



Harnessing the Non-oil Resource Potentials of the South-South Zone for Value Addition, Industrial Development and Export

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INTRODUCTION

The South-South zone of Nigeria is situated at the southern end of the country occupying 84,587km² which is approximately 9.2% of Nigeria total land area of 923,768km². The region is Delta in nature and characterized by mangrove forests from the Atlantic Ocean and equatorial rain forest as you move north wards. The area hosts tributaries of the great River Niger and notable rivers including cross River among others. The South-South zone observes the longest period of rainfall in Nigeria and indeed some southernmost areas observe rainfall round the year. The zone is indeed the last frontier before the Atlantic Ocean at the Gulf of Guinea with ample potentials as maritime hub for the entire West Africa, Central and South-West Africa sub regions.

The South-South zone consists of six states including Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers with a total number of 125 Local Government Areas (LGAs). 2006 population census enumerates the zone at 21.04 million people representing about 15% of Nigeria population estimate of 140.43 million people. The area is densely populated by approximately 253person per square kilometre by 2006 population census.

Fig 1: South-South Map



The characteristics of the south-south zone in terms of the physical geography and climatic condition define the natural endowment that dictates the non-oil resource potentials of the area. It is therefore imperative to enumerate the major non oil resource potential of the region that can be exploited through adequate value addition, meticulous industrial development and targeted export market destinations. Such non-oil resources are sourced from two major activity sectors including Agriculture and Geo-extractives. The people of the South-South zone are predominantly engaged in subsistence agriculture and exploitation of marine economy in addition to handcraft.

Agriculture Based Resources:

In terms of Agricultural activities, major products with potentials for value addition, industrial development and export can be stratified accordingly as follows;

1. Fishery:

- Fish
- Shrimps & Prawns
- Crabs
- Crustaceans
- Molluscs and aquatic invertebrates

2. Crops:

- Tree crops
 - Coconut
 - Palm produce (nuts & kernel)
 - Cashew nut
 - Rubber
 - Oranges, grapes, lime, lemon, etc
 - Avocado peas
 - Plantain & Banana
 - Melon
- Edible Vegetables
 - Potatoes
 - Sweet corn
 - Cassava
- Cereals
 - Rice
 - Maize
 - Pepper

3. Forestry:

- Timber (wood)
- Bamboo
- Medicinal Plant
- Wildlife
- Honey (Bees)

4. Livestock:

- Goat
- Swine (Pigs)
- Poultry
- Snail
- Crocodiles
- Tortoise

Mining/Geo-Extractive Based Resources:

In addition to agricultural resource potentials of the South-South zone there are the non oil geo-extractive resources that abound in commercial quantity awaiting exploitation and development for domestic and foreign markets. Major items of interest include;

❖ Akwa-Ibom State:

- Clay
- Limestone
- Coal
- Products of Salt water from the sea (Atlantic Ocean)
- Coral products from the seabed

❖ Bayelsa State:

- Limestone
- Products of Salt water from the sea (Atlantic Ocean)
- Coral products from the seabed

❖ Cross-river State:

- Manganese
- Barytes
- Limestone
- Gold-berg quarts
- Mica
- Gold
- Glass sand
- Ilmenite
- Tourmaline
- Coal
- Kaolin
- Products of Salt water from the sea (Atlantic Ocean)
- Coral products from the seabed

❖ Delta State:

- Kaolin
- Silica
- Sand
- Bauxite
- Gypsum
- Lignite
- Lateritic
- Clay
- Granite
- Products of Salt water from the sea (Atlantic Ocean)
- Coral products from the seabed

❖ **Edo State:**

- Gypsum
- Bentonite
- Limestone
- Feldspar
- Gold-berg quarts
- Copper
- Granite
- Charnokite
- Dolomite
- Marble
- Gold
- Kaolin
- Diorite
- Lignite

❖ **Rivers State:**

- Silica Sand
- Glass
- Products of Salt water from the sea (Atlantic Ocean)
- Coral products from the seabed

Currently, the production, processing, packaging and marketing of these items are still rudimentary with little or no value addition. The standardization and industrial processing of most of these items do not attain the requirement of the larger global market. Hence the benefits accruable for their exploitation remain marginal and subsistence. It is pathetic that the quality infrastructure systems associated most of these products are yet to be developed in the country or inadequately applied, thereby hindering our efforts to appropriate full benefits of these non oil resource potentials.

