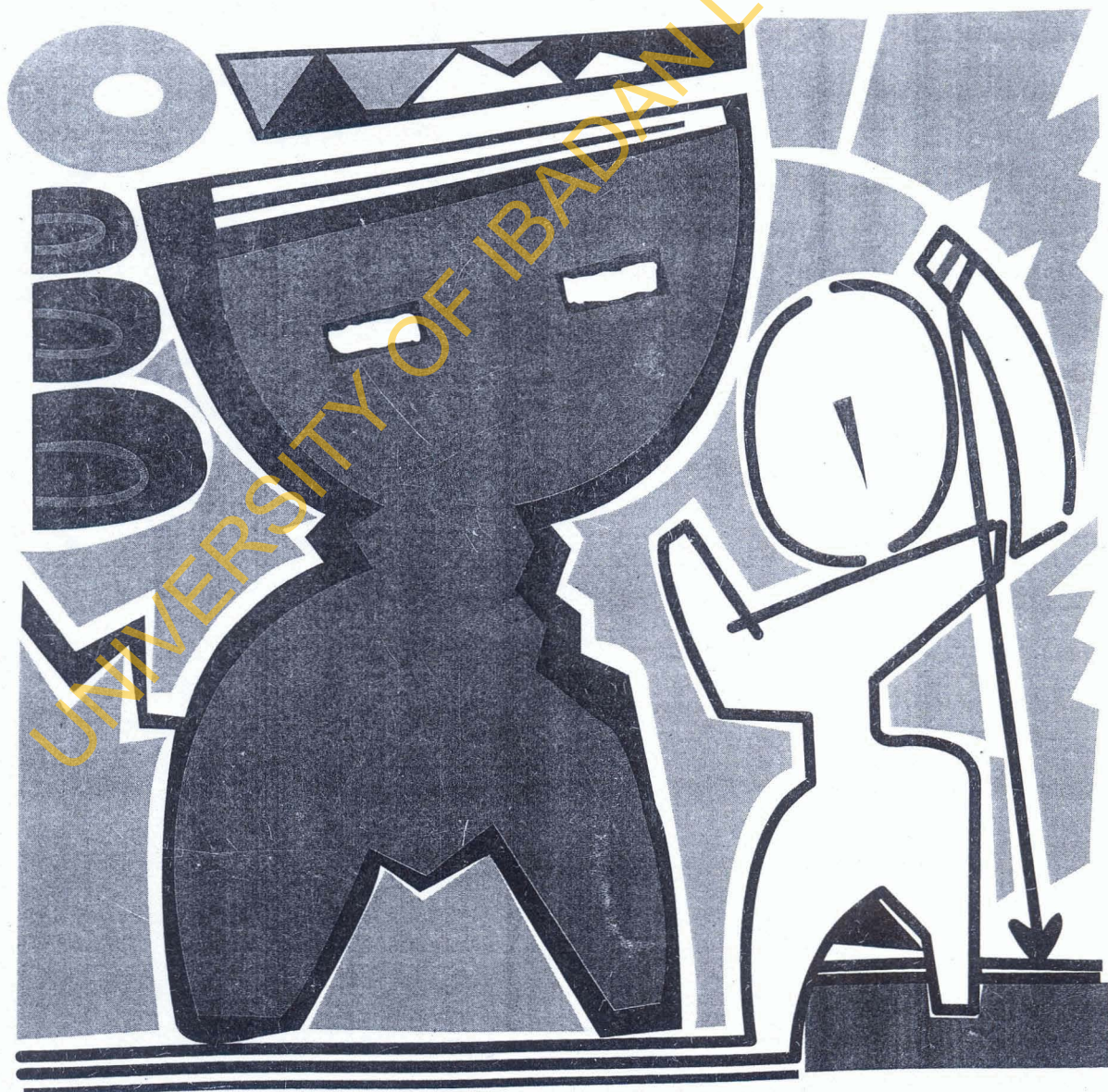


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Recent Trends and Patterns in Nigeria's Industrial Development

