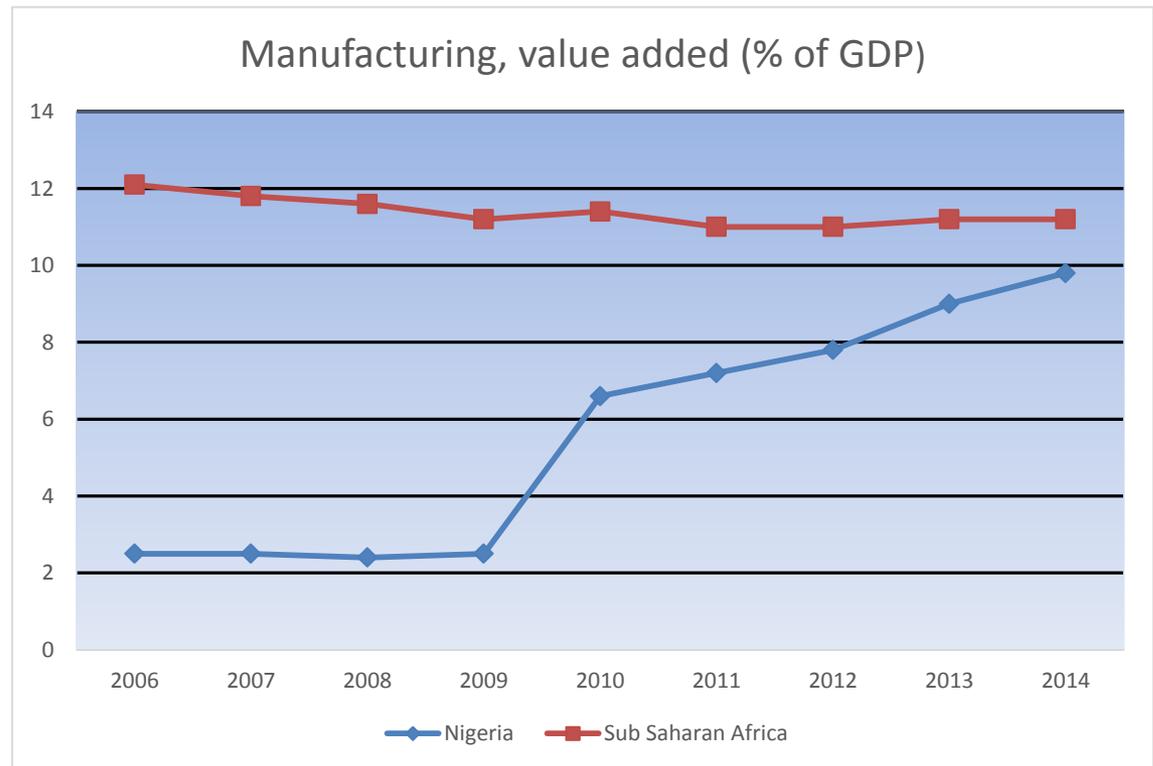


*Nigeria Economic Outlook (Source, IMF, October 2015)*



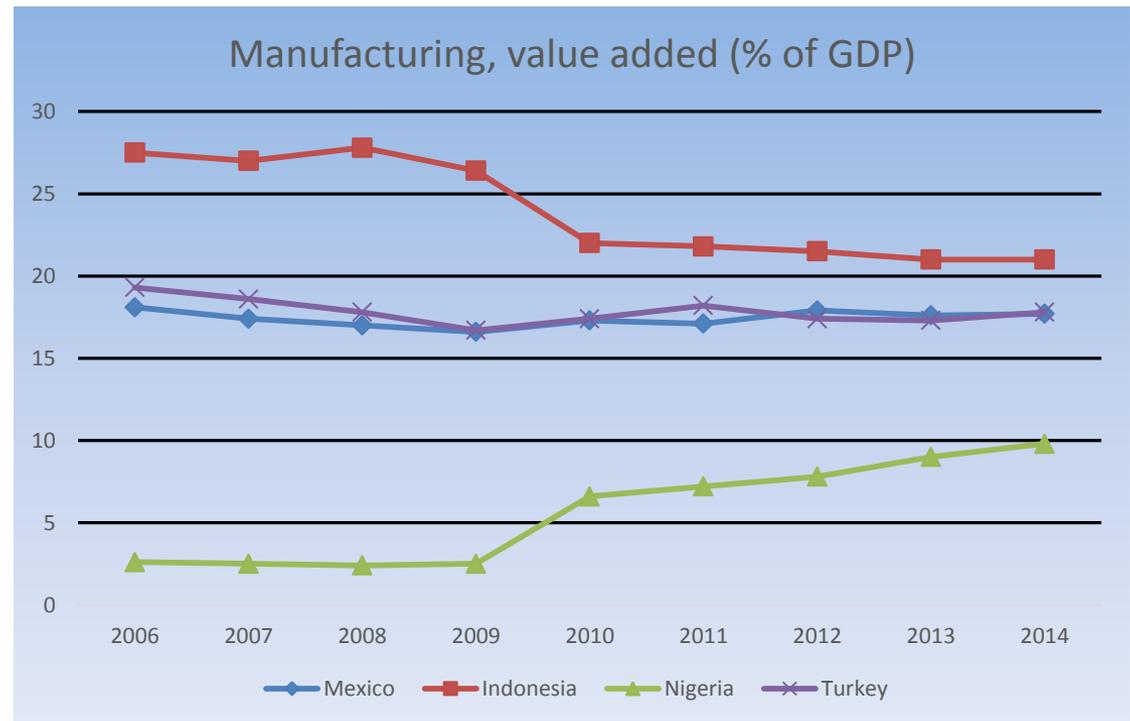
# Comparative Analysis

- World Bank Development Indicators, Manufacturing value added (% of GDP)
- Region in overview: Sub-Saharan Africa.
- Nigeria is observed to be rising at 9.8% (2014 figures)
- Manufacturing activities constitutes about 12% of the labour force in Nigeria's formal sector.