In order to address obvious challenges and major constraint factor militating against value addition, Industrial development and export of numerous products from these non oil products, the Raw Material Research and Development Council (RMRDC) under the auspices of the Federal Ministry of Science and Technology embarked on production of the “National Strategy for Competitiveness in Raw Materials and Products Development in Nigeria”. The Competitiveness Strategy is already approved by the Federal Executive Council and implementation is ongoing. In addition Raw Material Research and Development Council is very much in collaboration with various critical stakeholders including R&D/Academic institutions, Organized Private Sector (OPS) establishment and key Ministries, Departments and Agencies (MDAs) of both Federal and State government on the way forward to enable the country reap substantial benefits arising from improvement in the quality standards of our raw materials and products to meet local and international market requirements.

It is very instructive to note the formidable strong link connecting Value Addition to Industrial Development and Foreign Trade especially Export of nations. Global standards are developed for adherence by producers of raw materials and products while issuance of credible certifications by appropriate regulatory bodies are issued after rigorous conformity assessment exercises.

Non oil resource potentials of the South-South zone are enormous and could be empirically illustrated with just two broad items classification under Agricultural products and products of non-oil minerals derived from geo-extractive activity sector. For the purpose of this exercise, these items are classified according to the United Nation (4-Digit) HS-Code Classification scheme for simplicity.

In order to minimise over dependence in other economies of the world and inherent high propensity to consume foreign products that can be adequately harnessed from the South-South zone, emphases on Value Addition and Industrialization along the Value-chain of these items must be a matter of extreme priority. In tandem with the fundamental principles of the National Competitiveness Strategy, the South-South zone people, governments and corporate citizens must work in collaboration and conscious of the need to face the challenges of diversification of their economy towards harnessing these non-oil products where they have comparative advantage in supplying the nation and the world.

Table 1: FOREIGN TRADE ON FISHERY PRODUCTS TO NIGERIA, 2018

HS CODE	DESCRIPTION	Import	Export	BOT
		Value (₦ Billion)	Value (₦ Billion)	Value (₦ Billion)
03	FISH & CRUSTACEAN, MOLLUSC & OTHER AQUATIC INVERTEBRATE			
0301	Live fish	0.2	0.61	0.41
0302	Fish, fresh or chilled (excl. those of 03.04)	15.63	0	-15.63
0303	Fish, frozen, (excl. those of 03.04)	177.53	0	-177.53
0304	Fish fillets and other fish meat, fresh, chilled or frozen	0.36	0	-0.36
0305	Fish, salted, dried.; smoked,fish meal fit for human consum.	34.83	0	-34.83
0306	Crustaceans, fresh, chilled or frozen	0.4	15.42	15.02
0307	Molluscs and aquatic invertebrates, n.e.s.	0.00097	0.003	0.00203
0308	Aquatic invertebrates other than crustaceans & mulluscs, live, fresh chilled, froz,, dried, salted or in brine smoked aquatic invertebrates other than crustaceans & molluscs and others	0.8	0.2	-0.6
TOTAL		229.76	16.23	-213.53