Dickson 'Dare Ajayi*

Abstract

This paper analyses recent trend and spatial patterns of manufacturing in Nigeria. In particular, the paper shows that industrial development in the country involved considerable artisanal crafts firms in the early stages and grew progressively in number over the years to large-scale manufacturing. The pattern of the distribution of manufacturing industries at the city level indicates that there is a marked concentration of manufacturing establishments in the southern part of the country, and especially Lagos, Ibadan and Benin in the southwest. Other locations of relative high concentration of industrial establishments are Kano in the North; and Enugu and Port Harcourt in the southeast. Although, this paper shows that production subcontracting increased and varied amongst subcontracting firms, production subcontracting relationships are concentrated in a few locations. The paper concludes that the spatial pattern could change if industrialists adopt the strategy of industrial linkages, and especially production subcontracting which has become a driving force in contemporary industrial development efforts in the world today. It is expected that the situation could be better enhanced given the ongoing privatisation of industrial concerns in Nigeria.

Résumé

L'étude analyse les tendances récentes et les structures spatiales des industries manufacturières au Nigeria. Il montre notamment que le développement industriel dans le pays impliquait, à ses débuts, un nombre considérable d'entreprises artisanales qui se sont progressivement développées en nombre au cours des années pour devenir des industries manufacturières d'envergure. La structure de la distribution des industries manufacturières dans les villes montre qu'il y a

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une concentration nette d'implantations manufacturières dans le sud du pays, notamment à Lagos, Ibadan et Bénin dans le Sud-Ouest. Les autres localités qui affichent une concentration relativement élevée d'implantations industrielles sont Kano au Nord, Enugu et Port Harcourt au Sud-Est. Bien que l'étude montre que la sous-traitance dans le domaine industriel a pris de l'envergure et est diversifiée parmi les entreprises sous-traitantes, les relations de sous-traitance restent encore concentrées dans certaines localités. La conclusion qu'en tire l'étude est que la structure spatiale pourrait évoluer si les industriels adoptaient la stratégie des liaisons industrielles d'autant plus que la sous-traitance est devenue de nos jours un élément moteur soutenant les efforts de développement industriel à travers le monde. On s'attend à ce que la situation puisse s'accroître d'avantage au regard du processus de privatisation en cours dans les firmes industrielles au Nigeria.

Introduction

Nigeria remains a major industrial (manufacturing) country in the West African sub-region and Africa south of the Sahara. Although a few studies have considered manufacturing activities within the country, most of these have largely focused on some aspects of manufacturing, especially at the regional level, small-scale industries and handicrafts. Perhaps the studies by Schatzl (1973), Ayeni (1981a, b), and Mabogunje (1990) on the spatial pattern of manufacturing provide a good starting point on detailed studies of manufacturing in Nigeria. The consensus of opinion is that manufacturing is concentrated in a few cities, and especially the state capitals. These concentrations have usually been explained in terms of specific principles of industrial development.

Over the years, however, little attention, if any, appears to have been given to the emerging pattern despite the changing phases of manufacturing and industrial development policies – from mere crafts works in the earliest time to valorisation of raw materials through import substitution to local sourcing of industrial raw materials in recent times. This paper thus presents a holistic view of the industrial development of Nigeria with particular emphasis on the spatial pattern, the temporal trend, and the extent to which industrial development in the country has been influenced by contemporary globalisation of industrial activities. Globalisation here is viewed with specific reference to industrial production subcontracting, an emerging strategic industrial production technique integrating the world industrial development, and privatisation of industrial concerns. Apart from this introduction, the other parts of the paper focus on the trend, the spatial pattern of industrial activities, production subcontracting experience, and privatisation in Nigeria's industrial development.

Trends in Nigeria's industrialisation

The growth in industrial activities discussed in this section is in three phases: the pre-colonial era, the early post-colonial era, and events since the mid-1980s.

