

The Tyre industry was once a prosperous part of the economy, in the last decade however, we have seen Nigeria move from a tyre manufacturing country to one plagued by importation. The tyre Value Chain Conference with an aim to find out “why” will present actionable solutions for the revival of the Tyre sector.

Tyre Value Chain Conference Report

Held at Tahir Guest Palace,
Kano State, on the 17th &
18th April 2018

Organised by: NADDC

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REPORT ON THE NATIONAL CONFERENCE ON TYRE VALUE CHAIN IN NIGERIA HELD AT THE CONFERENCE HALL OF TAHIR GUEST PALACE, KANO ON THE 17TH AND 18TH APRIL, 2018

1.0 Executive Summary

As part of Council's mandate in developing the Nigerian Automotive Industry, Council in collaboration with a consulting firm conducted a survey on the Nigerian Tyre Industry, which is a sub-sector of the automotive industry. The survey report depicted the comatose state of tyre production and revealed the enormous challenges presently been experienced in the industry. Based on the strength of this premise, Council organized the "National Conference on Tyre Value Chain in Nigeria" with the theme "Strategy for Resuscitating the Tyre Industry in Nigeria". The objective of the conference was to bring together relevant stakeholders in the industry to discuss the prospects and challenges facing the industry and to chart a way forward in revamping the sub-sector. Some of the topics of discussed at the conference include on the following:

- i. An Overview of the Challenges and Prospects of Tyre Industry in Nigeria;
- ii. Research and Development Efforts in Rubber Sector of Nigeria;
- iii. Analysis of Previous and Present Government Policies and Incentives to the Auto Industry in Nigeria
- iv. Challenges of Tyre Production in Nigeria
- v. Local sourcing of raw materials for Tyre Industry in Nigeria.

At the end of the conference, far reaching decisions were made and a communique was brought forward. Among the decisions made was the formulation a policy framework for the tyre industry which should be legislated. Also, it was decided

that a stakeholder committee be set up to develop the policy as well as monitor its implementation.

2.0 Opening Ceremony

The conference commenced with the National anthem and was followed by the welcome address by the Chairman Governing Board (NADDC). He acknowledged the efforts of Council in the development of the automotive sector thus far. He also commended the effort of all stakeholders for their contributions in the advancement of the Nigerian automotive industry. He highlighted the huge business opportunities available in the tyre industry despite the enormous economic and infrastructural challenges been experienced in the country. He noted that one of the reasons that resulted in the collapse of the once vibrant industry was policy somersault by previous governments. He stated that the present administration was committed to diversifying the economy and would therefore support Council and its stakeholders in revamping the industry.



Fig 1: Recitation of the National Anthem at the Opening Ceremony

On his part, the chairman of the occasion, the Executive Governor of Kebbi State applauded Council's effort in putting together the event geared towards the resuscitation of the sub-sector, pointing out that it was a step in the right direction. He recanted the failures of the past that had made Nigeria one of the highest importer of tyres, most of which are sub-standard. He outlined that one of the mandates of his government is the development of mechanized agriculture which is highly dependent on the use of motorized and movable machineries that require tyres to operate at an optimum capacity. He therefore pledged the support of his government in the revival of the Nigerian Tyre Industry. He disclosed that since Nigeria was naturally endowed with natural resources some of which are raw materials required for tyre production, it has comparative advantage to most other

tyre producing nations. He mentioned that there should be synergy among stakeholders to actually revive the industry. He noted the need for an advocacy group to drive and promote the industry.



Fig 2: DG-NADDC (left), Chairman of the Occasion, His Excellency, Senator Abubakar Atiku Bagudu (centre), Chief Host, Senator Osita Izunaso, Chairman, NADDC Governing Board (right)



Fig 3: DG(NADDC) and Chairman of the Occasion

The DG(NADDC), who gave the keynote address thanked the stakeholders present for accepting Council’s invitation to the conference and honouring it. He expressed his regret about the collapse of the tyre production industry, which resulted in Nigeria becoming a dumping ground for substandard tyres from various parts of the world. He stated that statistics showed that over 20 million tyres are imported annually, thereby exporting the huge economic benefits of wealth and job creation to countries from which these tyres are imported. This anomaly, which has cut across the entire manufacturing sector of Nigeria had to be corrected, particularly in the auto sector which included the tyre sub-sector.