Fig 2:Foreign Trade on Fishery Products, 2018

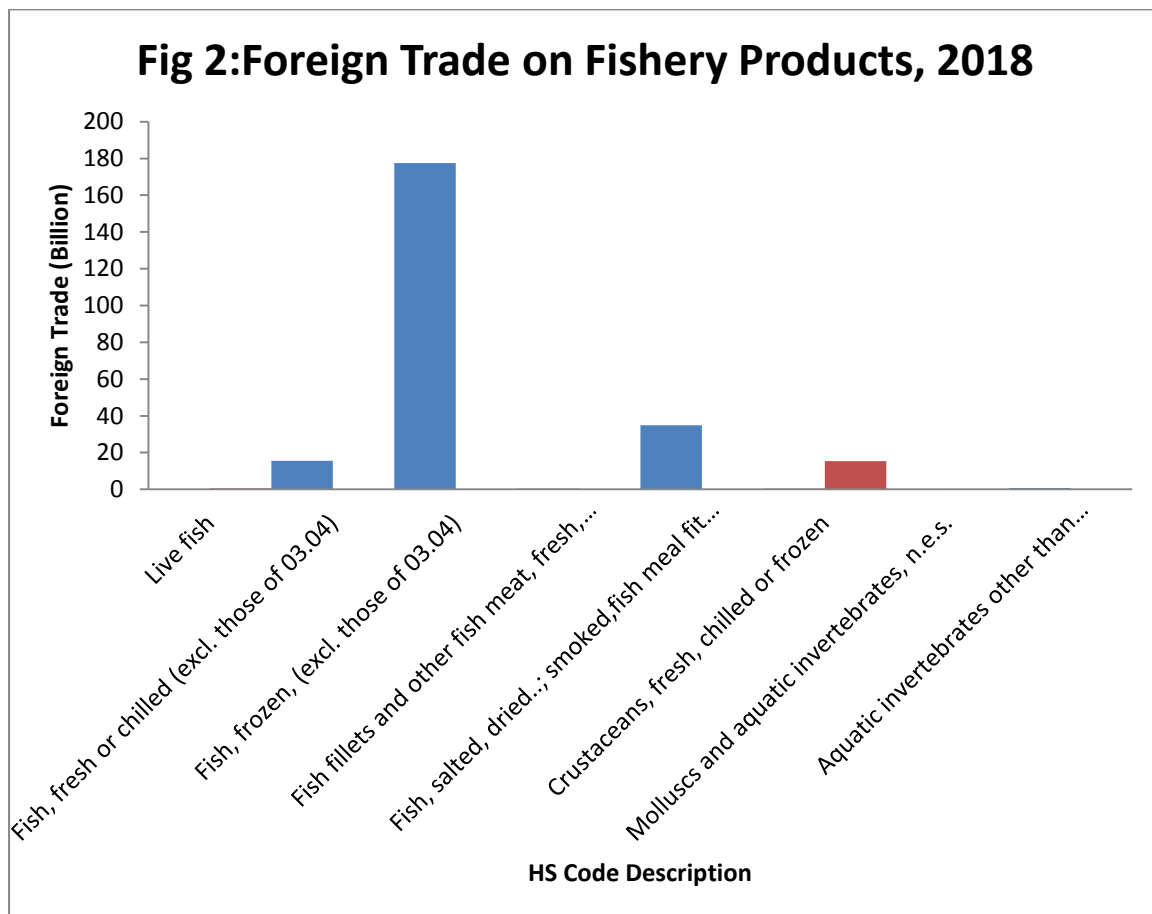
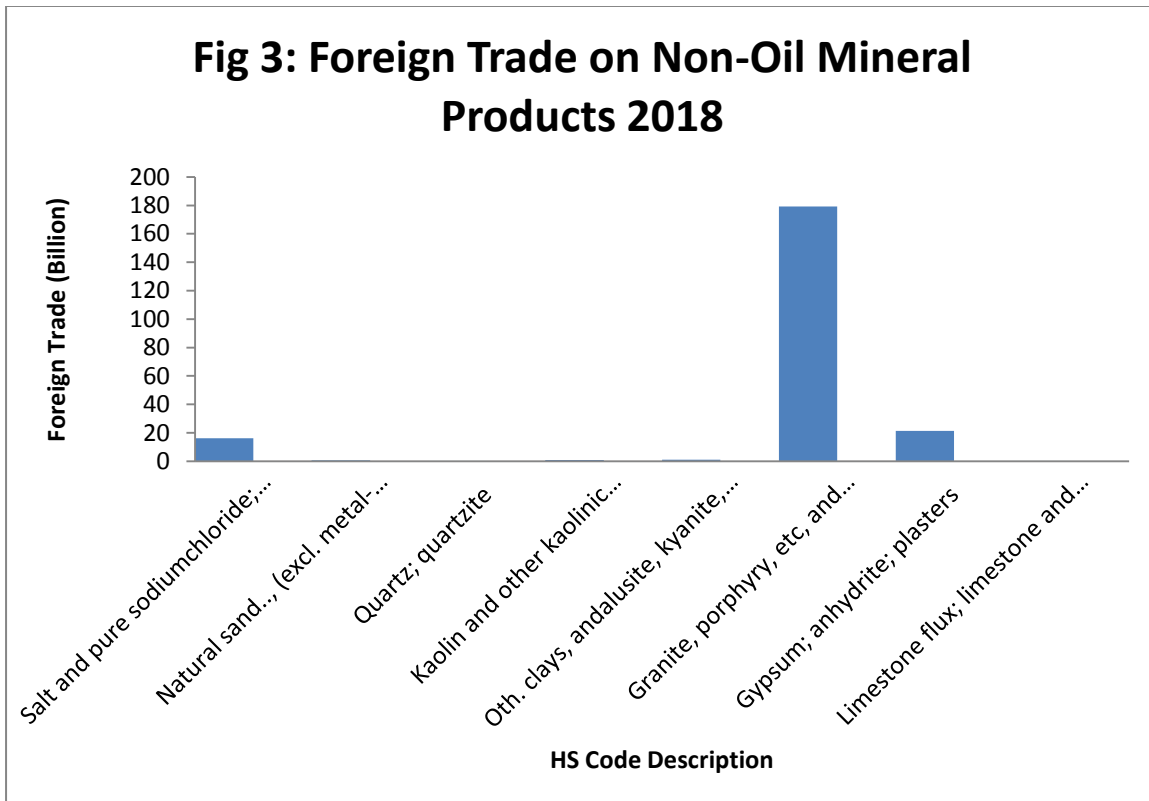