Pre-colonial era

The pre-colonial era, that is, the pre-1900 economy of Nigeria, featured considerable craft industries in the various clans and kingdoms. Modern factory activity was then hardly known (Onyemelukwe 1983). Prominent among these craft industries that featured in local and inter-regional trade were artefacts of wood, brass and bronze, leather, handwoven textiles and bags, iron workings and fire burnt pottery from local clay. The forest zone, especially in and around the old Benin Kingdom, excelled in wood and bronze workings. The Awka-Nri-Igbo-Ukwu area of the Igbo heartland was famous for pottery, woodcarving and blacksmithing. The Oyo area excelled in calabash carving and textile weaving and dyeing. Bida area was noted for glass and brass works. The Hausa-Fulani made leather artefacts while the Ibibio-Efik communities were famous in woodcarving and rafia embroidery.

One major characteristic of these craft industries was that they featured in the different locations in a close link with the available raw materials. However, the crafts industry has declined considerably following the superior competition from modern industrial activities, particularly manufacturing. Onyemelukwe (1983) notes that Nigeria has embraced the factory type industrialisation as the main panacea to her underdevelopment. The coming of Europeans, especially in the wake of formal trade contact, brought about the first widely recognised forms of modern industrialisation. The slave trade yielded priority of place to 'legitimate trade' (Flint 1960), in industrial raw materials obtainable in this part of West Africa. The need then arose for valorisation (Aboyade 1968; Mabogunje 1973; Ayeni 1981; Onyemelukwe 1983).

Valorisation involved the carrying out of the initial processing of raw materials with the object of removing waste matter, improving the quality or converting the produce into a form in which it could be more easily stored and transported before being exported. For instance, the extraction of palm oil from the pulpy pericarp of palm fruits, which was crudely processed, was by the 1920s better and more economically handled in the 'pioneer oil mills'. Cotton lint was no longer extracted through the laborious and slow manual extraction process but mainly handled in modern ginneries. The forest logs were processed as sawn lumber mainly in power-driven sawmills before being exported to Europe. Considerable finishing operations including printing and publishing, baking and furniture works, also featured from the beginning. Whereas processing was geared towards the rapidly expanding

export trade on a relatively large scale, the finishing operations served only to meet domestic demand, which was then relatively small and geographically localised. However, the Nigerian industrial scene changed after the end of the Second World War, in at least two respects (Adegbola 1983; Onyemelukwe 1983). First, the traditional demand from Europe for industrial raw materials increased tremendously following the post-war reconstruction needs and global resumption of full-scale activity in trade and industry. Second, the post-war economic boom in raw material export and a sharp rise in the general purchasing power and investment potential of indigenous businessmen brought about a growth in the number of manufacturing establishments.

The transformation in the Nigerian economy during the post-war years was faced with two major constraints. These were the low level of technology and the small size of the available indigenous workforce. Because of the low technological base, industrial development involved the assembly-type pattern of import substitution. Full-scale industrialisation involving the production of basic capital goods could not be embarked upon. The gradual assumption of political decision-making power by Nigerians during the 1950s enhanced the substitution of capital goods import or raw material imports for consumer goods. Onyemelukwe (1983) notes that of the 47 industrial establishments in the country in the pre-1947 period, 21 (44.71 percent) were engaged in processing activities. The remaining 26 (55.3 percent) establishments were engaged in the finishing aspects of manufacturing. Out of the 26, as many as 15 (31.9 percent) establishments were small printing works and bakeries. All these had the bulk of their patronage among the few foreign (mainly European) administrators, missionaries and merchants.

Early post-colonial era

The post-colonial era was characterised by vigorous import substitution and the beginning of a decline in the export-oriented processing of raw materials. The policy of import substitution, which was meant to reduce dependence on foreign trade and save foreign exchange, led however in the direction of the mere assemblage of foreign, produced items rather than local manufacturing *per se*. At independence, there were only about 150 plants of medium and large-scale size in the industrial sector, the majority of which were established in the late 1950s. By 1965, however, the number of medium and large-scale firms had risen to 380, arising from the intensification of the process of import substitution and the establishment of firms to undertake domestic manufacture of goods hitherto imported, though still largely dominated by low technology light industries. Items manufactured include

metal, furniture and fixtures, structural metal products and fabricated metals.

