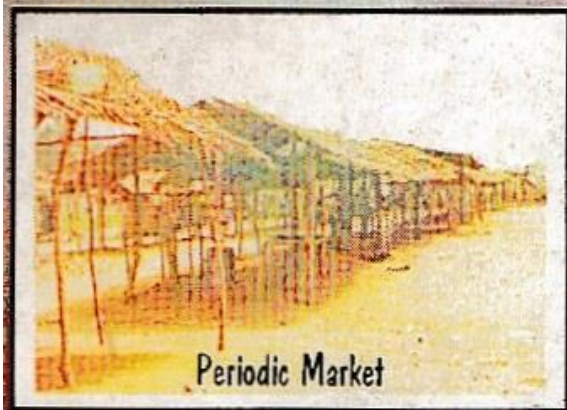
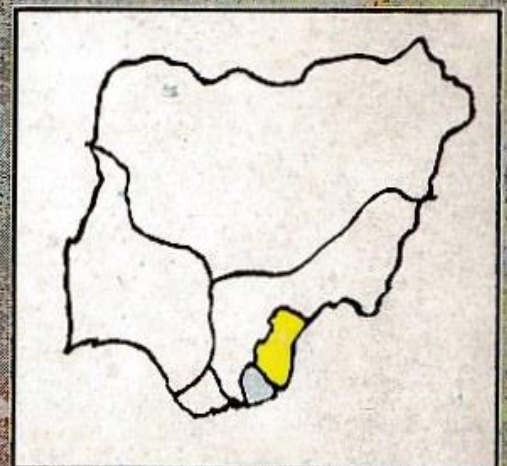


# **SOUTH-EASTERN NIGERIA: ITS ENVIRONMENT**



Periodic Market



*Edited by*  
**IDORENYIN B. INYANG**



## CHAPTER 13

### INDUSTRIALIZATION

#### *Okon Umoh*

South-Eastern Nigeria, made up of the present Akwa Ibom and Cross River States is not a highly industrialized region in the Country. However the available industries may be grouped into three broad categories namely; local craft industries, small-scale industries and modern manufacturing industries.

- a) **Local Craft Industries:** These constitute veritable economic enterprises in the process of rural development of the region. They include black smithery, boat making, brewing, brick making, carpentry, wood carving, furniture making, dyeing, weaving and knitting, leather works, pottery, watch repairing, welding, bamboo works, etc.

Raffia works, weaving, wood work and carving are predominant in Ikot Ekpene while pottery is widespread in localities such as Ikot Ebom in Itu Local Government Area, Ekpene Obom and Ikot Abasi in Etinan Local Government Area, Ituk Mbang in Uruan Local Government Area and parts of Ukanafun, all in Akwa Ibom State. Others include Ogoja in Cross River State. Brewing of Local gin is widespread in Uruan Local Government Area, and other riverine areas of South-Eastern Nigeria. Other industries like furniture making, carpentry, knitting and welding are located all over the region. Boat making industries are predominant in Ikot Abasi, Nwaniba, Oron, and Calabar.

In line with the views of Olayide, et al (1981), these local craft industries are useful in the following ways:

- i) Utilisation of underemployed and unemployed labour;
- ii) Provision of scope for more productive work thus checking rural-urban migration;
- iii) Local Craft industries ensure a fuller utilisation of local materials.

- b) **Small-Scale Industries:** The roles which small-scale industries play in the development process especially in a developing economy like that of South-Eastern Nigeria with a very weak industrial base are multiple. These include the creation of employment opportunities, mobilization of capital and human resources that would otherwise remain idle, increased intensive utilization of locally available raw materials, development of local technology, manpower development with emphasis on the provision of facilities for the development of skilled entrepreneurial class, enhancement of integrated rural development as well as serving as pivots and lubricants to the development of medium/large scale industries (Uwatt, 1991).



There is no consensus among economic and business experts regarding the definition of a small-scale business. However these industries qualify as small-scale in terms of size, employment, the value of assets, management, turnover as well as finance. Baunback (1983) defines small-scale industries as those which are more innovative than large publicly held corporate industries. They are managed by ingenious people working on new ideas that relate to their own profit and are motivated in a more direct way to apply the result of their findings.

