Manufacturing Sector and Economic Growth in Nigeria, 1999-2018

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Abstract

The gross significance of Nigerian manufacturing sector on her economy cannot be over emphasized when considering its role in building grounds for socio-economic development, its practical employment potentials and its impacts on the general economy. This paper set to explore the role of the manufacturing sector on economic growth in Nigeria, 1999-2018. The paper argues that for any nation to grow especially Nigeria, the importance of the role played by manufacturing sector on economic growth should not be underestimated. Thus, the government should develop and sustain the political will to improve and encourage the output of the manufacturing sector through appropriate macroeconomic policies, legal framework and sustain the present reforms with a view to developing the market so as to promote productive activities, investments, and ultimately economic growth. The government should also copy positively the Asian Tigers by investing more in technology, as without technological advancement all effort to boost the economy through the manufacturing sector will remain a mirage and government should create an enabling environment for small and medium business to strive by providing and building the necessary infrastructure to support her economic policies.

Introduction

Manufacturing industries came into being with the emergence of technological and socioeconomic transformations in the Western countries in the 18th-19th centuries. This period was widely known as industrial revolution. It all began in Britain and replaced the labour intensive textile production with mechanization and use of fuels. Manufacturing sector are categorized into engineering sector,

construction sector, electronics sector, chemical sector, energy sector, textile sector, food and beverage sector, metal-working sector, plastic sector, transport and telecommunication sector (CBN, 2012).

Nigeria has been grappling with the realities of developmental process not only politically and socially but also economically. Rapid industrial development has been the main focus of economic growth and development because of its potential benefits. It has been argued that the fastest trend through which a nation can achieve sustainable economic growth and development is neither by the level of its endowed material resources, nor that of its vast human resources, but technological innovation, enterprise development and industrial capacity (Olamade, 2014). For instance, despite its poor natural resources, and the hurdles it faced from 1920s chronic inflation, Germany has effectively exploited the manufacturing sector and rose up to become the largest economy in Europe and the fourth largest in the world. In the modern world, manufacturing sector is regarded as a basis for determining a nation's economic efficiency (CBN, 2017).

After the discovery of crude oil in Nigeria in the late 1950s, the nation shifted from its pre-eminent developing industrial production base and placed heavy weight on crude oil production (Englama, 2010); not only has this jeopardized its economic activities, it also aggravated the nation's level of unemployment. Nigeria as a giant of Africa has for long been regarded as a nation blessed with abundant human and material resources; however, the underutilization of these potentials has amplified widespread poverty, low standard of living at individual level and rising unemployment in the country as a result of incessant mono-economic practice and neglect of other sectors of the economy such as agriculture, tourism, mining and the manufacturing industry. Nigeria is today identified as the 21st largest economy in the world in terms of GDP and the 20th largest in terms of purchasing power (CBN, 2018). A large amount of Nigeria's exchange income has been provided by non-oil exports during last decade before this pattern changed when oil suddenly became of crucial importance to the world economy through its supply-price nexus. Since a peak of 7.83% in 1982, the contribution of manufacturing as a share of total economic output in Nigeria generally declined.

Many factors have contributed to the variation in sector share through time, many of which show both the vulnerability of manufacturing to global economic pressures, as well as the impacts that policy changes can have in reshaping the sector. Prior to the oil boom of the 1970's, manufacturing contributed approximately 10% to Nigeria's economic output (National Bureau of Statistics, 2018).

Thereafter, increased revenues from oil caused the sector's relative Gross Domestic Product (GDP) share to decline; growth persisted albeit at a slower rate. The recession caused by the fall in oil prices in the early 1980's triggered policy attention to turn back to the manufacturing sector, with steel production gaining prime focus. Prior to this, the Nigerian Enterprises Promotion Decrees of 1972 and 1977 had switched the majority firm ownership from foreign to Nigerian, restricting foreign capital inflows. The lack of affordability of imported goods, combined with the absence of foreign capital and technology, encouraged domestic production of basic commodities such as soap and salt. Alongside, price manipulation through export and import subsidies encouraged the importation of intermediary inputs and thus the expansion of assembly based industry.