The manufacture of agricultural and special industrial machinery and equipment, household apparatus, and transport equipment contributed a low share of value added goods (see Teriba et al. 1981 for details). This growth in manufacturing however witnessed a period of lull following the political crisis which culminated in the civil war until the early 1970s. As a part of the reconstruction efforts, the Second National Development Plan, 1970-74, which had the objectives of a united, strong and self-reliant nation; a great and dynamic society; a just and egalitarian society; a land of bright and full employment for all citizens; and a free and democratic society, had as its major policy thrust:

- (i) To promote even development and fair distribution of industries in all parts of the country;
- (ii) To ensure a rapid expansion and diversification of the industrial sector of the economy;
- (iii) To increase the incomes realised from manufacturing activity;
- (iv) To create more employment opportunities;
- (v) To promote the establishment of industries which catered for overseas markets in order to earn foreign exchange;
- (vi) To continue the programme of import-substitution, as well as raise the level of intermediate and capital goods production;
- (vii) To initiate schemes designed to promote indigenous manpower development in the industrial sector; and
- (viii) To raise the proportion of indigenous ownership of industrial investments.

To attain these goals, the government laid down priorities from time to time and initiated measures to achieve them, such as reconstructing damaged industrial capacities, the promotion of expansion of the intermediate and capital good industries in order to raise the contribution of value added in the manufacturing sector, and the promotion of rapid industrial development etc. The situation continued in this manner to the mid-1980s.

Events since mid-1980s

The industrial sector of the Nigerian economy improved over the years. The relative share of manufacturing industry in the GDP increased from 19.8 percent in 1966-1967 to 32.4 percent in 1971-1972 (Teriba and Kayode

1977). However, the manufacturing sector has witnessed a considerable decline since the mid-1980s. For instance, Table 1 shows that the percentage share of manufacturing in Nigeria's gross value added decreased from about 17 percent in the early 1980s to 13 percent in 1987, and 10.7 percent in 1993 and 12.1 percent in 1994. The share of manufacturing in the GDP decreased from 9.2 percent in 1981 to 6.8 percent in 1987, 5.5 percent in 1993 and hovered around 6.0 percent in the years between 1994 and 2002. The number of industrial establishments which increased from 421 in 1964 to 1,293 in 1975, and 2,360 in 1989, decreased to 1,891 in 1993.

The number of industrial employees which increased from 64,965 in 1964 to 93,270 in 1969 (excluding eastern region) decreased to 27,102 in 1989 but increased again to 244,243 in 1985 (Schatzl 1973; FOS 1979; Federal Ministry of Industries 1989; MAN 1993). Nigeria's manufacturing consists largely of assembly plants with little or no backward linkage in the economy. This is because the bulk of inputs were imported (Schatzl, 1973; Corfrey et al. 1979; Ayeni 1981).

The few industries that have any form of backward linkage are 'rooted' industries such as tin smelting in Jos, timber and plywood factories at Sapele, and cement factories at Ewekoro and Sagamu. Most industrial activities were linked to industries in foreign countries both for the final consumption goods and intermediate products (Nwafor 1982; Adegbola 1983).

The Structural Adjustment Programme (SAP) was in part adopted in July 1986 to redress the prevailing industrial scenario (Ukwu 1994). Perhaps as a result of the adoption of SAP, capacity utilisation, which was 30 percent at the end of 1986, increased to 36.7 percent by mid-1987 (MAN 1987), 40.3 percent in 1990, 42.0 percent in 1991 and 41.8 percent in 1992, but witnessed a decrease to 29.3 percent in 1995 and 32.5 percent in 1996 (Nigeria 1996). However, the situation deteriorated for some highly import dependent industries like electrical/electronics, basic metal, iron and steel, and vehicle assembly where capacity utilisation has fallen below ten percent (Ajayi 1998). A recent survey of manufacturing industries by the Central Bank of Nigeria (2003) shows that capacity utilisation rate increased to 46.2 percent in 2002. While the average capacity utilisation rate increased in Lagos area, Enugu, and Bauchi zones to 59.1, 51.1 and 35.5 percent respectively, it declined in Kano and Ibadan zones to 42.6 and 43.0 percent respectively.

