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NIGERIAN INVESTMENT CENTRE

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FEDERAL MINISTRY OF
INDUSTRIES, LAGOS

NIGERIAN INVESTMENT CENTRE

Your guide to profitable investment in Nigeria

September

1972

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REVIEW OF THE NIGERIAN ECONOMY AFTER THE WAR

The economy is fast recovering from the strains and stresses of the civil war. The gross output of the economy rose from £1,585.6 million in 1970/71 to an estimate of £1,685.9 million in 1971/72. In 1970/71 the gross output registered a growth rate of 9.6 per cent while in 1971/72 the estimated growth rate was 12 per cent. In 1971/72 the oil industry alone contributed 5.7 per cent to the growth rate while manufacturing industry contributed about 1.2 per cent. Capital formation rose from £381.3 million in 1970/71 to £465.4 million in 1971/72. Of significant interest is the fact that there has been a change in the structure of investment between 1966/67 and 1971/72. The bulk of investment in 1971/72 was on machinery and transport equipment as opposed to building and construction which formed the bulk of the investment in 1966/67. Both the export and import have recorded significant increases since the end of the war. The value of exports in 1971 has more than doubled the 1966 level. The good performance of exports is attributed to the oil industry. Out of the total value of exports of £647 million in 1971 export of crude petroleum accounted for £476.5 million thereby forming 73.6 per cent of total exports. In 1966 the export of crude petroleum formed 32.4 per cent of total exports. It must be pointed out that the performance of the traditional export crops has not been satisfactory. While the export crops faced drastic fall in prices in the world market, there has been significant fall in the quantities of some of the crops exported.

The value of imports in 1971 has barely doubled the val of imports in 1966. Imports rose from £256.7 million in 196 to £378.2 million in 1970 and £539.5 million in 1971. The greater part of the value of imports in 1971 has been on machinery and transport equipment as well as raw material fo local industries. This is a good trend compared with pre-wa years when the bulk of the value of imports was on finished consumer goods.

The position of the balance of payments has improved remarkably since the end of the war. The level of external reserves dropped from £84.4 million in December 1966 to £38.9 million in December 1967. It was maintained at a low level of £54.5 million in December 1969. The position of th external reserves could have deteriorated further but for prompt foreign exchange policies adopted by the government. The level of external reserves rose from £88.4 million in December 1970 to £149.5 million in December 1971. The Fede Government has also liquidated the short term credit liabili of £215 million accumulated during the war. The improved position of the balance of payments has led to the relaxatio of the wartime imports restrictions. In 1972/73 fiscal year there has also been some relaxation of the 90 days and 180 d import payments' arrangements. This points to the fact that the government will soon return to the normal process of payment on sight of import goods.

Another measure of success is the increasing governmen revenue. The Federal Government revenue which stood at £379.0 million in 1970/71 has more than doubled the 1966 le of £169.6 million. The estimated revenue for the Federal Government was put at £655 million in 1971/72, a rise of 72.8 per cent above the 1970/71 level. This satisfactory

level of government revenue is largely due to the oil impact. The quantity of crude oil production has risen from the pre-war level of 950,000 barrels per day to over 1,7 million barrels per day. This increasing level of oil production has reflected itself in improved balance of payments position and increasing government revenue.

The recurrent expenditure of the government has also increased due to the need to meet the increasing responsibilities of the government. The recurrent expenditure which fell from £169.1 million in 1966/67 to £153.7 million in 1967/68 rose to £182.3 million in 1968/69 and rose still further to £396.2 in 1970/71. The estimated recurrent expenditure for the Federal Government was put at £435 million in 1971/72.

Recurrent expenditure has not increased as fast as the revenue so that it was possible to turn the deficit of £113 million in 1969/70, the highest during the crisis, to a surplus of about £220 million in 1971/72.