He pointed out that the closure of the foremost two tyre manufacturing companies in Nigeria (Michelin and Dunlop) was primarily due to policy somersault by government as well as the downturn in the economy and infrastructure deficit.

As a way forward, he noted that in order to stem the tide of policy somersault by future governments, the National Automotive Industry Development Plan (NAIDP) which covers every sector of the auto industry including the tyre sub-sector had been legislated and awaited presidential assent to become law. He further disclosed that an estimated 80 hectares of land has been provided for rubber production to of tyres to encourage tyre manufacturers and also lure potential investors. He mentioned also, that government was working out on a mechanism to phase out old and substandard tyres. This, he stated would require a taskforce comprising of the Nigeria Customs Service (NCS), Standards Organisation of Nigeria (SON) and also each state government. The DG mentioned that policies protecting existing and infant industries currently operating in the tyre industry value chain would be put in place. These policies he mentioned would also cater for new comers. Lastly, he advised that all tyre dealership and distributorship companies should ensure that they import tyres suitable for the Nigerian terrain and environment.

2.1 Goodwill Messages and Presentation of Award to Dignitaries

The keynote address presented by the DG(NADDC) set the tone for the discussions and paper presentations that followed. After the opening paper presentations, a number of goodwill messages were taken from representatives of the various organisations such as Federal Ministry of Industry, Trade and Investment (FMITI), the Nigerian Association of Auto Technicians (NATA), National Association of Road Transport Owners (NARTO), the Kano State Government and a host of others. This was immediately followed by the presentation of awards to dignitaries present. Below are some of the pictures of the award presentation.





Fig 4-7: Presentation of Awards to Dignitaries at the Conference

3.0 Summary of Some Presentations

3.1 Merits of the Proper Use of Tyres by the Corp Marshal, Federal Road Safety Corps (FRSC)

The Corp Marshal FRSC started by appreciating the initiative of the tyre conference and also called for the immediate resuscitation of the industry. He stated that several roads accidents emanated from tyre malfunction which is largely due to the use of substandard tyres. He commended SONs 'activities in curtailing the importation of substandard tyres through seizures and called on the NCS for more collaborative efforts in curbing the substandard imports.

He went further to describe the engravings on most tyres, with particular emphasis on the date of manufacture. He spoke on the proper storage of tyres before it is acquired by the end user. He pointed out that tyres are supposed to be stored in the right conditions to ensure their integrity is kept intact. He reiterated the urgent need for NADDC to ensure the revival of tyre production in Nigeria. He was of the opinion that if these tyres were manufactured in Nigeria, the production would be done bearing in mind the prevailing environmental conditions obtainable in Nigeria.



Fig 8: Cross-section of participants



Fig 9: Cross-section of participants

3.2 Research and Development Efforts in Rubber Sector of Nigeria by Dr Uzoma Ukwu of the Rubber Research Institute of Nigeria (RRIN)

The Research Director RRIN, Dr. Ukwu started by highlighting the demographics of rubber plantation in the country stating where such plantations are found and could be sighted. Using statistical data, he described Nigerian's standing in terms of quantity produced and ranking in Africa. He went further to comment on the developmental effort of the government which are focused on two areas namely:

- i. **Agronomic Practices:** This consist of provision of planting materials from rubber clones for high yields, development of mixed farming techniques, land evaluation to ascertain its suitability for planting and study on diseases that affect rubber plants for pest control
- ii. **Value Addition through Processing:** This comprises of design and fabrication of small scale equipment, collaboration with RMRDC to establish pilot scale putty plant and studies on the use of local source filler such as clay and coal.

In conclusion, he noted that getting the tyre manufacturing industry right will not only boost agriculture but could subsequently put Nigeria in the position to export its raw materials which will in turn boost the economy.