A brief spike in manufacturing output was observed in the early 1980s, it contributed to 7.83% of total economic output. However, the price manipulation discouraged domestic manufacture of inputs, as well as the investment in the infrastructure and human capital required to do so in the future and this share soon began to decline (National Bureau of Statistics, 2018).In 1987 import bans on raw materials were imposed under the World Bank Structural Adjustment Programmes (SAPs), encouraging import substitution. Intermediary input manufacturers were able to produce competitively again, and there were fewer plant closures. This, combined with the Privatization and Commercialization Act of 1988, encouraged a higher degree of efficiency to be achieved in manufacturing. A slight increase in the share of manufacturing in economic output of 0.62% points was observed from 1986-1988 (CBN, 2018).

Throughout the 1990s and 2000's, Nigeria continued to rely heavily on the export of oil, allowing manufacture to remain in decline. Firms were not export orientated, and lacked efficiency, causing competitive companies to relocate factories outside Nigeria. A few key industries, such as beverages, textiles, cement and tobacco kept the sector afloat, but even these operated at under half of their capacity. To this day, production is mainly located in Lagos and its periphery, and to a lesser extent some other commercial towns such as Kano and Kaduna. Standing at a 2010 value of N3, 578,641.72 million, the Manufacturing sector represented 6.55% of total real GDP in that year. It grew by N948, 803.34 million or 26.51% in 2011 to reach N4, 527,445.06 million or 7.79% of real GDP in that year and by N1, 061,376.64 million or 23.44% in 2012 to reach a value of N5, 588,821.69 million or 7.79% of real GDP that year. However, growth was highest in 2013, at N1, 644,500.79 million or 29.42%, so that the contribution of the

Manufacturing sector reached N7, 233,322.48 million or 9.03% of real GDP, a value that had not been recorded in decades (National Bureau of Statistics, 2018).Part of the reason for the increase in the contribution of the manufacturing sector to GDP is the better capturing of output.

Prior to rebasing manufacturing included just three activities - Oil Refining, Cement and Other Manufacturing. Now, the Other Manufacturing Activity has been broken down into 11different activities, bringing the total for the manufacturing sector to 13. The activities from the old classification of Cement and Oil refining follow, at N450.75 billion or 6.23% and N412.30 billion or 5.70% of the manufacturing sector total in 2013 respectively (National Bureau of Statistics, 2018). In recent times, some manufacturing industries in Nigeria have been characterized by declining productivity rate, by extension employment generation, which is caused largely by inadequate electricity supply, smuggling of foreign products into the country, trade liberalization, globalization, high exchange rate, and low government expenditure. Therefore, the slow performance of manufacturing sector in Nigeria is mainly due to massive importation of finished goods, inadequate financial support and other exogenous variables which has resulted in the reduction in capacity utilization and output of the manufacturing sector of the economy (Tomola, Adebisi and Olawale, 2012).

Looking at the manufacturing sector share in the GDP in recent years, it has not been relatively stable. In 1990, it was about 5.5% while it dropped to 2.22% in 2010. Also at the same period, the overall manufacturing capacity utilization grew from 40.3% in 1990 to 58.92% in 2010 (CBN, 2018). Industrial Production in Nigeria decreased 1.10 percent in the first quarter of 2017 over the same quarter in the previous year. Industrial Production in Nigeria averaged 1.29 percent from 2007 until 2017, reaching an all-time high of 20.10 percent in the first quarter of 2011 and a record low of -10.10 percent in the first quarter of 2016 National Bureau of Statistics (2017). This may be attributed to the increase in government expenditure in recent times. Furthermore, the level of growth in manufacturing sector has been affected negatively because of high interest rate on lending and this high lending rate is responsible for high cost of production in the country's manufacturing sector.

Okafor (2012) further observed that the level of Nigerian manufacturing industries' performance will continue to decline because of low implementation of government budget and difficulties in assessing raw materials. These changes in the manufacturing share of the GDP and capacity utilization shows that firms that are efficient

can contribute to job creation, technology promotion and as well ensure equitable distribution of economic opportunities and the macroeconomic stability of the country. Based on the nature and importance of the relationship between manufacturing sector and economic growth, this paper becomes imperative where output and capacity utilization of manufacturing sector have suffered rapid fluctuations in recent years in Nigeria, given the enormous role the manufacturing sector is expected to play in the industrialization of the economy, the question that arise, of whether the manufacturing sector has been the driver of much expected economic growth within the Nigerian economy? The aim of this paper is to interrogate the role of the manufacturing sector on the growth of Nigerian economy from 1999-2018. The rest of the paper is divided into 6 sections. Section 2 presents conceptual and contextual framework for the paper. Section 3 entails the theoretical framework. Section 4 examines the impact of the manufacturing sector on economic growth, 1999-2018 and section 5 discusses the challenges of the manufacturing and section 6 is the conclusion and recommendations.