When the war ended in January 1970, the Federal Government launched the Second National Development Plan - 1970/74 - with a target investment of £1,596 million divided between the public sector and private sector of the economy. The public sector was expected to spend £780 million while the private sector was expected to contribute £816 million. The first progress report on the Plan has just been published. For the first year of the Plan, 1970/71, the public sector incurred a capital expenditure of £119.6 million which showed a degree of financial fulfilment of about 63 per cent. This is quite impressive if one takes into consideration that the Plan was launched late in 1970

and also the fact that the first year of any plan is normall devoted to detailed costing and final preparations of projec Out of the total public capital expenditure of £119.6 millio the Federal Government spent only £65.6 million and the stat governments spent about £54 million. The performance varies from state to state; while some states exceeded their plann targets for 1970/71 others did considerably less.

A total of about £37 million was spent on transportati by all the governments in 1970/71. This is in accordance with the priorities of the plan. While some of the roads f rehabilitation are nearing completion, work has started on many new roads. The transport system which was seriously disrupted during the civil war is therefore being rapidly normalised.

Efforts are being directed to modernise the agricultur sector so that the sector will provide employment opportuni for young school leavers, serve as a source of foreign exch provide adequate raw materials for local industries and pr enough food for the increasing population. To this end th Federal Government will no more limit its role to research work but will get involved in operational aspects of the s Apart from giving financial assistance to state governments agriculture it will participate in agricultural projects wh cut across states' boundaries.

The two fastest growing sectors of the Nigerian econo petroleum and manufacturing are largely in the private sec Much progress has been recorded in the private sector. Ev though firm data are not available, the available figures indicate that the investment in the private sector of the economy exceeded £250 million in 1970/71 which was higher than what was planned for the sector for that year.

The above account is not meant to show that there are no economic problems facing the country. There is the problem of rising prices due to wartime distortions of the economy. There is also the problem of unemployment. During the crisis the unemployed young school leavers were absorbed into the armed forces. With the end of the war, the recruitment into the armed forces has stopped as a result of which the young school leavers have started to drift from the rural areas to urban centres looking for jobs. The Federal Government is taking effective steps to deal with these problems.

INVESTMENT PROMOTION AND THE NIGERIAN ENTERPRISES PROMOTION DECREE

The Nigerian Enterprises Promotion Decree, otherwise as Decreee No. 4/1972, was promulgated on 23rd February, The aim of the Decree is, as it is already widely known, promote more indigenous participation in the economy of th country. As indicated by the Commissioner for Industries, Dr. J. E. Adetoro, in his speech on the occasion of the inaugural meeting of the Nigerian Enterprises Promotion Bo held on 30th May, 1972, no nation could indefinitely conti watching its economic well-being left almost entirely in t hands of non indigenes however well-meaning such foreign partners might be. Each and everyone of the so-called dev nations of the world had had at one time or the other to t steps similar to our indigenisation Decree to ensure that citizens play a dominant and befitting role in its economic

Since the promulgation of the Decree many wrong views been held in different quarters as to the aim of the Decre Some say the Decree was intended to eject all foreign inves from the country and confiscate their assets. This, no dou is very far from the truth particularly when it is realised those enterprises in Schedule I to the Decree, which are sp cally reserved for Nigerians cover a negligible area of the economic life of the nation. As a matter of fact, a closer examination of the items in Schedule I of the Decree would bring out the fact that most of the enterprises affected ar in which a large proportion is already in the hands of Nige Enterprises specified under Schedule II and those not delim in either schedules constitute a vast area of the economy w foreign investment will for some time to come be warmly wel

Some have held the view that the promulgation of the De is an assertion by the people of this country that the day h dawn at last when Nigeria will no longer need any foreign

investment. They claim that this country has enough resources to meet its investment requirements; what she lacks is technical know-how. Their argument is that rather than attract foreign investors, people with the relevant know-how should be employed to operate Nigerian-owned ventures. They therefore see any investment promotion programme aimed at attracting foreign investors and the Nigerian Enterprises Promotion Decree as a contradiction in terms of Government Policy.

These views are no dubt erroneous. No matter the resources at our disposal now or promised by the oil boom, Nigeria will for a long time welcome foreign investment. Even America, Britain and many of the developed countries of the world including U.S.S.R. still welcome foreign investments in their midst and design programmes to encourage such investments. Moreover, if technical experts from foreign countries are employed as wage earners without any stake in the projects whose success depend on their know-how their fullest cooperation cannot be guaranteed and so the money spent on them could yield little result.