Table 2: FOREIGN TRADE ON NON-OIL MINERAL PRODUCTS TO NIGERIA, 2018

HS CODE	DESCRIPTION	Import	Export	BOT
		Value (₦ Billion)	Value (₦ Billion)	Value (₦ Billion)
25	SALT; SULPHUR; EARTH & STONE; PLASTERING MAT; LIME & CEM	228.42	23.5	-204.92
2501	Salt and pure sodiumchloride; sea water	16.2	0.008	-16.192
2505	Natural sand., (excl. metal-bearing sands of chapter 26)	0.55	0.092	-0.458
2506	Quartz; quartzite	0.09	0.023	-0.067
2507	Kaolin and other kaolinic clays, whether or not calcined	0.79	0.042	-0.748
2508	Oth. clays, andalusite, kyanite, etc; mullite; chamotte/dinas earth	1.13	0	-1.13
2516	Granite, porphyry, etc, and other monumental or building stone	179.12	0.13	-178.99
2520	Gypsum; anhydrite; plasters	21.43	0	-21.43
2521	Limestone flux; limestone and other calcareous stone	0.16	0	-0.16
2525	Mica, including splittings; mica waste	0.04	0.075	0.035

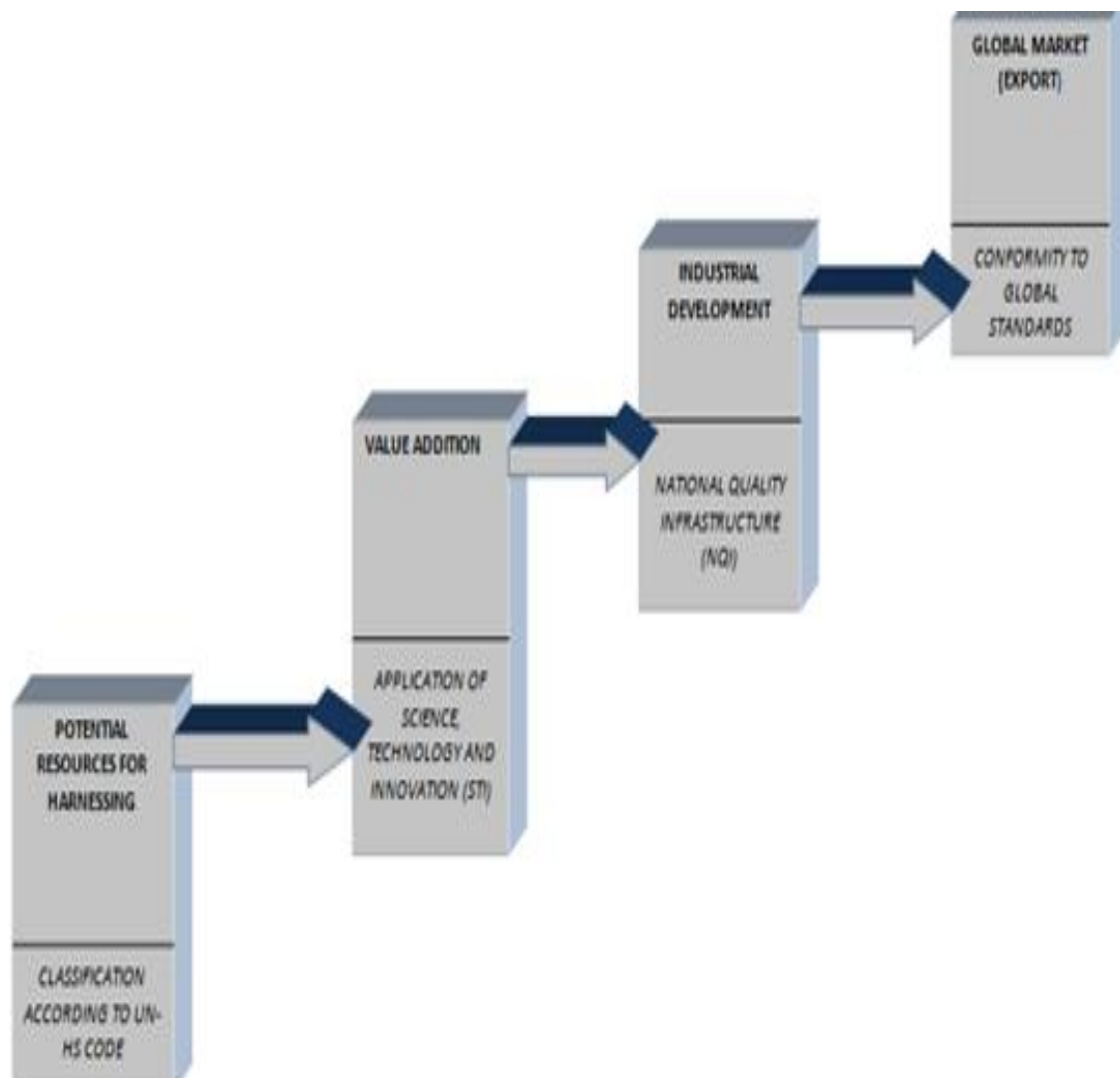
Fig 3: Foreign Trade on Non-Oil Mineral Products 2018



The effort at harnessing these products would help address reduction in amount of import recorded in Table 1&2. The use of international standard classification to stratify these products for global comparability and analysis and adoption of universally acceptable concepts and definitions. Aquatic products and non-oil minerals resources of the South-South zone have been analysed and the findings indicate a whopping amount of almost ₦460billion for both fishery products and non-oil minerals imports in 2018 including about ₦230 billion for fish & crustacean, mollusc and other invertebrates imports and over ₦228 billion worth of categorised Salt; Sulphur; Earth & Stone; Plastering materials; lime and cement imports.