Conceptual and Contextual Framework

Manufacturing sector refers to those industries which are involved in the manufacturing and processing of items and indulge or give free rein in either the creation of new commodities or in value addition (Adebayo, 2010). Manufacturing sector accounts for a significant share of the industrial sector in developed countries. The final products can either serve as finished goods for sale to customers or as intermediate goods used in the production process. Loto (2012) refers to manufacturing sector as an avenue for increasing productivity in relation to import replacement and export expansion, creating foreign exchange earning capacity, raising employment and per capita income which causes unrepeatable consumption pattern.

It should be stated that manufacturing sector is involved in the process of adding value to raw materials by turning them into products. Thus, manufacturing industries is the key variable in an economy and motivates conversion of raw material into finished goods. The manufacturing industries creates employment which helps to boost agriculture and diversify the economy on the process of helping the nation to increase its foreign exchange earnings. Adenikinju and Chete (2008) conducted an empirical analysis of the performance of the Nigerian manufacturing sector over a 30-year period and observed that the sector was performing with satisfactory growth levels from 1970 to 1980. However, after that phase there was a sharp decline in

the growth and profitability of the Nigerian manufacturing sector.

Especially after 1983, the negative effects of the oil price collapse in the international oil market can be clearly seen on the sector's performance. Due to that global oil crisis, the revenues of the government sharply declined which resulted in reduction in foreign exchange earnings. This in turn forced the government to take several initiatives with the intention of strictly controlling its trade. There were several import duties enacted in the form of import licenses and tariffs, and some quantitative restrictions were also imposed on the importation of certain items. As a result, the manufacturing sector was badly affected because the manufacturers were faced with multiple problems when obtaining raw materials and spare parts for their products and processes. As a result of massive cutbacks in raw materials and spare parts, many of the country's industries were shut down and the capacity utilization in the manufacturing sector declined.

Dipak and Ata (2003) argues that the effects of the trade restrictions resulting from the oil price crisis were clearly observed in the form of a 25% decline in the real output of the manufacturing sector from 1982 to 1986.Although the annual growth rate of the Nigerian manufacturing sector was 15% between 1977 and 1981, the government trade restriction measures resulted in the succeeding sharp decline in the growth rate of the sector. The share of the manufacturing sector in the total GDP of the country also clearly declined during this era. In 1977 there was a 4% increase recorded in the manufacturing sector share in GDP and this reached the level of 13% in 1981, but after that it declined to less than 10% in just a few years.

Dipak and Ata (2003) concluded that the unavailability and inadequacy of the companies' access to the raw material and spare parts needed were among the major factors that contributed towards the decline in the growth rate of the manufacturing sector especially after 1981. Hence, the oil price shock is identified as the reason behind the policies that ultimately resulted in the decline of manufacturing sector's growth. The impact of the Nigerian trade policy on the manufacturing performance of Nigeria observed decline. The researcher studied manufacturing sector performance after 1985 show some significant steps were taken by the government in an attempt to make the Nigerian trade regime liberal, and also to promote manufacturing and import-export activities.

We argue that the adaptation of a flexible exchange rate mechanism, along with the some trade liberalization policies, brought some major changes to the scenario as these steps helped reduce tariffs

and trade rates. At the same time, duties on the importation of foreign goods were also raised, especially of those competing with domestic products. In the same vain there were also some steps taken to reduce import duties on many of the raw materials and spare parts used in the manufacturing sector. These steps were taken with the objective of providing the local manufacturing sector with a sense of protection so that they could be motivated to become more productive and efficient. It should be stated that conducting a complete analysis of the Nigerian manufacturing sector is a complex issue because there is lack of adequate data about the productivity levels of the Nigerian economy. This paper argues that without the manufacturing sector no nation can develop; the manufacturing sector is always a panacea for economic growth, job creation, an antidote for healing the challenges of mono economy stagnation and most importantly a sector that can assist in pushing away developing nations out of the dependency web, if and when properly harness as seen in the cases with Asian Tigers.