It must be emphasised that the aim of the Government in promulgating the Decree was not to put an end to foreign investment in Nigeria nor to expel expatriate personnel but to initiate practical participation by Nigerians in the industrial development of the country. The Decree is aimed at encouraging our expatriate friends to move from those sectors requiring simple operational techniques to other sectors which require more advanced technology. It is clearly stated in the Four Year Plan that the Government is convinced that the drive for greater Nigerian participation should proceed simultaneously with attracting foreign investments on mutually beneficial terms. This means that the aim of the Government is to pursue the policy of greater Nigerian participation in industry side by side with that of attracting more foreign investments into the country.

PROSPECTS FOR COCONUT PROCESSING INDUSTRY IN NIGER

Although one can find relatively large areas covere palm trees in regions extending from Lagos to the Dahom border, which regions continue through Dahomey, Togo and as well as in concentrations in the vicinity of Bonny, y the exception of some minor exports of copra, Nigeria is utilizing the potential resource of coconut trees. It i therefore, worthwhile to investigate whether coconut-bas industries should be recommended for our country. Such investigation would logically commence with an analysis what could be done with coconut trees. Coconuts can be utilized for the production of copra, coconut oil, desicc coconut, tend-o-nut which is a further refined desiccated coconut, (shell-tea sets and trays) whereas the husk can processed into fibre, mats, rubberised pads, mattress stu and upholstery material. A feasible by-product of coconu production is the cake used in the manufacture of animal To envisage possible manufacture of any of these products Nigeria, necessitates an analysis of the supply and demand forces in the world market, because Nigeria, as any other country, faces world competition. The Philippines, India, Ceylon, and Indonesia are the principal producers of cocon anc coconut-based products. The rising trend in the world production of coconuts during the past decade is not, howe significantly explained by a production increase of these countries, but it is specified by increased coconut product of other countries, including Gill Ellice, New Hebrides, Ja St. Lucia, Brazil, Guyana, Burma, Sarawak, Malaysia and the Coast. The implication of a steadily increasing world prod

of coconuts, together with the rising importance of other smaller producers of coconuts, is that the world market for both coconuts and coconut-based products is becoming increasingly more competitive. It is significant to note, however, that the increased competition regarding desiccated coconut and tend-o-nut is primarily based upon quality, whereby prices play a less important, secondary role. The world production of copra during the past decade indicates relatively significant fluctuations around a trend that reflects neither an increase, nor a decrease. These fluctuations are caused by a variety of diseases of the coconut tree, which badly contaminated the trees of the Philippines and Ceylon during the late sixties. The trend for the world copra production has been accompanied by a declining price trend during the same time span. This declining trend is explained by the utilization of copra. Copra is primarily used as an input for the processing of coconut oil. Substitutes for coconut oil are soybean oil, groundnut oil, palm oil palm kernel oil, and marine oils. In view of the prevailing price differentials, soybean oil and palm oil are the principal competitors of the coconut oil. The competition in the world market for edible oils is anticipated to increase rapidly during the forthcoming decade, because the production of these oils is expected to rise significantly. This factor, together with Nigeria's current production of palm oil and palm kernel oil, leads to the conclusion that a possible venture of coconut oil production is not recommended for this country. This recommendation is strengthened by the fact that the Nigerian Farm Wages, applicable to growing of coconuts, are significantly higher than those of the Asian countries.

The world market development for desiccated coconut importantly different from that of copra and subsequent oil processing because there is no substitute for desicc coconut, whereby the demand for desiccated coconut is anticipated to increase progressively with rising standar living, which, incidentally is not true for coconut oil a copra. Thus far, only a few countries, primarily The Phi and Ceylon, are producing desiccated coconut. Traditiona The Philippines have exported disiccated coconut to the U States of America, whereas Ceylon has directed its effort toward the European markets. The imported desiccated coc is used by the confectionery and bakery industries. The demand for desiccated coconut from these industries appea be nearly continually unsaturated. A possible production desiccated coconut in Nigeria would, therefore, imply a potentially profitable challenge. A major obstacle for t production of desiccated coconut is, however, the stringe quality requirements. To exemplify, the United Kingdom stipulates that the fine desiccated coconut, to be approv British Standard Sieve 410/1943, will meet the following requirements: not more than 20% shall pass through a 22 m sieve and not less than 20% shall be retained on a 12 mesh Similarly rigid requirements are applicable for the United of America and the other European countries. The quality desiccated coconut is, of course, influenced by possible c nation with food poisoning microbes such as Salmonella. A consequence, a potential entrepreneur who envisages an inv in the production of desiccated coconut, must first invest whether his source of supply is free of contamination, or contamination could be eliminated without incurring prohib