3.3 Analysis of Previous and Present Government Policies and Incentives to the Auto Industry in Nigeria by Mr. Remi Olaofe, the Executive Director, NAMA

He began his presentation by highlighting the benefits of a vibrant auto sector to the economy and security of the nation. He asked relevant authorities to look back at all mistakes (including policy somersault) of the past and to avoid them in order

for the industry to impact the country holistically. He went further to commend the efforts of NADDC for its efforts in the legislation of the National Automotive Industry Development Plan (NAIDP) bill which would in no small way strengthen the auto industry and the country at large. He outlined several issues been faced by auto assemblers in the Customs Administration of the NAIDP. All of these he hoped would be addressed when the NAIDP became law. He pointed out that based on the comparative advantage of Nigeria in the production of tyre, the country would not only be self-sustaining but would also be a tyre exporting nation.

3.4 Local Sourcing of Raw Materials for Tyre Industry in Nigeria by Dr. Mohammed Lawal Buga of RMRDC

The presenter began by stating the mandate of RMRDC and its importance in terms of developing local content that is needed to support industries involved in manufacturing. He enumerated some of the auto products developed by its agencies using available raw materials in Nigeria. One of such products is the brake pad made from kernel shells, which had been patented. Currently, the RMRDC was in search of investors they would partner with it for its production. He stated that the use of rubber for tyre manufacturing has been on a decline with the discovery of crude oil, from which raw materials for the production of tyre could be extracted. In conclusion he stated that all of the raw materials required for tyre manufacturing are present in Nigeria. He noted that all that was required was the collaboration of government and private sector investors in reviving the tyre manufacture in Nigeria.

3.5 Challenges of Tyre Production in Nigeria by Mr. Segun Ajayi-Kadir,

D.G MAN

He began by acknowledging the giant strides taken by Council and successes recorded in recent years in the automotive industry. Re-echoing the opinion of other speakers, he highlighted the major reasons that have impeded the growth and development of the manufacturing industry to include:

- i. Infrastructure deficit;
- ii. Poor policies implementation and policy inconsistency;
- iii. Over reliance on the oil and gas sector;
- iv. Poor patronage of locally manufactured products;
- v. Multiple taxation;
- vi. Porosity of the borders resulting in smuggling of fake and substandard products

He pointed out that if all of these issues were addressed, every sector of the manufacturing industry, including the tyre sub-sector would most certainly grow and expand.

He advised that the government to ensure that the two prominent tyre manufacturers (Michelin and Dunlop) who had both shutdown operations in the country should be given necessary support to come back to commence manufacturing. He opined that despite the daunting challenges, with government support, coupled with the large middle class population in Nigeria that provides a ready market, any company that invested in the tyre industry would most certainly earn good returns on investment. He suggested that government support could

include provision and extension of tax holidays for new entrants and existing players in the sector.



Fig 10: Cross-section of participants

4.0 Presentation of Conference Communique

After exhaustive deliberations emanating from the presentations the following recommendations articulated were presented in a communique by Mr. Yakubu Gada. Below are the resolutions;

- i. Government, through its agencies should redouble efforts in the enforcement of safety standards and regulations in the importation, distribution, sales and usage of tyres in Nigeria;

- ii. Public-private sector collaboration should be pursued and encouraged with a view to creating the necessary synergy for tyre industry to grow and prosper;
- iii. Both the Government and the organized private sector should invest maximally in tyre industry because of its huge economic potentials and contributions to Gross Domestic Products (GDP);
- iv. The conference observed that the revalidation and resuscitation of tyre industry is critical to automotive development in Nigeria and enjoined government to encourage local production of tyres through policy initiatives and deliberate incentives;
- v. The conference urged the OEMs who had earlier stopped production in Nigeria to reverse their decisions as some of the challenges they faced in the past are being addressed and the environment is now conducive for them to grow and thrive;
- vi. The conference called for continued stakeholders collaboration, engagement and advocacy for tyre industry to thrive in Nigeria;
- vii. The conference equally called for strict enforcement of ban on used and sub-standard tyres in Nigeria. The existing collaboration between NADDC, SON, Federal Ministry of Finance, Nigeria Customs Service and FRSC should be reinvigorated to ensure that fake and sub-standard tyres do not find their ways into Nigeria any longer;
- viii. The Conference urged government to, through policy interventions, protect the tyre industry from the vagaries of unwholesome competition from abroad. Specifically, Government should engender the resuscitation of

