



Industrial Clusters

Snapshot

- Number 2 in West Africa for industrial cluster development according to the “World Competitiveness Report 2015”
- The top cluster destinations in Nigeria include: Nnewi (Automotive), Otigba (Technology), Onitsha (Plastics), and Kano (Leather)

The Nigeria Industrial Revolution Plan (NIRP) was designed to facilitate the development of industrial cities, parks, and clusters while focusing on making hard infrastructure available within these industrial zones. The current administration is fully committed to implementing the NIRP.

The Nnewi automotive parts industrial cluster

The Nnewi Automotive Parts industrial cluster is a huge success story in Nigeria. This industrial cluster exports automotive parts to countries in the West African sub-region as well as other international destinations. Its key critical success factors include active participation of private industry associations such as Nnewi Chamber of Commerce, Industry, Mines and Agriculture and the Nigerian Association of Small-scale Industries, a social – cultural milieu characterized by competitiveness, high entrepreneurial spirit as well as investment in training and capacity to imitate and assimilate foreign technology. Above all, the Nnewi cluster made an independent effort to provide the necessary infrastructural support when the state failed to do so.

Since the mid-1970s, local traders in Nnewi have transformed themselves into manufacturers of automobile parts through close linkages to technology suppliers in Taiwan Province of China. Seventeen firms, ranging in size from enterprises with 40 employees to those with 250, supply Nigeria and other West African markets with switch gears, roller chains for engines, auto tubes, batteries, engine seats, shock absorbers, foot rests and gaskets for motorcycles, as well as other parts. Most of these firms have the design capability to modify products and adapt the production process to the local market. Firms in Nnewi grew despite major infrastructural and credit constraints. Electricity, for example, was only supplied through private generators, water was provided through the company’s boreholes, telephone service was poor and tariffs high, land was expensive and scarce, and banks were reluctant to extend the level of credit offered to companies with high inventory costs. Despite all these limitations, Nnewi firms succeeded in innovating, growing and exporting to neighboring.

Much of this success was due to the acquisition of skills by workers mainly through learning by doing, especially during equipment installation and test run, and through inter-firm linkages with foreign technology suppliers, notably those from Taiwan.

Nnewi- the second largest city in Anambra State (South East Nigeria) has positioned itself as the Japan of Africa (manufacturing hub). It is home to many indigenous manufacturing companies: Ibeto Group, Cutix Plc, Uru Industries Ltd, Omata Holdings, Innoson Group, Tomy Tomy Group, Chicason Group, and lots more.

The Otigba computer village

The Otigba Computer Village was developed in 1995, and covers an area of some 325km² in Ikeja, Lagos and provides for the sale, service and repair of ICT products and

components, particularly to the Lagos industrial base. Increasingly the Otigba cluster is meeting West African market demand with some 392 SMEs employing more than 3,000 workers. The cluster development has been characterized by significant inter-firm co-operation and joint action.

Co-operation has been particularly noticeable in dealing with government's treatment of the cluster, where the Computer and Allied Products Association of Nigeria (CAPDAN) has been very active. This has resulted in a supportive government that has, for instance, facilitated property access and rental and licensing and refrained from heavy-handed inspection and licensing practices. Other areas of significant cooperation relate to technology and market support, security, and infrastructure maintenance.

A key factor at play in this cluster appears to be the relatively very high educational level of the workforce. Given the cluster's dependence on imported inputs (63.5 per cent), the quality of trade facilitation services is an important determinant of cluster competitiveness.

Onitsha plastic cluster

Onitsha is a very dynamic city and has the highest concentration of manufacturers in Eastern Nigeria with products ranging from pharmaceuticals to paints, and from plastics to chemicals. It attracts trading partners from the rest of the country and different parts of the West African sub-region. The plastic cluster in Onitsha is known as the Osakwe industrial cluster, it is situated at Awada layout in Onitsha and has about 75 businesses employing over 1,800 workers. The industries are managed by the Industrial Economy Development Agency, a local group that provides planning, research & development, infrastructure, security, and training to members of the cluster. The industries cover a wide range of products: plastic film extrusion, plastic pipe extrusion, plastic injection, plastic blow molding, polythene bag making, and plastic waste recycling. There are three service workshops, and a machine development and building company.

Free Trade Zones

A free trade zone is an area within which goods may be landed, handled, manufactured or reconfigured, and re-exported without the intervention of the customs authorities. Only when the goods are moved to consumers within the country in which the zone is located do they become subject to the prevailing customs duties.

The Nigerian Export Processing Zones Authority is the agency responsible for promoting and facilitation local and international investments into license free zones in Nigeria.

Free Trade Zones in Nigeria

Name	Location	Developer	Land Size (ha)	Status
Calabar Free Trade Zone (CFTZ)	Cross River	Federal Government	220	Operational
Kano Free Trade Zone (KFTZ)	Kano	Federal Government	463	Operational
Tinapa Free Zone & Resort	Cross River	PPP	265	Operational
Snake Island	Lagos	Nigerdock Plc.	59.42	Operational

International Free Zone				
Maigatari Border Free Zone	Jigawa	State Government	214	Operational
Ladol Logistics Free Zone	Lagos	GRML	n/a	Operational
Airline Services EPZ	Lagos	Private	n/a	Operational
Sebore Farms EPZ	Adamawa	Private	2,000	Operational
Ogun Guandong FTZ	Ogun	PPP	10,000	Operational
Lekki Free Zone	Lagos	State Government	n/a	Operational
Abuja Tech Village FZ	FCT Abuja	FCT	702	Under construction
Ibom Science & Tech FZ	Akwa Ibom	State Government	122.14	Operational
Lagos Free Trade Zone	Lagos	Eurochem Technology	218	Operational
Olokola Free Trade Zone	Ondo & Ogun	PPP	10,500	Operational
Living Spring Free Zone	Osun	State Government	1,607.86	Under construction
Badagary Creek Integrated Park	Lagos	Kaztec Engineering	531	Under construction
Ogindigbe Gas Revolution Industrial Park (GRIP)	Delta	Alpha GRIP Development Co.	2,506.03	Under construction
Nigeria Aviation Handling Co. (NAHCO)	Lagos	NAHCO	10	Under construction
Nigeria International Commerce City	Lagos	Eko Atlantic FZ Ltd	1,000	Under construction
Ogogoro Industrial Park	Lagos	Digisteel	52	Under construction
Ondo Industrial City	Ondo	State Government	2,771.2	Under construction

Source: Nigeria Export processing Zones Authority