high expenditures. The only major constraint for a profitable production of desiccated coconut in Nigeria is determined by supply considerations. There is evidence that the Nigerian coconut varieties are low-yielding. In Nigeria, the annual yield of nut per palm is approximately 30 nuts, whereby the current average spacing of trees implies only about 70 trees per acre. Efforts must, therefore, be directed toward increasing the yields of cocobut per acre, and toward disease control. Such efforts, together with stringent quality control measures, could justify the establishment of a potentially profitable desiccated coconut industry in Nigeria. In view of the uncertainty regarding the supply factors, it is recommended to initially consider a small scale operation for the production of desiccated coconut. In the light of the indivisibilities of available productive equipment, a capacity of 720 tons per annum should be attempted if a regular supply of coconuts of sufficient quality can be guaranteed. Based upon prevailing prices for land, construction, and equipment, as well as upon the estimated working capital requirements, an annual production of 720 tons of desiccated coconut calls for a fixed capital investment of £66,100. Excluding cost of capital, which depends upon the desirable capital structure, and its respective market rates, the projected profitability before tax of such a venture, expressed as a percentage of fixed capital, is 25%. A similarly deduced profitability factor expressed as a percentage of sales is 24%. An anticipated supply of six million coconuts is needed in order to produce 720 tons of desiccated coconuts per year. It should be noted that the profitability projections are based upon the inclusion of 72 tons of copra production per year as a by-product.

In view of the fact that coconuts will be acquired
the husks, it is recommended to combine the production o
desiccated coconut with the extraction and processing of
This recommendation is justified by an attractive domest
demand for coir products, including mattress stuffing, m
and, through application of another domestically availab
input, i.e. rubber, for rubberised pads. Potential expor
of coir-fibre products are expected to be minimal for Nig
because of the competition in the world market for these
Synthetic fibres have conquered significant shares of the
market in North America and Europe. Investment in the ex
and processing of coir will most likely lead to an oligop
market structure, characteristic for most products being
manufactured and sold in Nigeria. Oligopolistic market
structures tend to inflate prices and subsequent profit m
Taking such factors into considerations, and based upon t
prevailing prices for land, building, equipment, labour,
other inputs, an integrated venture for the production of
desiccated coconut and coir-fibre would lead to a project
profitability before tax, expressed as a percentage of fi
capital, of 28%. This percentage excludes again cost of
capital, which in Nigeria would be approximately 10% for l
term loan capital for a venture of this nature. A similar
deduced profitability factor expressed in terms of sales i
The scale of operation for the extraction and processing o
for this joint venture is determined by the annual supply
six million coconuts. This number of coconuts is anticipa
produce 1,200 tons of coir-fibre per year. A joint ventur
the production of desiccated coconut and coir-fibre would
a total investment, including working capital, of £213,600

In the long-run, the profitability of the production of desiccated coconut is not anticipated to decline for those entrepreneurs who can meet quality requirements. The prospective views regarding the extraction and processing of coir may alter in view of a feasible production of synthetic fibres in Nigeria.

Potential Nigerian entrepreneurs must be warned that it is a sine-qua-non for any venture to ensure a regular, sufficient supply of inputs of required quality. Logical locations for a coconut based industry in Nigeria are Badagry and Bonny if the adjacent areas can guarantee an annual input of six million coconuts.

For further information, write to:

The Director,
Federal Institute of Industrial Research,
P. M. B. 1023,
Ikeja.

