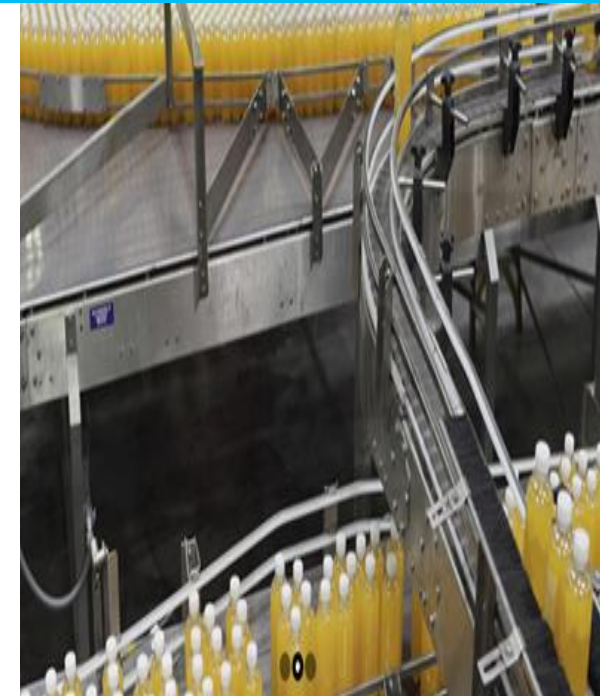


Manufacturing in Nigeria: Perspectives and Opportunities



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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



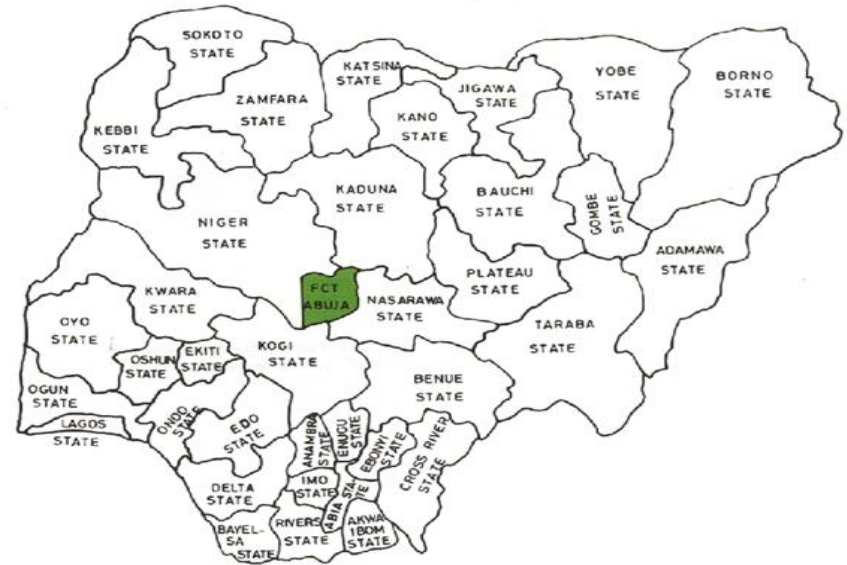
Country Overview.

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.