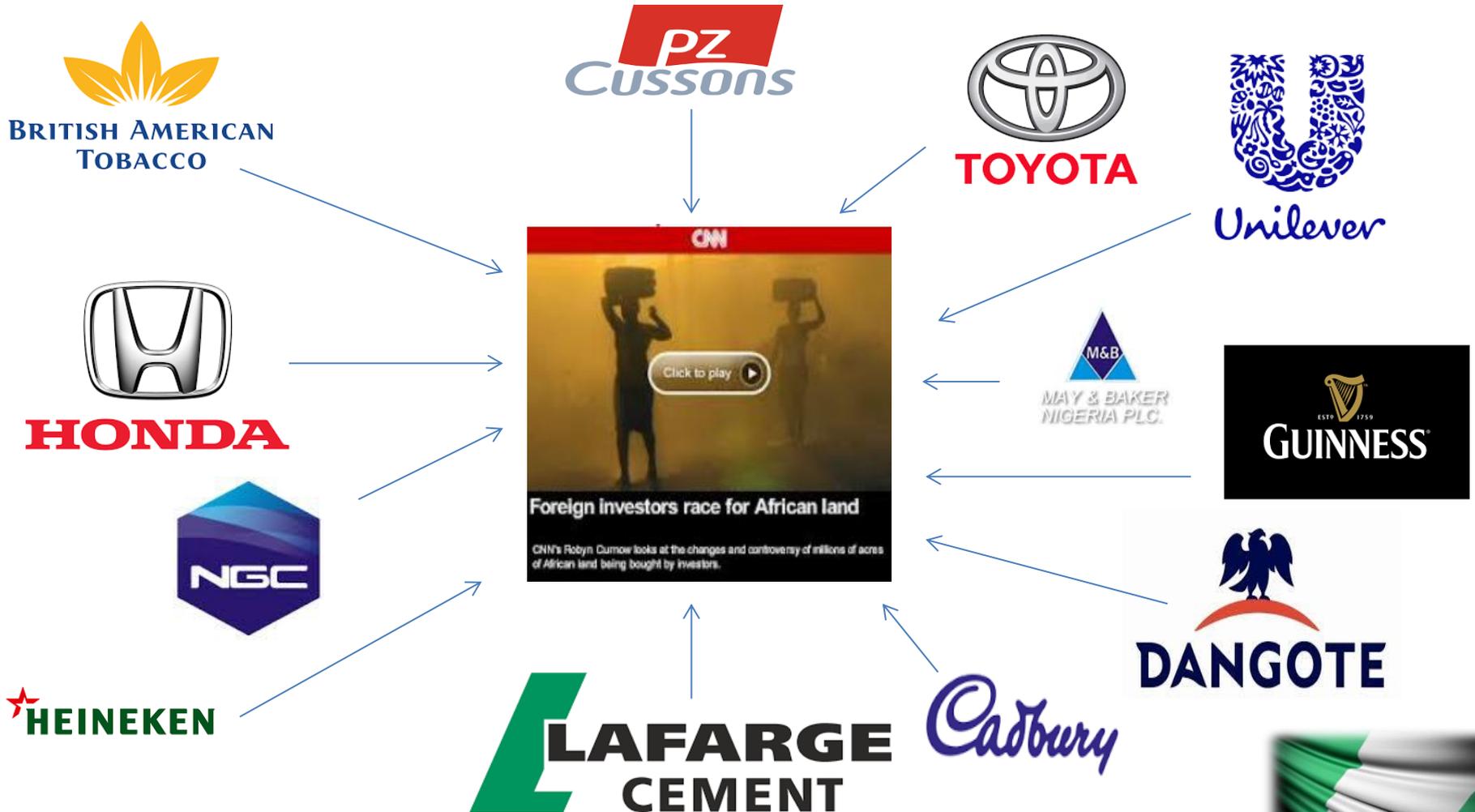


# Comparative Analysis

- World Bank Development Indicators, Manufacturing value added (% of GDP)
- Countries in overview, MINT Countries- Mexico, Indonesia, Nigeria, Turkey.
- Indonesia has the highest contribution to manufacturing at 21.0% (2014 figures)



# Manufacturing Industries in Nigeria...



# Local Produce in Nigeria.



Leather shoes, Aba, Abia State.



Textile Wares, Lagos State.



Brewery Industry, Enugu, State.



Cement Manufacturing,  
Bauchi State.

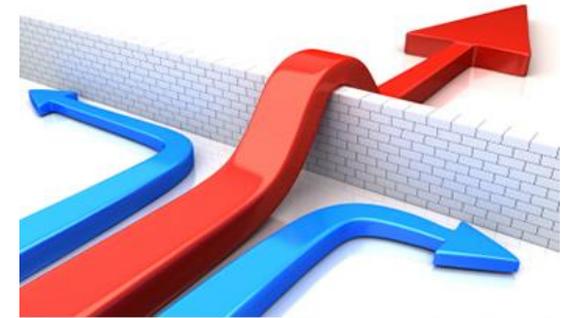


Innoson Motors, Vehicle Manufacturing,  
Anambra State



# Existing Challenges

- Infrastructural challenges prevalent in developing economies
  - Poor Power Transmission
  - Logistics Challenges from poor road network
- Low patronage of internally produced goods.
- Current concentration on oil and gas as sole manufacturing driver.
- Manufacturing largely driven by government policies.
- Less focus on research and development by the government.



# Conclusion and Opportunities

- Important demographics
  - A large and growing population.
  - A relatively young population (median age, 18yrs)
- An abundance of locally sourced raw materials and labour. Presents a cost-effective offshore manufacturing site.
- Government policy to drive SMEs (for example, FSS 2020)
- Over 30 Trade Agreements with other African countries.
- Renewed focus on goods manufactured in Nigeria by the government.



Thank  
you