STANDARDISING NIGERIAN PRODUCTS

In the present day and age when the world community has become so much integrated, no country can afford to operate in isolation - whether in politics or in social and economic organisation. And so it was that with the rapid industrial upsurge of the last ten years, it became imperative for government to set up a special organisatio to regulate the quality of our industrial products. This is necessary first to ensure a uniform standard for simil products, secondly to ensure that Nigerian made goods can compete effectively with their foreign counterparts and thirdly to ensure that Nigerians get value for their mone The Nigerian Standards Organisation (NSO) was therefore s up by Decree No. 56 of 1971 for the purpose of achieving and other objectives aimed at the smooth and healthy grow of the Nigerian Industry. Since its inception, the NSO h embarked on a number of activities.

Register of Consumer Complaints

The Organisation sent questionnaires to all relevant private and public organisations in the country so as to determine priorities for national standardisation. Simultaneously, a Register of Consumer Complaints was ope to collect the views of the general public. While the collection of data and views is a subject of continuing c pondence, a start was made listing significant areas of n in a National standardisation plan which formed the basis the preparation of draft standards, the establishment of technical committees and quality control inspections.

Quality Standards set by Experts

The studies of the problem of quality standards for Nigerian products revealed that in Nigeria manufacturers employ some standard specifications either self-made or based on the standard of a foreign country. Furthermore, the establishment of specifications formed part of the normal activities of various research institutions and public organisations. The NSO therefore found it easy to establish technical committees of specialists drawn from industries, commerce, universities and government organisations all over the country to examine draft standards in the light of their experience and evolve final draft for approval by the Standards Council as Nigerian National Industrial standards. Over 200 experts in all, meet in working groups regularly in the library of the NSO on this matter.

Laboratory Tests

The NSO now has a nucleus of permanent testing laboratory but it also carries out a number of its tests in designated public laboratories which are equipped for the purpose. It had earlier collected information from all laboratories in the country about their testing facilities.

The following organisations have been involved in carrying out tests:

- Chemistry Division, Federal Ministry of Health
- Yaba College of Technology
- Kaduna Polytechnic
- University of Lagos
- Federal Ministry of Works and Housing
- Federal Institute of Industrial Research, Oshodi.

It will always be necessary, to make use of exisitng public laboratories, for economic reasons and to ensure reproducibility of standard methods of tests.

Quality Control Inspections and Investigations

Standards engineers conduct quality control inspection visits of factories in the country, and discuss with appro production personnel, methods of improving quality of produ produced. They have also set draft standards for certain products made in the country with the help of their technic committees which consist of experts in various aspects of standardisation and quality control.

Certification Mark

The Nigerian Standards Council at its last meeting approved the first Nigerian Industrial Standard (NIS) for Safety Matches. The Council also approved the procedure fo the application of the Certification mark (called NIS mark) to products which meet the requirements of the Nigerian Industrial Standard. A design of the NIS mark were approve at the last meeting of the Nigerian Standards Council.

Inspection for Certification

The NSO will send its quality control inspection staff on inspection tours of factories from time to time to ensur that the products of these factories meet the set standards. Apart from collecting random samples of products in the factories for laboratory testing, the inspectors will also buy products from the open market and send them for laborat testing to determine adherence to the quality standards set the NSO.

After the NSO has been fully satisfied of the quality of a factory's products, it will issue its certification mark, 'NIS' with which consumers will identify the products which have passed the quality tests of the organisation. If after buying such a product, a consumer later finds that it does not serve the purpose it was meant to serve, he can send the product to the NSO which is empowered under the NSO decree to take appropriate action.

This means that no product will bear the certification mark of the NSO unless it has really passed the stringent quality tests of the organisation. Consumers can therefore buy with confidence any product bearing the certification mark of the NSO and be sure that they have bought high quality products.

Library of International Standards

The Nigerian Standards Organisation has a library of over 10,000 standards from both the International Organisation for Standardisation, the International Electrotechnical Commission, the American Society for testing and materials and standards writing bodies from all over the world.

International Relations

The International Organisation for Standardisation (ISO) has admitted NSO as a full member and the International Electrotechnical Commission (IEC) is now considering her membership.