The Nigerian Third Development plan (1975-1980) defines a small business as "a manufacturing establishment employing not more than ten (10) people, or whose investment in machinery and equipment does not exceed N600,000". However the Central Bank of Nigeria (CBN) in its credit guidelines of 1994, defines a small-scale industry as one whose total cost, excluding cost of land but including working capital is above N1.0 million but does not exceed N10 million. The centre for Management Development (CMD) offers the following definition, "the official definition of small-scale industry should be manufacturing, processing or service industry, employing up to 50 full-time workers, which investment in plant and machinery, excluding land, building and power shall not exceed N500,000". Moreover section 351, subsection 1 of the Companies and Allied Matters Decree 1990 states that a company qualifies as a small company in a given year if for that year the company satisfies the following conditions:-

- i) It must be a private company having a share capital,
- ii) Its turnover for that year must not exceed N2 million or such other amount that may be fixed by the Corporate Affairs Commission,
- iii) None of its owners must be an alien,
- iv) None of its owners must be a member of a government corporation or agency,
- v) The directors must hold not less than 51% of the equity share capital or such company between them.

In addition to these, section 376 (2) of the same decree specifies that:

- vi) The net asset value of such a company must not exceed N1 million.

On its part, the National Economic Reconstruction Fund (NERFUND) defines small-scale industries as those which capital investment does not exceed N10 million. Ekpenyong and Nyong (1992) define small-scale enterprises as those with investments in machinery and equipment not exceeding N500,000.

Given the above definitions, about 90 percent industrial concerns in South-Eastern Nigeria fall under the Small-Scale category. There are numerous small-scale industries in the region, which may be classified into seven major groups as follows:

- i) **Small-Scale Industries Producing Food and Allied Products:**  
Examples of small-scale industries which produce food and allied products include bakery, ice-cream, oil and grain milling, gin-making (brewing), cassava grating, etc.



- ii) **Small-Scale Industries involved in Repairs and Servicing:** This group includes repairing and servicing of tools and equipment such as bicycles, motor cycles, cars, trucks and other heavy duty vehicles and equipments. Others are electronic and electrical services. Workshops for these services are predominant in the urban and semi-urban areas but could also be found in the rural areas.
- iii) **Construction and Smithery:** In this category we have black/gold smithing, metal/iron works, tinkering, welding, canoe making among others.
- iv) **Sewing and weaving:** This group of small-scale industrial concerns are also predominant in urban centres as well as rural areas of South-Eastern Nigeria. They include tailoring, knitting, cloth weaving, leather and shoe works.
- v) **Wood-works and Building:** Examples of these are block and brick making, tiles and terrazzo making, saw milling, carpentry and high class furniture making.
- vi) **Printing and Photography:** This group involves much more investment than others. Within this group are printing presses, photographic outfits, computer business centres and photographic printing laboratories.
- vii) **Dressing:** In this group we have barbing and hair dressing saloons, laundry and dry-cleaning services.
- viii) **Cosmetic Industries:** These are small scale industries which produce toilet and laundry soaps, hair and body creams, lotions, detergents, talcs, etc.

Three major sources of funds are identifiable for small-scale industrialists in South-Eastern Nigeria in particular and Nigeria in general. These include:

- i) the formal financial institutions such as commercial banks, merchant banks, saving banks, community banks, peoples bank, insurance companies as well as development banks;
- ii) the informal financial sources like money lenders, credit and savings organisations, esusu associations, friends, relations, the church, landlords, etc.
- iii) personal savings of owners

### c) **Modern Manufacturing Industries:**

In contrast to the local craft and small-scale industries, the modern manufacturing industries need larger capital outlay, employ more labour, have greater production capacity and highly automated processing techniques. Furthermore there is also contrast by the ownership structure. Due to the high financial needs to set up these industries, they are either publicly (government)



owned, or jointly owned. South-Eastern Nigeria may be described as a non-starter in terms of predominance of large-scale modern industries. However the few available ones are still identified.