Some industries now obtain raw materials locally within Nigeria. For instance, the level of local sourcing of materials in selected industrial sectors between 1987 and 1989 is shown in Table 2. On the average, the percentage of local sourced industrial raw materials was about 47 percent. The percentage of locally sourced materials increased from 42.8 in the first half of 1987 to 49.7 percent and 52.0 percent by mid-1988 and second half of 1988

respectively. However, the percentage of local sourcing materials decreased to 46.0 percent by mid-1989.

Table 1: Some aspects of Nigeria's Manufacturing, 1981-2002
(at current price)

Year	Percentage of Total Value Added	Percentage of Gross Domestic Product (GDP)
1981	17.0	9.2
1982	17.3	9.6
1983	17.1	10.0
1984	14.8	7.8
1985	16.4	8.7
1986	16.2	8.7
1987	13.0	6.8
1988	14.3	7.5
1989	10.5	5.3
1990	10.9	5.5
1991	11.9	5.9
1992	10.0	4.8
1993	10.7	5.5
1994	12.1	6.6
1995	N/A	6.6
1996	N/A	N/A
1997	N/A	N/A
1998	N/A	5.9
1999	N/A	6.0
2000	N/A	6.0
2001	N/A	6.2
2002	N/A	6.0

Source: Federal Office of Statistics: National Accounts of Nigeria, 1981 to 1994. CBN-Annual Report and Statement of Accounts, 2003.

The percentage of local sourcing of raw materials was high in non-metallic mineral products; food, beverages and tobacco; and textiles, wearing apparels and leather industry groups in descending order, and comparatively low in basic metal, iron and steel and fabricated metal products; motor vehicles and miscellaneous assembly; and electrical/electronic industry groups.

The revitalisation of the industrial sector to promote the development of other sectors and the entire economy has been a major consideration in the National Rolling Plans, as policy objectives include the achievement of maximum growth in investment and output, and expansion of employment. An average growth rate of 0.8 percent was projected in the First Rolling Plan (1990-1992) for this sector. This was expected to increase its share of the GDP to slightly over these targets and was to be achieved through improvement in capacity utilisation in existing industries and increased investment in new ones, as well as more effective implementation of relevant policy reform measures. These policy measures include strengthening administrative machinery, implementation of the privatisation and commercialisation policy, local sourcing of material raw materials, and the promotion of small-scale industries (Federal Republic of Nigeria 1990).

Table 2: Level of Local Sourcing (%) of Raw Materials in Nigeria, 1987-1989

Industry Group	Period			
	Jan-Jun 1987	Jun-Jul 1988	Jun-Dec 1988	Jan-Jun 1989
Food, beverages and tobacco	65.2	62.7	63.0	62.0
Wood and wood products (Including furniture)	7.6	N.A	N.A	N.A
Non-metallic mineral products	76.5	88.4	85.0	81.0
Textiles, wearing Apparel and leather	52.4	52.5	57.0	62.0
Chemicals and pharmaceuticals	31.5	36.3	63.0	37.0
Domestic and industrial plastic and Rubber	20.6	53.0	48.0	45.0
Basic metal, iron and steel and fabricated metal products	49.7	39.7	30.0	30.0
Motor vehicles and miscellaneous assembly	21.8	N.A	N.A	N.A
Electrical/Electronics	19.3	N.A	N.A	10.0
Pulp, paper and paper products, printing and publishing	13.7	15.7	42.0	46.0
Average	42.8	49.7	52.0	46.0

Sources: Adapted from Ajayi (1998)