Nigerian Industrial Standards

The Nigerian Standards Council, at its last meeting approved the Nigerian Industrial Standard on Safety Matches which has now been published.

General

The NSO started from a very small beginning but now has about 30 staff of whom about 15 are standards engineers and other technical men and women in various desciplines including a librarian who runs the standards library.

The International Organisation for Standardisation (ISO) acknowledged this rapid progress of the NSO by admitting her by a unanimous vote to full membership of that body early 1972.

THE INDUSTRIAL INSPECTORATE DIVISION

The Industrial Inspectorate Division, Federal Ministry of Industries, was established about the end of 1970 primarily to carry out the provisions of Decree 53 promulgated by the Federal Military Government in October 1970.

2. Under Decree 53 the records of all Capital expenditure for all production equipments purchased domestically and abroad as well as industrial buildings and constructions will be kept. These records will be used in the development of economic trends and for long range budget planning. The Industrial Inspectorate Division is to serve as an information centre for many departments of the Federal Ministries that will have access to the diverse information ga hered by it.

(ii) The Decree provided that a Company with a project costing over £10,000 in hand must notify the Director of the Inspectorate Division. The Director on receiving the notice has to follow up the execution of the project and certify the overall cost of the project. Also the Division has to prepare and keep records of all production equipments in the country, their value and the value of similar plants and equipments in other countries. Records of economic trends in the country are to be kept as well.

(iii) Arbitration is allowed where the Director's finding is disputed but the decision of the Arbitrator and the findings of the Director where not disputed are binding to the parties concerned and also binding to the Federal Board of Inland Revenue, Board of Customs and Excise and any department of the Government of the Federation or of a State.

(iv) There are presently 380 capital projects declared with the Division. The total investment on the projects is about £100 million and each project varied in value from the low mark pf £10,000 to £8 million. After thorough investigations of the claims, Acceptance Certificates are issued to those who meet the requirements of the law while discussions continue with others whose claims require further clarification etc.

(v) It is to be remarked that many Companies in the States of the Federation have not bothered to file with the Division notices of their intention to incur capital expenditure. Their lists will soon be compiled and the provisions in the Decree for offences have to be applied on them.

(vi) The preparation and maintenance of national Inventory of Industrial Equipments is in progress and it is hoped by December, this year, the major industrial equipments in the country will be catalogued. With this in hand the Division can seek the current comparative prices of similar equipments in other countries by 1973.

3. Under Decree No. 10, 1971, Companies requesting relief for Civil War Damage must file their claims with the Division with a copy to the Board of Inland Revenue. The Division in turn is required to investigate the losses claimed. In this capacity, the Division is working very closely with the Board of Inland Revenue in as much as it is their responsibility to make the tax adjustments finally admitted.

(ii) Already the Division has prepared a very comprehensive questionnaire in an effort to simplify the task of gathering information which is essential for assessing the claims. 12 companies have filed claims for losses varying from £10,000 to £100,000.

4. Under Decree No. 22 Section 6 of 1971, the Division has the responsibility to issue Certificate of the date of production to pioneer companies. That is a pioneer company must obtain a Certification of its "material date" in order to obtain its benefits. The "material date" as defined in the Decree is: (A) where a company is a service company, the "material date" equals that date the company is ready to supply service on a commercial scale and (B) where the company is engaged in manufacturing; mining; agriculture etc., the date the company begins to produce products in marketable quantities.

A SUMMARY OF PROGRESS OF INDUSTRIALISATION IN KANO STATE: APRIL 1968 - MARCH 1972

Existing Industries

There were 88 various types of industries in Kano before the creation of States in April 1968. Since the formal birth of Kano and other States in the Federation in April 1968, 43 various industries have been established. These industries are jointly owned by foreign and local investors. Their combined total capital investment is in the order of £6 million and additional job openings for about 6,000 people were generated.

At the moment, 20 industrial firms have been granted approval to establish plants to manufacture or process various products. It is estimated that their combined total initial capital requirements will be £2.1 million. About 50 applications for approval to establish and to employ expatriates are now being processed.