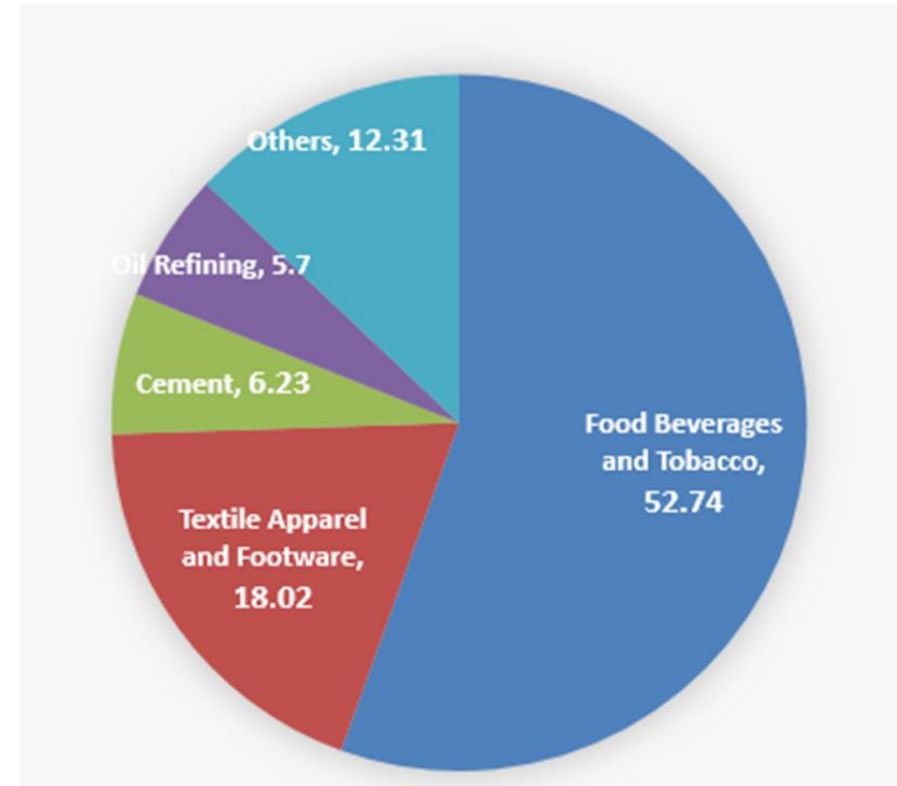
Combined Population of Manufacturing Hubs is over 40 million inhabitants.



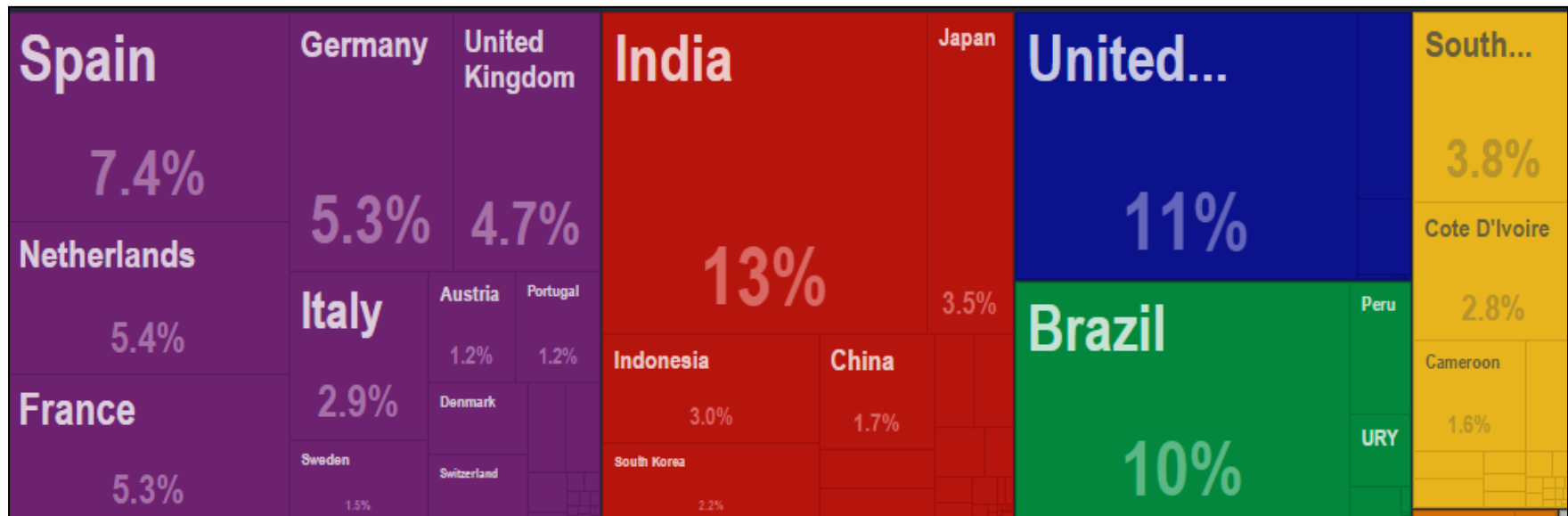
Major Manufacturing Sectors.