The huge sum recorded for one year import is enough attraction for investment in harnessing these resource potential. s

Fig 4: A Model for Harnessing Non-Oil Resource Potentials for Industrialization and Export



VALUE ADDITION

The South-South zone can help Nigeria attain very high potential levels of import reduction through orderly and meticulous investment in harnessing abundant non-oil resource potentials of the zone. In order to achieve success in harnessing these resources, Value Addition through the application of Science, Technology and Innovation must be the deliberate policy thrust. The entire value chain would be revisited for proper research and development input to ensure optimal productivity using appropriate high yield variety, processing systems under controlled conditions and acceptable packaging systems, process and materials. Value addition would entail enhanced capacity to process the raw materials to the extent that our products would be industry compliant and of higher commercial value at local and international markets.

In Value addition, using appropriate technology would include capacity to preserve and warehouse products for longer period without deterioration of the material contents or depreciation in quality. In commercial terms, value addition would imply optimization of gross output value of raw materials and products by drastic reduction in intermediate items consumed in the course of harnessing these products.

For successful Value Addition to enable the economy of South-South zone appropriate optimal commercial value of their resources, Critical Stakeholders should be identified, canvassed and sensitized to play vital roles according to their capacity and mandate where applicable for the purpose of attainment of global competitiveness in harnessing these resources under scientific conditions. Stakeholders including Researchers/Scientists from R&D institution and Academia, Organized Private Sector establishments and Regulatory bodies among various MDAs of Federal and State government should be identified and compelled to work in harmony.

A new orientation whereby Scientists from Universities, Polytechnics and Monotechnics including R&D institution must look inwards and redirect efforts at industry/business demand-driven research & development activities. This would yield benefits to the immediate communities where they are established and in addition enable Scientist and their institutions appropriate benefits accruing from knowledge power offer effective commercialization of their R&D findings and breakthroughs

INDUSTRIAL DEVELOPMENT

Industrial development of the South-South zone should be based on those identified non-oil resources with potential for sustainability. Currently, production and exploitation of these resources are conducted under traditional methods with implements that results in low productivity. Crude raw materials that often fall short of industry standards and specification and these characterize most of these raw materials and products of these resources.

Producers are mostly rural agricultural peasant farmers, fishermen and artisanal miners in non-oil mineral resources sector.

It is therefore imperative to upscale value addition in harnessing these resources with extension of efforts towards modern methods of manufacturing. From the primary stages of products of these agricultural and geo-extractive/mining activities, current emphasis should gear towards creation of manufacturing related industrial ecosystem. For sustainability, critical stakeholders must be properly identified and coordinated for purposes of ensuring complementary discharge of roles, responsibilities and mandate.

Towards industrial development based on non-oil resource potentials of the South-South zone, shift from subsistence agriculture and artisanal scale mining activities to modern agricultural holders and coordinated environmental friendly geo-extractive/mining activities should be encouraged. Farmers cooperatives should be empowered to form business associations with potential to engage in modern small and medium scale enterprises with capacity to source credits and procure modern machinery and equipment for enhance production of quality raw materials and products. Along with this arrangement, State government and investors should collaborate to attract Foreign Direct Investors (FDI) in these areas with high commercial values. This will encourage establishment of large scale industries and businesses.

Sustainable industrial development in the South-South zone would depend on willingness of governments of the states to provide enabling environment and appropriate policy and legal framework for industries and businesses to thrive. There should be guarantee for businesses and industries to access land, credit and protection from excessive taxation. Security of assets including financial and property related items under peaceful environment are required for industrial development to flourish.

EXPORT

Exports are classified to the country of final destination, which implies the country to which the goods are actually dispatched with or without commercial transactions in any intermediate country. Good exported over land frontiers are classified as, where possible, to the country of consignment; but where this cannot be ascertained they are classified where possible to the country of immediate shipment.