Spatial pattern of industrialisation

The spatial pattern of industries discussed here pertains to the number of firms as found in the various locations within the country. Earlier studies have confirmed that manufacturing activities in Nigeria are concentrated in a few states and primarily in a few cities, which are mainly state capitals, ports and major administrative centres (Schatzl 1973; Mabogunje 1973; Adegbola 1983; Onyemelukwe 1978; Ayeni 1981a). Thus, there are spatial disparities in the distribution of industrial establishments. Ajaegbu (1976) has shown four industrial-urban conurbations in Nigeria. These are: Lagos-Ibadan, the Kano – Kaduna – Zaria – Jos, Benin – Sapele – Warri, and Port-Harcourt – Aba – Onitsha – Enugu conurbations. This spatial disparity in the distribution of manufacturing activities has often been explained in terms of the need for the valorisation of raw agricultural products or the treatment of raw materials for export, or through the principle of import substitution adopted by the Nigerian governments as their industrial planning strategy (Ayeni 1981a). The result of valorisation means the establishment of manufacturing industries in areas where natural resources such as agricultural products and minerals are found (Abiodun and Aguda 1988).

While valorisation meant the establishment in a few cities of mostly consumer goods industries for which the market existed, import substitution entailed the importation of machinery, raw materials, and in many instances, the skilled labour. In spite of the successive development plans aimed at even distribution of industrial activities in all parts of Nigeria, industrial activities are still concentrated in a few locations. Table 3 shows that out of the total of 2,355 manufacturing establishments in Nigeria in 1994; 768 (32.6 percent) were concentrated in Lagos State alone. Kano State had 216 (9.2 percent), Rivers and Imo States each had 212 (9.0 percent) and 171 (7.3 percent) respectively. Bauchi and Katsina States had 8 (0.3 percent) each, while Abia and Jigawa states had no manufacturing establishments at all.

The pattern of the distribution of manufacturing industries at the city level in 1989, indicates that there is a marked concentration of manufacturing establishments in the southern part of the country, and especially Lagos in the southwest. The leading position of Lagos in the southwest is clearly shown by the size of the proportional circle. Other locations of relative high concentration of industrial establishments are Kano in the North; Ibadan and Benin in the southwest; Enugu and Port-Harcourt in the southeast. While manufacturing establishments are concentrated in several locations in the south, they are found in a few locations in the north. This industrial concentration is further reflected, and has thus formed the basis for the choice of the Lagos region for research by Ajayi (1998, 2000, 2001, 2002,

2003a&b and 2004) on industrial linkages within the Lagos region, and with other parts of the country.

Table 3: Manufacturing Industries in Nigeria, 1989

State	Number of Establishments	Percentage of Total
Abia	0	0.0
Adamawa	5	0.2
Akwa Ibom	40	1.7
Anambra	101	4.3
Bauchi	8	0.3
Benue	37	1.6
Borno	33	1.4
Cross River	59	2.5
Delta	88	3.7
Edo	121	5.1
Enugu	84	3.6
Imo	171	7.3
Jigawa	0	0.0
Kaduna	42	1.8
Kano	216	9.2
Katsina	8	0.3
Kebbi	0	0.0
Kogi	12	0.5
Kwara	33	1.4
Lagos	768	32.6
Niger	17	0.7
Ogun	71	3.0
Ondo	34	1.4
Osun	20	0.8
Oyo	90	3.8
Plateau	48	2.0
Rivers	212	9.0
Sokoto	17	0.7
Taraba	19	0.8
Yobe	2	0.08
FCT	1	0.04
Total	2357	100.0

Source: Federal Ministry of Industries, Abuja (1989), cited in Ajayi (1998).

Recent trends in Nigeria's industrial development

The section focuses on networks of industrial linkages as occasioned by industrial production subcontracting (a strategic positioning of industrial activities), and privatisation in Nigerian industrial development.