Kano State Investment Company Limited

In order to supplement local private investment capital for rapid industrialisation in the State, the Kano State Investment Company Limited has been established by the State government. The company is now temporarily housed in the Central Bank Building on Lagos Street. With an allocation of £2 million in the State Development Plan 1970-74, the Company is charged with the financing of economically viable projects in industry, agriculture, mining and commerce.

Small Scale Industries Credit Scheme

Among other steps taken by the State Government to promote the rapid development of industries and particularly the small scale industries and small indigenous entrepreneurs is the establishment of a credit scheme known as "Small Industries Credit Scheme (SICS)", with the assistance of the Ford Foundation of America. The scheme is designed not only to finance viable projects but also to offer technical assistance in form of training and project preparation and development. During the current Plan period, the sum of £180,000 has been earmarked for the purpose. Since the establishment of the scheme about 25 indigenous entrepreneurs have been assisted financially and technically. A total sum of £88,550 have so far been issued out since April 1968.

Other Forms of Assistance

Other forms of assistance to genuine industrialists in the State approved by the State Government include:

(a) The Development of Industrial Areas: Kano State Government inherited two Industrial Areas covering a land space of about 227 acres in Bompai where most of the existing industries are located. To cope with the rapid rate at which new industries are being established, the State Government has now set aside two new areas to be developed as fully serviced industrial sites. One of the sites is near Sharadan village, lying along the Kano-Zaria railway line, south of Kofar Dan Agundi. The other, Challawa, situated very close to River Challawa, is intended for industries which produce

considerable amount of liquid affluence. When fully developed, the two sites will cover a total land space of about 1,500 acres. Part of the Sharada area is now fully serviced and several plots are now ready for allocation.

(b) Projects Identification and Preparation:

Experience has shown that the most acute problem facing Nigerian entrepreneurs is not investment capital. Rather, it is the preparation of bankable projects which can withstand viability tests, and so, merit the financial support of the financial institutions in the country. For this reason, the Ministry had conducted a series of surveys and has identified quite a lot of potentially viable projects. We have accordingly compiled a shopping list of bankable projects from which both foreign and local investors have drawn very heavily. Furthermore, we have also commissioned a firm of industrial engineers to conduct the feasibility studies of some selected projects the establishment of which will be promoted in due course if results of the studies are positive. These projects are:-

(1) Car and truck batteries
(2) Clay bricks and tiles
(3) Soft drinks
(4) Mosquito and sand fly nets
(5) Electrical fittings e.g. sockets, plugs etc.
(6) Ladies dress shows and handbags
(7) Electric insulated wires and cables.

Other projects the establishments of which are being promoted are:-

(1) Tomato Puree and Paste
(2) Scrap Iron Foundry
(3) Cotton Ginnery
(4) Dyestuff and other colouring materials for textile industry
(5) First-class Hotel
(6) Electric steel conduits
(7) Motor-cycle spare parts
(8) Plastic Goods, e.g. bags, etc.
(9) Manufacture of bottles
(10) Wallboard from bagagges
(11) Modern Abbattoir.

INVESTMENT ENQUIRIES

Enquiries have been received from foreign as well as Nigerian investors desirious of setting up projects on a joint venture basis in the fields listed below:

Enquiries Received from Nigerian Parties

1. Garment Factory;
2. Manufacture of Confectioneries;
3. Agro-Chemical processing Factory;
4. Catering, Hotels and Motel services;
5. Textile Industry;
6. Production of Fluorescent tubes of various types;
7. Manufacture of jute bags;
8. Coal Tar Industry based on Okaba Coal;
9. Ice Cream Industry;
10. Garri Industry;
11. Production of Bean-flour, Soya-flour, Corn-flour, Corn-oil, Wheat-flour;
12. Manufacture of Laundry Soap;
13. Rubber processing of any kind.

Enquiries Received from Foreign Parties

1. Manufacture of Pharmaceutical Products of all grades;
2. Production of Stationeries (note-books, writing sheets, envelopes);
3. Manufacture of Alluminium core steel re-inforced conductors, steel rounds, steel ingots etc.
4. Reprocessing of used Lubricating oil to produce lubricating oils of various qualities and viscuosities;
5. Manufacture of Walk-in-Coolers and Freezers, Regrigerated Warehouses;
6. Combined Poultry Farming;
7. Manufacture of Sewing Thread;
8. Fibre extraction from banana plants.