The zenith of harnessing the non-oil resource potentials of the South-South zone is attained when the impact of value addition and industrial activities result in production of goods (raw materials & products) with quality standards that attract the patronage of both local and foreign markets. The ultimate target of harnessing these resource potentials should include ability to export these items and earn foreign exchange thereby diversifying the economy away from over dependence on oil & gas economy.

International, as distinct from domestic trade is laden with strict guidelines bordering on product standards and metrology associated with each item. Partner countries in foreign trade are strict on agricultural products as raw materials meant for direct household consumption. Hence the need for conformity adherence to certain standards bordering on sources/conditions of production, processing and packaging of items. Industry requirement also carry specified basic standard requirements for export of these non-oil resource potentials as we embark on harnessing them for export to other nations. Export to international markets face obstacles and constraint associated with fiscal protection measures. However, exports could be encouraged and enhanced through reduction on taxes, commodity exchange and bilateral special favourable treatments.

Regulatory and policy establishments play prominent role in promoting exports of items identified as non-oil resource potentials of South-South zone. Most of these establishments are usually sensitised through advocacy as resource development consultative members for harnessing these products for export purposes. These agencies may include Ports authority, Quarantine agencies, Standard Organizations, Shippers council amongst others.

RECOMMENDATIONS

Efforts by Nigerian Export-Import Bank (NEXIM) towards harnessing the non-oil resource potentials of the South-South zone is a welcome development and should be given all necessary support from critical stakeholders including the Organized Private Sector (OPS), governments, academia and even our development partners. Given abundant human, materials and other natural resource endowment that abound in the South-South zone, The need for orderly approach in harnessing them cannot be over emphasized.

It is therefore important to enumerate some valuable suggestions as recommendations to maximise export potentials of the non-oil resources that abound in the South-South zone. These suggestions are expected to impact on sustainable economic growth, poverty alleviation, quality job creation, employment generation and creation of wealth for the zone and the entire nation. Recommendations being proposed are specifically stratified into four components in tandem with the topic of interest and directly tangential to the well selected theme of this enlightenment and engagement forum. The four broad areas include: Resource Potentials; Value Addition; Industrial Development; and Foreign Trade with emphasis on Export Potentials.

General Recommendation:

It is strongly recommended that a fact-based Strategic framework be developed to guide orderly harnessing of non-oil resource potentials of the South-South zone. Such framework would include clear-cut Implementation Plan to be adopted by critical stakeholders of the zone especially the State Governments and Organized Private Sector (OPS) establishments. It

would contain vividly, the set goals, milestones and roadmap to generate outcomes and impacts for economic growth and development of the zone. Specific Strategic Elements to drive implementation of the frameworks should be well articulated to include such key issues as Legal & Policy frameworks that would be binding on all states of the zone and also help secure maximum executive/leadership commitment to harness potential non-oil resources of the zone.

Specifically, recommendations on Resource Potentials (Non-oil) include;

- (i) Profile of non-oil resource potentials should be ascertained with facts and figures that would help establish their commercial viability through acceptable surveys censuses and administrative record compilation and analysis
- (ii) Adequate information on true location of mineral deposits and estimates on size of such deposits should be ascertained in terms of agricultural products, current situation analysis on areas of best yield, land availability, type of soil, current output and input requirements would be issues of interest to facilitate attraction of modern holder investors
- (iii) There is need to establish resource clusters for resource integration and efforts to achieve competitiveness in production.