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.



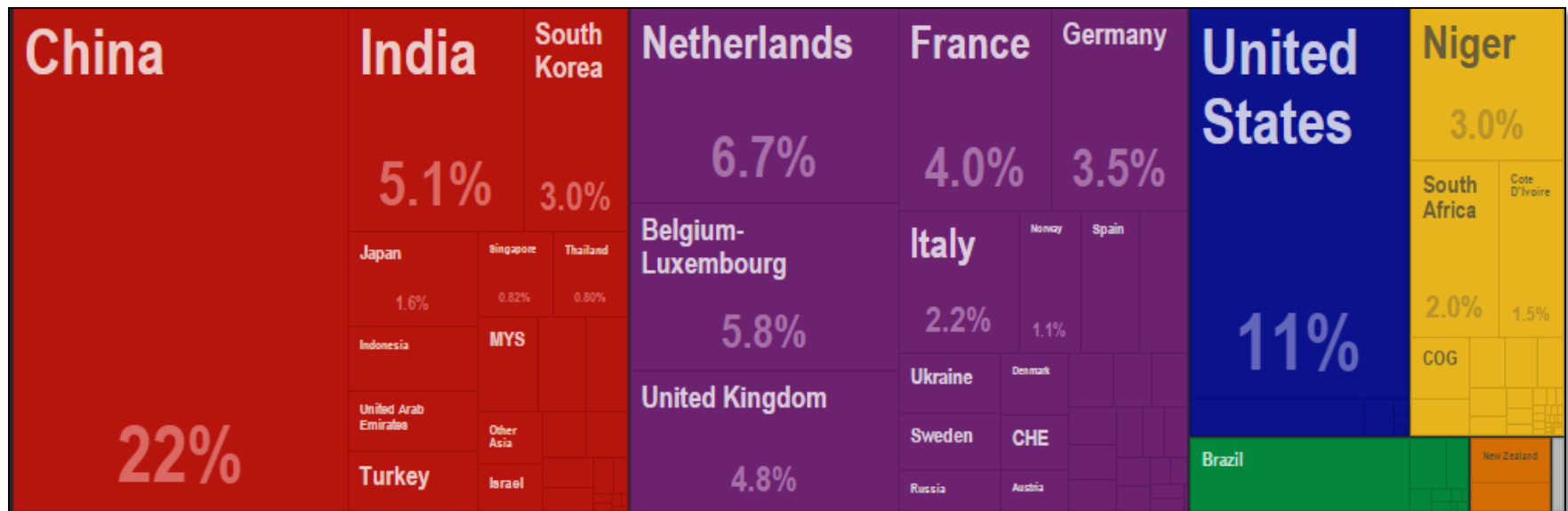
Manufacturing Exports Destinations.



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.

