LAGOS STATE EMPLOYMENT TRUST FUND

GOING DOWN THE MEMORY LANE - LEARNING FROM THE HISTORY OF MANUFACTURING IN NIGERIA

www.lsetf.ng

CONTENT

History manufacturing in Nigeria
Examples of organizations thriving in the manufacturing sector

Throughout the 1990s and 2000's, Nigeria's over reliance on oil export made production from the manufacturing sector drop significantly. Most manufacturing firms were not export orientated and they lacked competitive efficiency, causing the competitive companies to relocate their factories abroad. A few key industries such as beverages, textiles, cement and tobacco kept the sector afloat but even those companies were operating at half of their capacity.

While agriculture's relative share of GDP was falling, manufacturing's contribution rose from 4.4 percent in 1959 to 9.4 percent in 1970, before falling during the oil boom to 7.0 percent in 1973, increasing to 11.4 percent in 1981, and declining to 10.0 percent in 1988.

The Nigerian Enterprises Promotion decrees of 1972, 1977, and 1981, by limiting foreign ownership shares in various industries, shifted the manufacturing sector from foreign majority ownership in the 1960s to indigenous majority ownership in the mid-1970s and late 1970s. Foreigners were obligated to sell ownership shares to Nigerians.

Fast forward to the period between 2000 and 2008, Nigeria experienced its worst situation in manufacturing as 820 companies shut down or suspended production.

Worst hit was the textile and garment sub-sector. At its peak, the textile industry alone employed nearly 700,000 people (making it the second largest employer of labour in Nigeria after the government) and had a turnover of $8.95 billion. The industry witnessed a catastrophic collapse from 175 factories in the mid-1980s to ten factories in stable condition in 2004.

However, currently, according to the Purchasing Managers' Index report of the Central Bank of Nigeria for December 2017, since April 2017, the manufacturing sector of the economy has expanded every month for nine months.

Some economic analysts attribute this recent growth in the manufacturing and non-manufacturing sectors of the economy in the last nine months to the initiative of the Central Bank of Nigeria in releasing a new foreign exchange policy in February to stem the widening gap between the inter-bank foreign exchange and parallel market rates.

An example of a thriving manufacturing organization in Nigeria’s history in this sector is **Dangote Group**, founded by Aliko Dangote. It is a diversified conglomerate with an annual group turnover in excess of US$3 billion (2016) with vibrant operations in Nigeria and Africa and churning out commodities such as cement, spaghetti, seasoning cubes, flour and many more.

Another notable example of a thriving manufacturing SME in Nigeria's manufacturing sector is **Reel Fruit** owned by Affiong Williams. They are a first-of-its-kind snack company that offers dried fruit snacks made here in Nigeria (the fruits are dried in Ogun state but are packaged at their top-notch facility in Lagos). They have a range of 5 products which includes Mango, Cashew, Banana, Pineapple, and Coconut. Reel fruit is one manufacturing start-up working to ensure "Made-in-Nigeria" is taken to the world.

As an entrepreneur in the manufacturing industry, one must be aware that government policies play a major role in the management and improvement of the sector, especially as if your organization engages in inter-country trade. Staying up to date on these policies is one sure way to give your business the edge it requires in the market and avoid being left behind.

After learning to stay up-to-date on policies, also make sure to evolve as the economy does. Understand that some of your processes might need to be changed or production diversified due to market trends. Following trusted, regular industry reports on these is your safest best.

LSETF

LAGOS STATE EMPLOYMENT TRUST FUND

This content was developed for the Lagos State Employment Trust Fund by DIYlaw Technologies

www.lsetf.ng | www.diylaw.ng