Michelin and Dunlop, the prime players in the industry and equally encourage others to come in;

- ix. The conference noted that Nigeria has strategic comparative advantage in tyre production especially in the West African Sub-region because of the abundance of necessary raw materials for tyre production;
- x. The conference noted that the size of the Nigerian market for tyre production is about 6 million tyres annually; consisting of 4 million cars and 2 million trucks with a market value of about \$1 billion and this provides a huge opportunity for local manufacturing;
- xi. The conference urged Government to improve tyre manufacturer's access to gas at reasonable price backed with reliable supply;
- xii. The conference equally called on government to intensify efforts in solving the problem of power supply which is the most critical infrastructure for tyre production;
- xiii. There should be periodic monitoring and evaluation of the implementation of NAIDP by auto assembly plants, auto dealer/franchise owners, Nigeria Customs Service, Ministry of Finance, SON and NADDC to ensure compliance;
- xiv. The conference noted that the resuscitation of tyre industry in particular and the manufacturing sector in general require tremendous political will on the part of Government;
- xv. The conference also called for adequate and long-term plan for the resuscitation of tyre industry as it is long term in nature;
- xvi. The conference urged government to empower SON to confiscate any sub-standard and second-hand tyres in Nigeria;

- xvii. The conference equally enjoined state governments to be part of the efforts to resuscitate and develop the tyre industry;
- xviii. The conference called for a policy framework for the tyre industry and this policy framework should be legislated upon to avoid policy summersault in future. This will boost investors' confidence;
- xix. The conference called on Government to establish a finance scheme for the tyre industry preferably accessible at single digit interest rate; and
- xx. The conference agreed that NADDC should set up a stakeholder committee as a matter of urgency to work on Nigerian Tyre Policy as was done in cement industry. The committee should equally serve as a working group for the implementation of this communique.

5.0 Conclusion

In summary, most participants opined that the resuscitation of the tyre industry required the synergy of both the government and the private sector. However, it was noted that government had to provide the enabling environment by meeting a number of requirements, some of which are detailed below;

- i. Provision of adequate infrastructure, particularly with respect to power supply;
- ii. Legislation of vital policies to avoid policy somersault;
- iii. Tax relief for existing players and new entrants in the sector;
- iv. Provision and enforcement of Standards and regulations, etc.

6.0 Closing

After the presentation of the communique several amendments were made and it was then adopted as amended through a motion moved by Col. (Rtd) Alope Dutt of Infinity Tyres Ltd and seconded by Olu Tikolo of Kia Motors Nig. Ltd.

In closing, the DG(NADDC) thanked everyone again for their time and effort in attending the event. He expressed Council's appreciation to all stakeholders present for their contributions during the presentations and discussion. He promised that the communique brought up from this conference would be forwarded to the government for implementation.

The Tyre Conference is an important stakeholders' forum that should be organized annually to sustain the momentum for resuscitating the tyre industry in Nigeria. The 2019 edition of the tyre conference is proposed to hold in Lagos.



Fig 11: Communique Presentation Chaired by Dr. DVC Obi



Fig 12: More Images on the Communique Presentation



Fig 13: Dignitaries at the Conference



Fig 14: More Images of Dignitaries at the Conference

APPENDIX I

Opening Keynote Address

Of

Sen. OSITA IZUNASO
(Chief Host)

&

Mr JELANI ALIYU. *MFR*
(DG, NADDC)

WELCOME ADDRESS BY THE CHAIRMAN NADDC GOVERNING BOARD
AT THE OCCASION OF TWO-DAY CONFERENCE ON TYRE VALUE-CHAIN
IN NIGERIA AT TAHIR GUEST PALACE KANO.

Protocol.