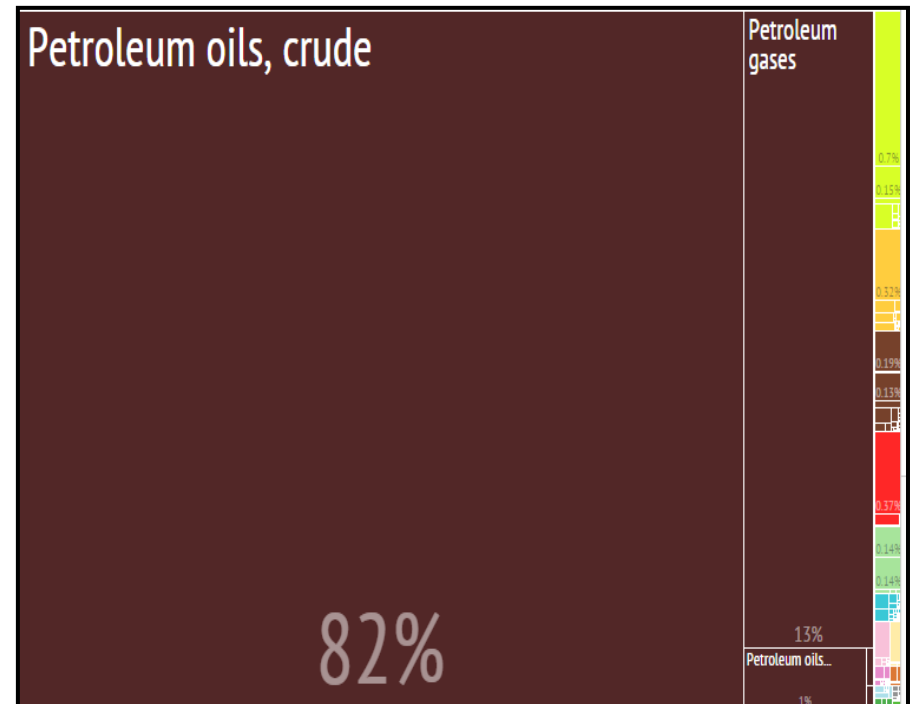


The top import origins of manufacturing products for Nigeria are China (\$11.6bn), the United States (\$5.89bn), the Netherlands (\$3.59bn), Belgium-Luxembourg (\$3.08bn) and India (\$2.69bn)