Economic growth specifically means an increase in the value of goods and services produced by a country over a period of time. Economist use an increase in country's GDP to measure it. Thus, it is possible to have economic growth without economic development in the short or even medium term (Hadjimichael, 2014). In other words, there could be an increase in GDP without any increase in standard of living of people in a state. Environmental conditions that would enhance economic growth must be created through an investment of the national income in infrastructural development for subsequently improvement in the standard of life of the citizens of a country (Wilkins and Zarawski, 2014). Scholars use economic growth and development interchangeably and also use GDP as measurement indicator for both. However, since the two are differentiated, any attempt to use GDP as a measure for the two gives incorrect result on economic development. We emphasize the need for a new measure of progress in the well-being of people, arguing that GDP is not appropriate measure because economic growth is not synonymous with improved well-being and suggested that indicators promoting sustainable development should be used to replace GDP.

One of the several measures of economic development is the Human Development Index (HDI). According to Diffen (2015), argues that HDI is a measurement indicator that takes into consideration the literacy rates and life expectancy that affect productively and could lead to economic growth while economic growth does not take into account unrecorded economic activity. Economic growth to this paper refers to the slow but steady process by which productive capacity of any

economy is increased over a period of time; so as to improve the output of goods and services, most especially rising level of countries national income.

Theoretical Framework

Various theories have been propounded to describe the relationship between manufacturing output and economic growth. These theories include the Kaldor growth laws, big push theory and variants of the endogenous growth theory. This paper however, is anchored on Kaldor's growth law. Kaldor (1966) while accounting for the growth rate differences between industrialized economies presents a series of laws. He posited that the growth trajectory of developed economies in the post war period displayed the relationship between industrial growth and the performance of the economy as a whole. This observation is the origin of Kaldor's first law which states that there is a close relationship between the growth of manufacturing output and the growth of the gross domestic product (GDP). This first law is summed up in the expression that the "manufacturing industry is the driver of economic growth".

The Linear specification of Kaldor's first law is as follow: gGDP = ao + a1 gMANU; where: gGDP is the growth of total output; and gMANU is the manufacturing output's growth. It is important to note that the correlation between the two variables is not only due to the fact that manufacturing output represents a large component of total output. The regression coefficient is expected to be positive and less than unity. This means that the overall growth rate of the economy is associated with the excess of growth rate of manufacturing output over the growth rate of non- manufacturing output. This is to say that high growths are usually found in cases where the share of manufacturing industry in GDP is increasing.

Impact of Manufacturing Sector on Economic Growth in Nigeria, 1999-2018

Given the importance of high productivity in boosting economic growth and the standards of living of the citizens, it is imperative to analyse the productivity of the Nigerian manufacturing sector. Manufacturing is said to be more dynamic than other sectors. A transfer of productive resources to more dynamic sectors contributes to growth (Szirimai, 2008). This will aid in ascertaining the relative efficiency of firms, sub-sectors. Knowledge of the relative efficiency of industries in relations to economic growth could assist the government in planning its policies and programmes.

The impact of manufacturing sector on the Nigerian economy has been the crux of various studies within Nigeria; with some asserting that the manufacturing and industrial output as the drivers of economic growth. The story of Nigeria's manufacturing sector in the last eighteen years from 1999-2018,no doubt is a history of ups and downs. Before the oil boom of the 1970s, manufacturing sector contributed almost 10 percent of the nation's economic output and was adjudged to be second only to agriculture as catalyst towards the growth of the Nigerian economy. Unfortunately, with the discovery of crude oil, impact of the sector on the economy has been on a drastic and centrifugal decline despite the numerous economic measures that have been articulated by successive governments within these periods. However, the progress made by the Nigerian manufacturing sector in the last decade cannot be completed wither away. Thus, the progress appears to be in a snail movement due to macro-economic exigencies and policy summersaults by government. Interestingly, according to Frank Udemba during this period, manufacturing capacity averaged 40.04 percent from 2002 to 2013 and rose to 49.35 percent in 2015 before declining slightly to 51.7 percent in 2016, following the acute shortage of forex for importation of raw materials and machinery parts that were available locally (Daily Trust, 2018, p.iv).