On Value Addition;

- (i) There is need to establish value-chain of veritable non-oil resource potentials and identify where Science, Technology and Innovation (STI) would be applied appropriately to enable enhanced productivity and competitiveness in global standards, processes and systems.
- (ii) For agricultural products, Science, Technology and Innovation (STI) would help develop improved seedlings, animal stock and fish varieties to achieve high yield varieties, disease resistant varieties, draught resistant varieties and characteristics that impact on improved productivity and enhanced commercial viability of investments.
- (iii) In providing improved inputs, tools, implementing and machinery/equipment for planting, weeding, harvesting and processing of agricultural products and geo-extractives products exploitation, Nigerian Scientists from R&D/Academia must be in strategic alliances with agricultural and mining businesses. Nigerian Universities, Polytechnics and Monotechnics must begin to alien with their immediate community in providing solution on emerging issues related to harnessing resource potential there in
- (iv) In order to achieve improved value addition, intermediate consumption expenditure costs must be drastically minimised such that gross output value generated in production is not exhausted due to high input expenditure. Robust value added at factor cost would enable creation/engagement of quality skilled

labour, procure and maintain appropriate machinery and equipments and also have enough operating surplus to attract and encourage entrepreneurs who are investors and business risk bearers.

For **Industrial Development**; Key recommendation to ensure successful harnessing of non-oil resource potentials of the South-South zone would include among others;

- (i) Encourage the Organized Private Sector (OPS) through existing business association like membership of Manufacturers Association of Nigeria (MAN), States Chambers of Commerce, Industries, Mines and Agriculture, Micro, Small, Medium Enterprises Association and others to drive the initiatives of the Strategic Framework while State government are saddled with provision of enabling environment for industrial development.
- (ii) Resuscitate Tinapa project or establish industrial park with facilities for processing and manufacturing of products based on resource potentials of the zone.
- (iii) Emphasis again on Industry/Businesses and R&D/Academia Strategic alliances in industrial development as a means of ensuring sustainability but most importantly in achieving indigenous industrial development. It would also challenge our R&D/Academic institutions to strategically engage our Scientist and students for improved graduate skills towards industry complaint status.
- (iv) From processing crude materials to manufacturing, emphasis must focus on adherence to Quality Infrastructure Systems of products and raw materials to affirm capacity to trade in Nigeria and International markets. Hence the National Quality Infrastructure (NQI) should remain the testament for ensuring quality Made-in-South-South raw materials and products.
- (v) We recommend therefore a Strong presence of the regulatory bodies to conduct periodic conformity assessment exercises along the Value-chain in production to ensure standardization and guarantee appropriate accreditation of products. This would continuously work towards ensuring within the thin lines of balancing societal and business benefits within the role of NQI.
- (vi) Physical infrastructure development especially provision of adequate railway systems, road network and construction of sea and river ports should be given priority attention. In addition, provision of power and energy are essential for industrial development.

Exports

To achieve beneficial exports through foreign trade on resource potential of the South-South zone, It is recommended that:

- (i) Goods including raw materials and products destined for export are certified to meet specified standards requirements of the recipient nation.

- (ii) Handling and packaging including warehouse conditions are adequate to avoid deterioration in standards
- (iii) Ensure Shipping arrangements are adequate and ensure delay in delivery is minimised substantially.
- (iv) Synergy should be established among agencies involved at various stages of export including NPA, Nigeria Shippers Council, Nigerian Export Promotion Council, Quarantine authority, Nigeria Customs Service and NEXIM bank.

CONCLUDING REMARK

In conclusion, Nigerian Export-Import Bank (NEXIM) should be encouraged to sustain stakeholder engagement and enlightenment towards harnessing non-oil resource potentials of the various zones in Nigeria towards meaningful diversification of the economy. I call on all stakeholders to participate actively along their mandate in ensuring that abundant resources of this great nation are identified and harnessed for the benefits of the citizens.

Raw Materials Research and Development Council is in the forefront of ensuring adequate harnessing of agro and mineral based raw materials and products of every zone in Nigeria including the South-South zone. We have been responding and shall continue to respond to calls for collaboration by state governments, R&D/Academic institutions and the Organized Private Sector (OPS) and even peasant farmers through their cooperative associations towards harmonious relationship in effective harnessing of their resource potentials.

Thank you for your attention. God bless the Federal Republic of Nigeria.