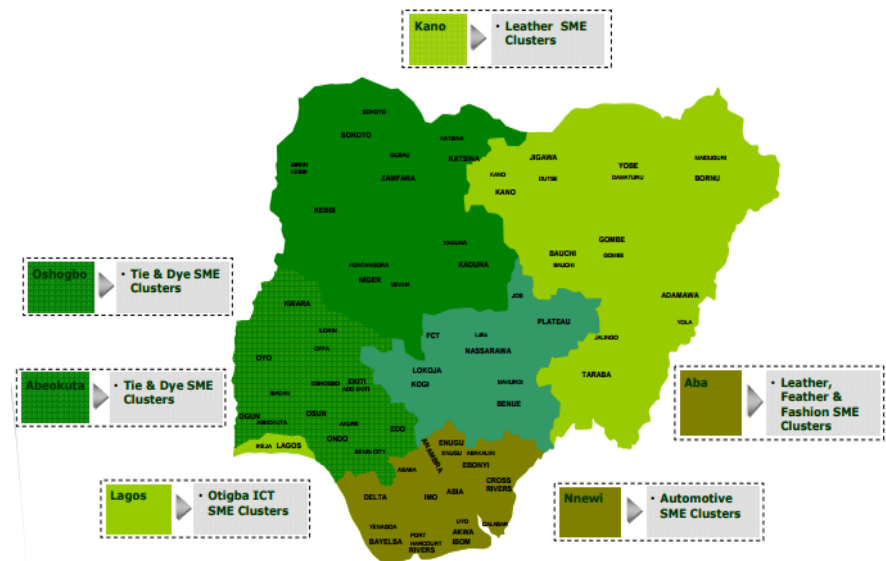
Major Export Commodities

- 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**

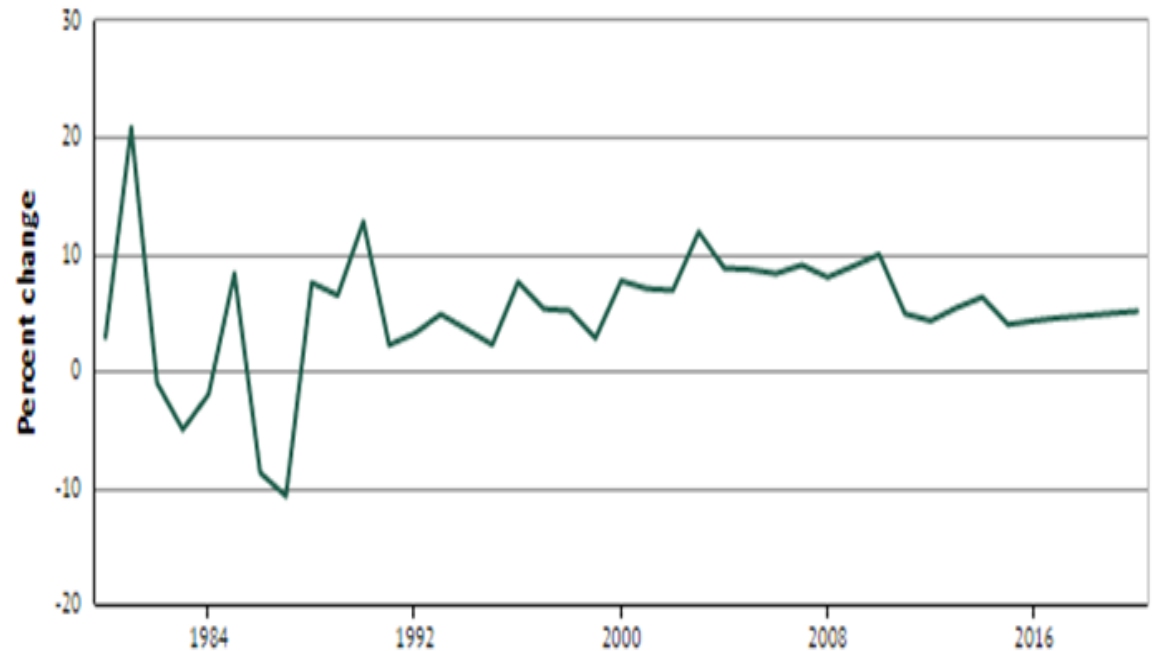
Challenges

- **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.