INTRODUCTION

It is an honour to be here with you today. You are the elite, the top 10 percent of people in this industry. Only the very best people in any field will take their time and make the sacrifice to come so far for a conference like this.

I will like to welcome you all to this very important conference on the resuscitation of tyre industry in Nigeria.

I am delighted to be at this conference, I believe this would serve as a medium for the Tyre Manufacturers Industry to reposition itself in the Nigerian automotive market and join the Federal Government in meeting the transportation needs and expectation of the masses.

I also want to recognize the Assembly Plants present, Dealers and all the stakeholders here in coming together to make this conference a success. My fellow board members and NADDC Staff, “the supporting pillars of this organization” your presence is well appreciated.

IMPORTANCE OF TYRE INDUSTRY

Unapologetically Nigeria is the largest domestic market in Africa and is attracting greater Foreign Direct Investment (FDI) than ever before, but its manufacturing sector has not been progressing at the expected momentum.

Soon after man invented the wheel he realized that it wore out as he used it. A piece of material was then wrapped around the outside of the wheel either to rebuild it or prevent it from wearing out. This material wrapped around the outside of the wheel became known as a “TYRE”.

When tyre production started in this country, there was a general consensus that it was necessary for the country's ambitious industrial programme at the time. Tyre production was seen as very important to the transfer of technology in Nigeria.

Nigeria was a tyre manufacturing hub; our products were the best you could find around. Some decades back, government supported Dunlop with some money and they produced a product known as Dunlop elite, which was arguably the best tyre in the world at the time. But the company collapsed due to lack of policy consistence and power. Power is an important production input in tyre manufacturing. If generators were used in the production, the tyres wouldn't be of acceptable quality.

Michelin's plantation at Port Harcourt and Ore are under preservation. The ones they use for production in other countries are tapped from the plantations here. This is because the rubber sourced from Nigeria is better than those tapped in other African countries. Tomorrow, if these companies want to resume production, they can just go back to the rubber plantations. But, first, we have to fix power in Nigeria.”

CHALLENGES

It may interest you to know that the qualities of tyres being imported into the country were not a guarantee to safety on the roads anymore.

Most times, when the imported tyres are brought in, they are not well stored and the weather difference makes the tyre not able to last for long time as supposed to, hence most of them were below quality standard.

When Michelin and Dunlop tyres had their manufacturing plants in the country, their products were usually suitable with the Nigerian weather and roads and also readily available to users.

RECOMMENDATION

The task of selecting and use of a good tyre is enormous and quite important while wrong tyre usage or selection portends danger to motorists, pedestrians and indeed all road users. The overall purpose of this conference on tyre is to propose policy options concerning the use of tyres for improvement of traffic safety. Centrally to this is the idea that end users need to get very good and high quality tyre at affordable rate and accessible to them within the country in order to achieve a high level of safety. You will all agree with me that despite the awareness on the danger inherent in the use of fairly use tyres (tokunbo) the practice still thrives and it also revealed the lack of understanding of tyre education on the manufactured date of tyre, life span, reasons for wear and tear and lack of tyre maintenance culture.

Efforts should also be made to improve the Nigerian economy as it is presently tough for most vehicle owners to procure brand new tyres for their vehicles, hence

the resort to fairly used and substandard tyres which are cheaper but more dangerous.

CONCLUSION

However, this is a clarion call to the Nigerian investors to have a rethink and create tyre production plants in the country again as it will also help in boosting the nation's economy.

Thank you all for listening.

TYRE CONFERENCE KEYNOTE ADDRESS BY Mr JELANI ALIYU, DG

NADDC

Imagine if you may, in the not too distant future, a Nigeria of unbelievable accomplishments, a Nigeria so advanced that most of the problems we now face would by then have been relegated to the pages of history forever.

That Nigeria is not just a possibility, it's an imperative destination, one that we must reach, as it may very well be our only hope for the very survival of our people. Our only hope for the very survival of our people.

And so we must, as a nation, and as a people be relentless in thought and in action to ensure that that bright future is realized. It is a huge task before because today the challenges that we face are many, there are countless negative factors currently mitigating the success and upliftment of millions of our people.