Be that as it may, the sector became the conduit pipe and an accelerator of the Nigerian economy in 2013 with a growth rate of 21 percent and a contribution of 9.2 percent to national output. However, following the forex challenge that began in late 2014, the growth of the sector declined to 14.7 percent in that year but still contributed a higher 10 percent to national output in that same year (Daily Trust, 2018). No wonder, export of non-oil exports including manufactured products improved significantly within this period and contributed greatly to the Nigerian economy. This is evidenced by the 197 percent increase in Nigeria's non-oil export from $ 1billion in 2006 to $ 2.97 billion in 2013 (Daily Trust, 2018). According to Nigerian Export Promotion Council, there was also visible industrial expansion and market penetration of made-in-Nigeria goods as well as employment of about 11 million persons in the non-oil sector, and the contribution of manufacturing sector to GDP over the last decades stood at a yearly average of 4 per cent (4.32 per cent in 1998, 3.68 per cent in 2004, and 3.91 per cent.

It should be stated that despite its huge potentials to create wealth and generate employment, the manufacturing sector in Nigeria has not met its target of 18 per cent contribution to GDP as projected by

the Federal government in the National Empowerment and Development Strategy (NEEDS) document.

Performance of NEEDS showed that the GDP growth rate, which was 3.3 per cent in 1999, was an average of 6.0 per cent during 2004 – 2017 with oil and non-oil sectors having GDP growth rates of 0 per cent and 8.3 per cent respectively. The external reserve rose from $4 billion in 1999 to $43 billion in 2007. There was an average inflation rate of 9.5 per cent. Between 2011 and 2012, the primary sector in particular the oil and gas sector dominated GDP, accounting for over 95 per cent of export earnings and about 85 per cent of government revenue.

The industrial sector accounts for 6 per cent of economic activity, while in 2011 the manufacturing sector contributed only 4 per cent to GDP. The Economic Transformation Agenda otherwise known as Nigeria Vision 202020 set out the direction for current industrial policy in Nigeria with aim of achieving greater global competitiveness in the production of processed and manufactured goods by linking industrial activity with primary sector, domestic and foreign trade and service activity. The sector witnessed significant improvement within the period following the backward integration policy of the government. With this policy, cement production increased tremendously from about 2000 metric tons to about 28 – 33 million metric tons annually, thus shifting the country from being an importer to net exporter of cement. Similarly, success was recorded with tomatoes production. Fresh tomato production increased to 6 million metric tons per annum as against an average of 150,000 metric tons hitherto imported. Unfortunately, all these waned within a year of the suspension of Export Expansion Grant Scheme (EEG) and resulted in the decline of Nigeria's non-oil export by 8 percent from $2.97 billion in 2013 to 2.71billion in 2014 (Daily Trust, 2018).

It is imperative to state that while the government of Nigeria has shown its willingness to promote and support the growth of the manufacturing sector by setting up agencies such as the Bank of Industry (BOI0), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), NEPZA, Nigeria Export Promotion Commission (NIPC), with the support of these agencies, investments made by manufactures in Nigeria from January to June 2017surged by 99.2 % from # 165.6 billion in the corresponding period in 2016 to # 329.94 billion (Daily Trust, 2018). Little wonder, the Bank of Industry (BOA) on its part boosted the activities of Medium and Small Enterprises (MSE_s) by disbursing more than #13 billion in 2017 as against last year's #8 billion which represents 62 percent increase (Daily Trust,

2018). Despite all these progress, due to the measures taken by Nigerian Government, there is a long way to go for the manufacturers to progress in an efficient and effective manner.

Challenges of the Manufacturing Sector in Nigeria

No doubt, the performance of the Nigerian manufacturing sector since the discovery of oil in Nigeria is faced with plural problems that acting as challenges to the growth of this sector. Interestingly, the Nigerian government had embarked on several industrial programmes with the goal of boasting industrial productivity but all efforts had failed to yield the required results.

Despite the economic recession of 2015-2017, Nigeria's economy attained a large size and grew at fast pace. Unfortunately, the manufacturing sector remains weak. Past policy efforts aimed at improving the performance of the sector have failed and the focus has shifted towards more targeted policies aimed at specific sector, as enshrined in Vision 20:2020. A key aim is economic diversification with a focus on stimulating the manufacturing sector and strengthening its link with the agricultural and services sectors.

A number of challenges exist that will be critical to the success or failure of the strategy. Key among these is infrastructure deficit. The current infrastructure base in Nigeria is grossly inadequate in terms of capacity and quality, the power generation capacity is less than 2,000 MW – about 20 per cent of estimated national demand. This creates challenges for investment and foreign direct investment (FDI) flows into the country. As identified, when the power sector starts to progress effectively then the manufacturing sector will also perform well with the support of a reliable power supply. More so, the railways, dilapidated roads and other communication systems requires improvement.