Production subcontracting experience

The Nigerian experience shows that production subcontracting linkages started in the early 1960s, the post-independence period. The earliest stage in the adoption of production subcontracting as an industrial production technique in Nigeria was characterised by insignificant growth and rapid growth thereafter. However, there was marked variation in the adoption of production subcontracting by industry groups over the years (Ajayi 1998, 2002).

Whether in terms of number of contractors involved or volume of production, subcontracting in textiles, wearing apparels and leather industry group dominates the production-subcontracting scene. While the number of subcontractors engaged by any contracting firm ranged from one to a maximum of four, over 50 percent of the contractors engaged the services of a maximum of two subcontractors. The number of subcontractors engaged varied markedly especially in food, beverages and tobacco, chemicals and pharmaceuticals and textiles, wearing apparel and leather industry groups (see Ajayi 1998, 2003a). The dominant form of subcontracting is speciality subcontracting mainly carried out by independent subcontractors over short distances. Production subcontracting became very important after the introduction of the Structural Adjustment Programme in 1986, and it is perceived by industrialists as very important in reducing the costs of production.

The volume of production subcontracting defined in terms of the monetary values increased and varied significantly amongst the contracting firms over the years (see Ajayi 1998, 2000 for details). It is further shown that there is no significant relationship between the volume of production subcontracting and the size and structural characteristics of contracting firms. It is only in the motor vehicles and miscellaneous assembly industry group that production subcontracting accounted for more than 30 percent of the total costs of production in any of the years. Textiles, wearing apparel and leather industry group accounted for the largest volume of production subcontracting in any of the years. While all the industry groups are involved in production subcontracting within the Lagos region, only five of the industry groups carried production subcontracting beyond the Lagos region.

Production subcontractors are concentrated in Lagos, Ikorodu, Sagamu and Ibadan in the Southwest; Jos, Kaduna, Zaria, Kano, and Sokoto in the north; and a few other locations such as Benin, Owerri, Port-Harcourt (in the south) and Ilorin (middle belt). For instance, in textiles, wearing apparel

and leather industry group, spinnards and yarn are received from subcontractors in Ikorodu, Kano, Lagos, and Zaria, while tarpaulin materials are received from subcontractors in Zaria only (Ajayi 1998). Lagos has the largest concentration of subcontractors in each of the years. Within the Lagos region, subcontractors are concentrated mainly in Ikeja/Ogba/Isheri, Ilupeju, Sango/Ota, Oshodi/Agege, Agbara, and Isolo industrial estates and areas. In terms of the spatial distribution of the volume of production subcontracting, Lagos alone accounted for over 60 percent in any of the years. Ikeja/Ogba/Isheri, Ilupeju, Sango/Ota, Oshodi/Agege, and Mushin/Surulere industrial estates and areas, in that order, are the major areas of concentration of the volume of production subcontracting. There are both intra- and inter-estates/areas subcontracting linkages within the Lagos region. Intra-estate/area subcontracting is carried out in Ikeja/Ogba/Isheri, Oshodi/Agege, Matori, Ilupeju, Iganmu, Sango/Ota, and Agbara industrial estates/areas. Inter-estates/areas subcontracting linkages, though varying amongst the estates/areas, increased, and became more complex over the years. The spatial distribution of production subcontracting activities is significantly explained by the pre-existing characteristics of locations where subcontractors are found. Indeed, the number of industrial establishments is the most significant explanatory variable (see Ajayi, 1998, 2003b for details).

Commercialisation and privatisation of industrial concerns

A major aspect of globalisation is the commercialisation and privatisation of industrial concerns which literally translates to the 'transfer of government owned shareholding in designated enterprises to private shareholders, comprising individual and corporate bodies' (FRN 1988). In essence, the government has a restricted role to play which simply is that of the maintenance of law and order (Ndebbio 2003). Privatisation in Nigeria has its root in the economic liberalisation decree of 1982 which later culminated in the commercialisation and privatisation of public enterprises two years later. By 1986, the government announced its intention to divest government holdings in some public enterprises, especially the ailing parastatals. The Structural Adjustment Programme then introduced has as an integral part the rationalisation and commercialisation/privatisation of public enterprises' (NES 1988).