**Table I shows the major manufacturing industries in South-Eastern Nigeria**

**TABLE I: SOUTH-EASTERN NIGERIA- MAJOR MANUFACTURING INDUSTRIES**

INDUSTRY	YEAR OF ESTABLISHMENT	LOCATION	MAIN PRODUCTS
Calabar Cement Company (CALCEMCO)	1964	Calabar	Cement
Opobo Boat-yard	1965	Ikot Abasi	Boats
Calabar Wood Processing Industry	1980	Calabar	Wood
Niger Mills Ltd	1967	Calabar	Baking Flour
Pamil Industries	1972	Abak	Palm and Kennel Oil
Champion Breweries	1974	Uyo	Beer,
Plasto Crown	1976	Uyo	Plastic Crates, Crown Corks, etc
Ogoja Rice Mills	1976	Ogoja	Rice Milling
Crush Rock Industries	1981	Akamkpa	Limestone
Mick Wood	1986	Ikrom	Plywood
Western Metal Product Company (WEMPCO)	1993	Ikrom	Metal Products
Ibiaye Oil Palm	1980	Biase	Palm Oil
Eastern Match Industries	1978	Calabar	Matches
Peacock Paints	1979	Etinan	Paints
Quality Ceramics	1980	Itu	Sanitary Wares, Bricks, Tiles.
Nigeria Newsprint Manufacturing Company		Oku Iboku	Newsprint
Qwa Steel Products	1982	Eket	Iron rods, Sheets and wire netting

**Source:** Ministry of Trade and Industries (Akwa Ibom and Cross River States).

### **CATEGORIES OF MANUFACTURING INDUSTRIES**

Large-scale manufacturing industries may be grouped into four main categories as follows:

- i) **Food, drinks and processing:** This group includes the breweries, flour milling, palm kernel milling. Examples are the Champion breweries in Uyo, Niger Mills in Calabar and Pamil industries in Abak.

- ii) **Wood-based Industries:** In this category are: the Calabar wood processing industry, Opobo boat yard, Nigeria Newsprint Company, Eastern Match industries and Mick Wood industries, etc.
- iii) **Building and Construction:** This group involves factories whose products can be utilised for construction purposes. Examples are the Qua Steel Products, Western Metal, Crush rock industries, among others.
- iv) **Chemical-base Industries:** In this category are the manufacturing of plastic materials, paints, cement, packages and labels, etc.

### **INDUSTRIAL RAW MATERIALS IN SOUTH-EASTERN NIGERIA**

South-Eastern Nigeria is naturally endowed with climate and soil which favour the production of a wide range of agricultural outputs useful as industrial raw materials. Therefore there is a great prospect for industrial development of the region especially agro-based industries. Some of the agricultural commodities of the region include cassava, cocoa, coconut, citrus fruits, other fruits, maize, palm produce, rubber, plaintain, Rice, Seafoods, vegetables, wood, yams, etc. Table 2 indicates the major agro-based raw materials which could act as impetus for the establishment of agro-based industries.

**TABLE 2: SOUTH-EASTERN NIGERIA: AGRO- BASED RAW MATERIALS**

<b>MATERIALS</b>	<b>USES</b>	<b>LOCATION</b>
CassavaFood,	Modified starches, Alcohol, Particle Boards, Livestock feeds.	All over the region.
Cocoa	Beverages, Cosmetics, chocolates, wine	Ikono, Ogoja
Coconut	Oil, Animal feed, Fibre-mat	Nsit Ibom, Essien Udim, Ikot Abasi, Nsit Ubium, Mkpat Enin
Citrus Fruits	Fruit juice, Peetuis, Citric acid, Essential oil, Animal feed	Obudu, Ekpe Atai, Etinan, Mkpat Enin
Other Fruits	Jam, Marmalade, Essential oils, Animal feed	All over the region
Kolanùt	Dye, concentrate for soft drink	Ikono
Maize	Corn syrup, malt, food, animal feed, particle boards, alcohol, glucose, flour	Nsit Ubium



Palm Products	Palm oil, palm kernel oil, cake, animal feed	Abak, Eket, Ekpe Atai, Essien Udim, Nsit Ibom, Nsit Ubium, Itu, Ikono, Ukanafun, Oruk Anam
Rubber	Rubber products, Rubber seed oil, Resins	Itu, Uruan, Akamkpa, Odukpani
Raffia Palm	Palm wine, alcohol, Rattan	Essien Udim, Uruan, Ikot Ekpene
PlantainFood,	Animal Feed	Ikono, Mkpat Enin Ogoja, Ikom
Rice	Food, malt, Fermented Rice products, particle board	Ikono, Ini, Obubra
Seafoods	Food, Animal feed	Oron, Itu, Uquo, Uruan, Ibeno, Mbo, Eket, Calabar, Odukpani, Ikom
Vegetables	Food, Hydrolysed vegetable protein	Itu, Ikono, Ikom, Ogoja Akamkpa, Obubra
Wood	Paper, Pulp, Fuel, Alcohol, Cellulose	Itu, Abak, Ukanafun, Odukpani, Akamkpa, Ini
Yam	Food, starch	Ukanafun, Ogoja, Abak

**Source:** Raw Material Research and Development Council, Akwa Ibom State, 1991.

South-Eastern Nigeria is also highly endowed with minerals. Minerals may be defined as "homogenous bodies occurring naturally in the earth's crust, formed by inorganic processes and characterised by a number of physical properties having the same constituent element". These minerals embrace rocks such as limestone, clay, marble, natural gas and condensate, etc. These mineral endowment offer great prospects for the industrialisation of South-Eastern Nigeria in the next millennium. Table 3 illustrates the major mineral endowments of South-Eastern Nigeria, their uses and their locations.