For further details, please contact:

The Director,
Nigerian Investment Centre,
11 Kofo Abayomi Road,
Victoria Island,
Lagos - Nigeria.

N E W S B R I E F S

A. TRACTOR HIRING SCHEME IN EAST CENTRAL STATE

As a first move towards mechanisation of agriculture in the East Central State, the State Government will soon introduce a tractor hiring scheme for individuals or groups owning large farms. Expert tractor drivers will be supplied with the tractors.

This calls for joint action from the farmers who must now form themselves into larger bodies so as to have enough farms to take the full advantage of the tractor hiring system. This scheme is now being given serious consideration by all the other states.

B. COCOA WINE DISTILLERY IN SOUTH EASTERN STATE

Following the findings of a pilot scheme conducting research on cocoa, the South Eastern State Government has decided to establish a £N100,000 distillery to produce wine from cocoa. Research has also shown that floor tiles, carpet, ceiling boards, shoe polish, foot-mats etc. may also be manufactured from cocoa pods, currently disposed of as waste.

The range of products made from cocoa by the pilot scheme is on display in the permanent Exhibition Centre for goods made in Nigeria situated in the Independence Building, Tafawa Balewa Square Lagos. Enquiries about this project should be directed to the Permanent Secretary, Ministry of Trade and Industry, Calabar.

When the proposed project goes into full production, the losses often sustained by the country through fluctuations in the price of cocoa in the international market will be lessened to a good extent.

C. TRADE MISSIONS

A 19-man trade delegation from Japan visited Nigeria in November 1971. Speaking to reporters on arrival at Ikeja Airport, the leader of the team disclosed that his mission would endeavour to find out the possibilities of future development of joint ventures, between Nigeria and Japan.

A 10-man Norwegian delegation visited Nigeria in February 1972. When the Delegation called on the Director of the Investment Centre, they explained that their interest was in the provision of common facilities for industrial settlements of various sizes comprising medium sized industrial concerns. These facilities include provision of vocational training of both technical and administrative nature, as well as social services, like canteens, recreation etc., depending on the industries concerned.

In April, a 6-man Swedish Economic delegation led by the Swedish Ambassador in Nigeria visited the Centre.

The mission explained that the aim of their visit was to gather enough information about Nigeria so as to afford the people and Government of Sweden more opportunities of useful cooperation with Nigeria. The delegation emphasised that the policy of the Swedish Government is to encourage overseas investment by Swedish people and companies. Swedish investors would therefore be willing to invest in Nigeria should they find the opportunity.

D. RIGHT HAND TRAFFIC

Nigeria changed over to right-hand driving on Sunday, April 2nd 1972. The change-over was smooth and accident free. Before the change-over, elaborate preparations were made including massive advertisements, road reconstructions, and re-routing of major roads in the big cities to ensure the success of the change-over.

With the change-over, Nigeria has joined the group of majority of African countries which have been driving on the right hand side of the road. For instance, of 49 African Nations, only 14 now drive on the left. Some of these 14 countries are already making plans to change-over to right hand driving. For example, Ghana, the only West African country still driving on the left, and Sudan sent observers to the Nigerian change-over to give them some insight into the problems involved in the exercise.

With all African countries adopting a uniform traffic system when the few countries still driving on the left shall have changed to right hand driving, inter-African trade and cooperation will increase. For instance, a merchant or tourist from Nigeria going to Dahomey by road is no longer subjected to the mental and physical strain of adjusting to the demands of right hand driving in Dahomey which were strange to him. People would feel more confident and more at home travelling from one African country to another when African countries adopt a uniform traffic system.

E. TWO NEW MINERALS DISCOVERED

Two important minerals have been found in the East Central State. One is gypsum (essential ingredient for the manufacture of cement now being imported into the country). The second is barytes which is most essential for the manufacture of paints. These minerals are said to exist in commercial quantities and miners in the East Central State are now making plans to exploit them. Much foreign exchange will be saved for Nigeria when these minerals are mined in commercial quantity.