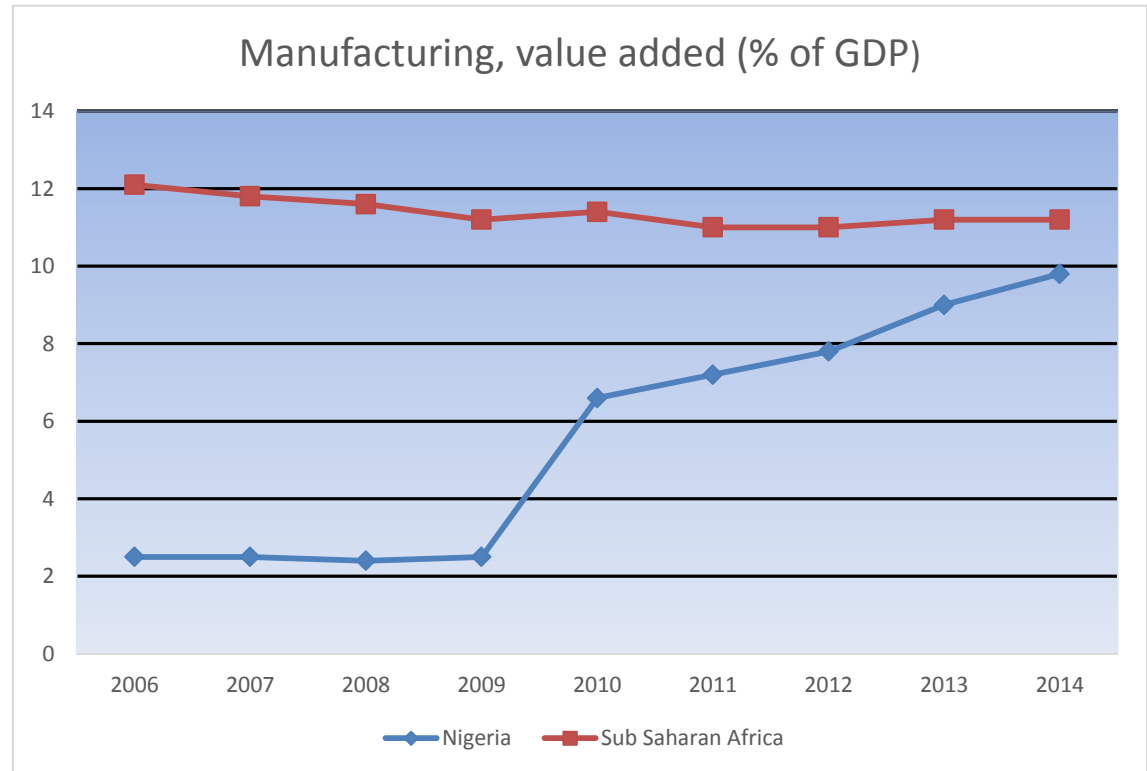


Nigeria Economic Outlook (Source, IMF, October 2015)



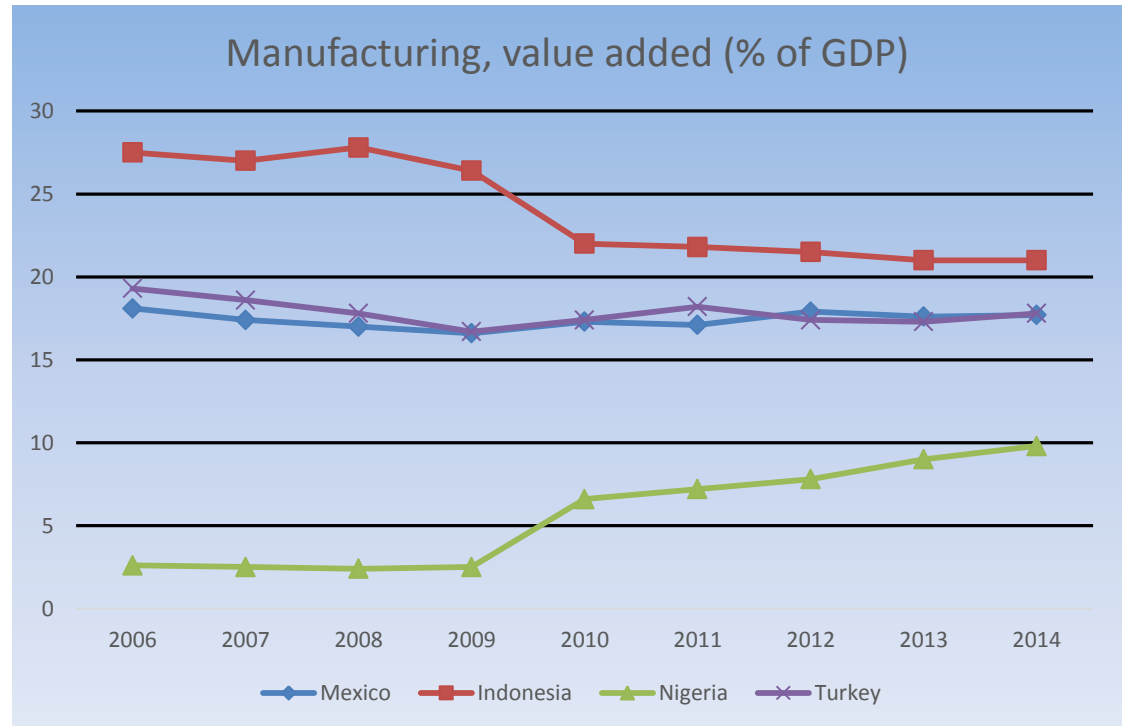
Comparative Analysis

- 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.

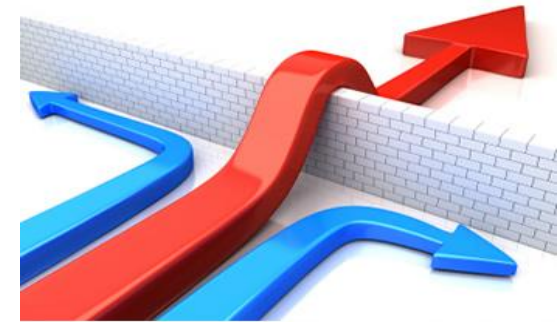


Innoson Motors, Vehicle Manufacturing,
Anambra State



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