**TABLE 3: SOUTH-EASTERN NIGERIA: MINERAL BASED INDUSTRIAL RAW MATERIALS**

<b>MINERALS</b>	<b>USES</b>	<b>LOCATION</b>
Coal	Fuel, Aromatic Compounds Waxes, Resins	Nsit Ubium
Clay	Pottery, Ceramics, Cement	Itu, Ikot Abasi, Eket, Nsit Ubium, Etinan, Ini, Akamkpa
Silica Sand	Glass, Abrasive Products, Sand paper, grinding stone, sharpening stones	Uquo Ibeno, Mbo, Etim Ekpo
Oil/Gas	Fuel, Bye-products	Uquo Ibeno, Ikot Abasi (Iko) Eket, Bakasi.
Silver Nitrate	Industrial Chemical	Uruan
Oil Condensate	Petrol, Kerosine	Ibeno
Limestone	Cement, Hydrated Lime, Precipitated Calcium Carbonate (CaCO <sub>2</sub> )	Ikono, Uruan Mfamosing Ugep.

**Source:** Raw Material Research and Development Council (RMRDC), Akwa Ibom State, 1991.

### **THE ROLE OF INDUSTRIALISATION**

Recognising the low state of industrial development in South-Eastern Nigeria, the governments of Cross River and Akwa Ibom States have set out targets and programmes to remedy the situation. By the time these plans, programmes and targets are achieved the region shall benefit from her industrial development as follows:

- increase in the contribution of the manufacturing sector to the region's GDP;
- increase in the standard of living of the people and an improvement in the economic viability of the region;
- achievement of rapid expansion, modernization and diversification of the economy;
- creation of more employment opportunities to absorb an increasing proportion of the working population in modern type of manufacturing activities;
- expansion of the revenue base of government; and



rural development in terms of provision of water, electricity and health facilities as well as the improvement of educational facilities.

### **INDUSTRIAL DEVELOPMENT STRATEGY FOR SOUTH-EASTERN NIGERIA**

In order to meet the industrialization needs of the region, the following policies and strategies must be formulated and adopted:

- i) human and natural resources of the region must be harnessed to produce in sufficient quantity and quality, the essential goods and services needed by the people;
- ii) to foster industrial growth, the sectoral programmes must be geared towards encouraging, protecting and inducing foreign capital into the region;
- iii) encouragement of the private sector financially and otherwise to establish and run small and medium-scale industrial enterprises;
- iv) as much as possible, industries must be located in terms of proximity to the source of raw materials while other factors like roads and power are made available;
- v) encouragement of the private sector to buy shares of government owned industries.
- vi) publicly owned industries must be fully commercialised. Their managements must be rewarded for excellence in meeting profit targets and penalised for running at a loss.

### **PROBLEMS OF INDUSTRIALISATION IN SOUTH-EASTERN NIGERIA**

- I) **Lack of Capital:** This has been a cog in the wheel of many a viable innovation in industrialisation. In some cases the lack of funds cripple many would-be viable small-scale industrial establishment.
- II) **Managerial Inefficiency:** Some industrial establishments are badly run. This is particularly true of government owned establishments. The managers are either not committed to the success of such industries or deliberately embezzle funds which otherwise would keep the establishment going well.
- III) **Problem of imported Inputs:** Where an industry operates with some imported capital inputs or raw materials, they often have problem of foreign exchange for the regular importation of such inputs as the need arises.
- IV) **Inadequate Local Skill:** Where local skills are inadequate in meeting the needs of an industry, it leads to overdependence on foreign technical partners some of which may be unreliable.
- V) **Poor and/or inadequate infrastructure:** The lack of inadequate or poor infrastructure like electricity, roads, communication and



transportation especially in the rural setting may prevent the establishment of industries which could help improve the quality of life.

- VI) **Low level of utilization of local raw materials:** Some of the by-products from existing industries wastes away due to lack of other industries into which they would have been channelled for production of other new products.

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