In 1988, the policy thrust legalising commercialisation and privatisation of Public Enterprises, with a Bureau for Public Enterprises (BPE), was promulgated (Commercialisation and Privatisation Decree No. 25). Other industrial policy instruments include the New Industrial Policy of 1989 widely accredited as a replacement of the amended indigenisation policy of 1977 to specifically encourage foreign investments and allowing indigenous businesses to benefit from the National Economic Reconstruction Fund —

NERFUND (Ndebbio 1997, 2003), and the Nigerian Investment Promotion Decree No. 16 and the Foreign Exchange (Monitoring and Miscellaneous Provision) Decree No.17 of 1995. All these were directed at both indirect and direct investment in the Nigerian economy for improved productivity, growth and development.

Nigeria has thus adopted the macro-institutional approach to privatisation through:

- (i) lessening the dominance of unproductive investment in public sector;
- (ii) improving the sector's efficiency;
- (iii) intensifying the growth potential of the private sector;
- (iv) trimming down the size of the public sector; and
- (v) contributing to the solution of the country's fiscal problem, etc.

However, the issue of privatisation of industrial concerns in Nigeria has received little empirical investigation. For instance, Udeaja (2003) has shown that although the two (insurance) firms investigated recorded a significant increase in taxation after privatisation, there was a positive improvement in wage income, the share of wage income in the value-added of the firms and the share of workers' wages to the company's overall value-added. Perhaps Onyeonoru (2003), on globalisation and industrial performance, is instructive here. He found out that economic performance of firms in the manufacturing sector during the globalisation period in the study was adversely affected; however, his findings were however limited to the firms in the food, beverages, and tobacco industry sub-sector. Most studies have analysed the policy thrust of commercialisation and privatisation in Nigeria (see Obadan and Ayodele 1998; Oriakhi 2001; Odisa-Alegimenlen 2003; Okoh 2004). There is no known study that has succinctly analysed the issue of privatisation on the industrial (manufacturing) sector of the Nigerian economy.

Conclusion

This paper has analysed the trend and spatial pattern of manufacturing in Nigeria. In particular, it has shown that industrial development in the country involved considerable craft works in the early stages and grew progressively in number over the years to large-scale manufacturing. The spatial pattern largely reflects the established reports in the literature that industries are concentrated in a few locations. However, given the spate of industrial growth, it is hoped that the spatial pattern could change if industrialists adopt the strategy of industrial linkages, and especially production subcontracting which has become a driving force in contemporary industrial development

strategy in the world today. The Japanese experience has shown that the promotion of industrial subcontracting in economic development is largely motivated by the participation of small entrepreneurs who are mostly involved in production subcontracting – an industrial production strategy which can launch a developing economy like Nigeria into a world industrial nation. Such motivation could come in either of two forms. On the one hand is the encouragement of retirees to set up small business units with the sole aim of producing parts or sub-assembly of products for large firms. Such retirees will be better able to bring their experiences, acquired over the years, to bear on part production or sub-assembly of products, based on mutual trust. Such encouragement could be in form of assisting such retirees to set up small business units or providing the required capital or both. On the other hand, the government is involved in the setting up of, and facilitating, the collaborative ventures between large and small-scale enterprises, especially in the hinterlands.

Indeed, Mabogunje (1990), Ajayi (1998, 2000, 2001, 2002, 2003 a & b); and Abumere (2002) have pointed in the direction that production subcontracting is a major industrial strategy that could be used to launch Nigeria into the desired industrial nation. This is especially so given the nation's privatisation and liberalisation schemes, and the development of the Export Processing Zones (EPZs) in Lagos, Port Harcourt and Calabar as this will further encourage the local sourcing of industrial raw materials. It is thus the recommendation in this paper that there is an urgent need for empirical investigations into the impact of privatisation and liberalisation on industrial (manufacturing concerns in Nigeria).

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