Again, the low level of technology is also a serious challenge as advancements in technology are changing the manufacturing sectors of countries all over the world in the 21st century. Developing countries are rapidly adopting new technologies so that they can secure higher productivity and revolutionise their manufacturing industry. Unfortunately, the Nigerian manufacturing companies are still not focusing enough on acquiring modern machinery and as mentioned, up to now they are still using the same methods and machinery that were introduced as far back as the 1960s and 1970s. We argue that technological advancement in Nigeria almost stagnant which directly or indirectly limits the production level of locally made goods by the manufacturing sector.

Other challenge in the manufacturing sector is the high cost of borrowable credit. The commercial banks lending rate has remained at double digits which constitutes a huge disincentive for borrowing. The Bank of Industry (BOI) has been doing fairly well in terms of lending to industries for importation of machinery. However, the volume of lending by the bank is constrained by the size of its portfolio.

Access to foreign exchange is also a major challenge to the sector. The implication of this is the difficulty of the sector to import raw materials and spare parts that are not locally available for production.

Another challenge bedeviling the sector is corruption. This phenomenon has been prevalent in the Nigerian economy for long time and has been a major hindrance to industry. Nigeria was ranked high in corruption by Transparency International (TI) which as affected economic growth in many aspects. Investments and Foreign Direct Investment (FDI) flows are largely affected with corruption with adverse effects on flow of FDI into the country economy.

Other major recurrent challenges include high cost of gas supply to manufacturers, smuggling, faking/counterfeiting, and cloning of well selling Nigerian manufacture products and multiple taxation/levy.

Conclusion and Recommendations

The major obstacle of Nigeria has been the impact of over dependence on oil revenue leading to the over susceptibility of the country to external shocks. Therefore, the drive for diversification of the economy is a step in the right direction as this would insulate the economy, to some extent, from the present ugly experience. All efforts to increase non-oil revenue should be pursued rigorously through intensification of the resource based industrialization programme by the government.

This paper examines the manufacturing sector and economic growth in Nigeria, 1999-2018. The paper revealed that the government of Nigeria has neglected the manufacturing sector, the sector is presently experiencing decay as a result of non-implementation of policies aimed at boosting the sector. Government should try to revive the sector and also collaborate with private investors, knowing what the sector can contribute in terms of economic growth, due to the fact that it will aid in employment generation, stimulation of entrepreneurship, mobilizing hidden capital in the economy, provide a level class of self-employed entrepreneurs, development and utilization of homemade and foreign technology, reducing and controlling rural-urban migration and encouragement of equitable distribution in income and wealth. Conclusively, it is important to note that the efforts made by the government to increase manufacturing sector output by increasing

its expenditure on capital expenditure, must be properly managed most especially on electricity power supply and lowering exchange rate and creating an enabling environment for our industries to flourish.

The paper therefore, recommends the following policy thrust as a panacea for supporting and improving the manufacturing sector in Nigeria; there should be an urgent need to improve the administrative, legal, and fiscal environment of the manufacturing sector; government should increase its expenditure on the manufacturing sector as this will go a long way in diversifying the mono economy of the country. There should be promotion of financial institution such as the Central Bank of Nigeria, Bank of Industry and Bank of Agriculture to cater for the creation of funds for the manufacturing sector. It is imperative that government should fully increase the capital base of BOI and help establish new sources of liberal funds for lending by BOI. Moreso, there is the need to fully operationalise the Development Bank of Nigeria (DBN) and establish more development banks to lend at single digit interest rate to the manufacturing sector. The government through its agencies should reduce the interest rate to encourage private investors and entrepreneurs to embark on investment which will enhance the economic growth of Nigeria.

The government through the Central Bank of Nigeria (CBN) should moderate the rate at which foreign currencies are exchanged to the Naira to enable more investments in the economy thereby, ensuring stability in the economic growth of Nigeria. The manufacturing sector needs to improve productivity through upgrading of its technologies. Technology can help to improve productivity in four major ways: better machinery that can reduce production time and costs; better methods and process controls; breakthrough into completely new ways of doing things and product designs that can improve competitive edge and reduce costs.

Finally, government must invest massively in infrastructure development, especially in the aspect of power supply, good motor - able roads and creates a link for international market through her already existing agency like Nigerian Export Promotion Council, these will motivates and serve as a pull factor for local and foreign investors to see and harness further the potentials of the Nigerian manufacturing sector.

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