This country Nigeria is a magnificent nation, from the Atlantic shoreline in the South, through the grasslands of the Middle Belt, all the way to the rolling hills and bright blue skies of the North, Nigeria is truly a blessed and magnificent country.

But, despite all that, despite all that, it is an understatement to say that the citizens of this great country, Africa's largest nation, are being treated as second class citizens. Why do I say this?

Every year millions of spare parts are imported into Nigeria. That in itself is not the major problem, the major problem is that a majority of these parts are sub-standard, these are parts that have already been used in Europe or America and then dumped into Nigeria, or they may be new, brand new from China, but as opposed to the quality parts shipped from China to the United States, the ones we

get here are far below acceptable global standards. That's why I say we are being treated as second class citizens.

Amongst these components are tyres, about 20 million tyres are imported into Nigeria every year, that's a huge number. This is detrimental to the economy and future of the country, because it simply means that all that manpower, and all those jobs that are needed to produce that many tyres are lost to the nation. This means that despite our huge unemployment rate, instead of creating jobs in Nigeria, we are fuelling jobs outside Nigeria. And so thousands of our youth that could otherwise be engaged in producing those tyres are now wasting their lives away in markets, motor parks and hawking on the streets.

Taking jobs away from Nigeria is bad enough, to allow sub-standard tires into the country is absolutely unacceptable, in fact its bordering on the inhumane.

We cannot forget that this is Nigeria, a nation that is among the world's top ten crude oil producers, a nation with a strong population of over 180 million. The estimated number of vehicles on the roads are over 40 million. A nation with a rich history, of amazing kingdoms, empires and cultures. A nation with abundant natural and human resources. We simply do not deserve to be a dumping ground for anything, talk less of automotive components.

With over 50% of the population under 20 years old, there is literally a new Nigeria in the formation, a New Nigeria that deserves the best, and we cannot allow the future of this nation to be subjected to standards that are below international levels.

Up till the mid-nineties Nigeria had two very strong local tyre manufacturers: Michelin, located in Port Harcourt and Dunlop located in Lagos. But these two

companies very quickly progressively decreased their production until they closed down and moved operations out of Nigeria. Dunlop moved from a net turnover of \$3.4 billion to \$225 million, and down to a loss of over \$133 million by 2007.

It is widely believed that changes in government policy led to reduced tariffs which in turn led to a heavy influx of cheaper imported tires largely contributed to the demise of Dunlop and Michelin. Another factor that contributed to the problem was the lack of adequate power supply.

Since the demise of the two big tyre producers in Nigeria, the number of vehicles on Nigerian roads has continued to grow to now over 40 million, all being serviced by tyres produced elsewhere.

And so, how do we bring back tyre production to Nigeria.

What are the opportunities and prospects?

1. We have over 40 million vehicles in operation in Nigeria.
2. Over 400 thousand imported annually, and because they are mostly used vehicle, they very quickly require new tyres.
3. There are an estimated 18 million hectares of land that is suitable for the growth of rubber, which is the primary raw material for tyre production.
4. Road conditions require certain level of durability, hence a tyre developed and optimized for Nigeria can be easily marketed and distributed for effective operation in West and most of Africa.
5. NADDC is setting up 3 Automotive Industrial Parks, Nnewi, Kaduna and Oshogbo, we have acquired land at the three sites. They will be centralized

locations with all the necessary infrastructure to enable stakeholders set up the production of components such as tyres.

6. The Federal Government's strong support for agriculture provides an opportunity for the production of tyres for agricultural equipment.

What is NADDC doing?

1. Part of the mandate of the NADDC is to regulate the Auto Industry, in regards to ensuring that all automotive related products and components meet minimum global standards, I would like to report that the NADDC is building three Test Centres in the country, these centres are 80% complete, they will ensure that vehicles, materials and components produced and used in the country meet minimum acceptable global standards levels. Of particular interest to tyres will be the Component Testing Centre in Enugu. All tyres brought into and locally manufactured in Nigeria will have to be certified at this centre, thereby eliminating substandard and counterfeit products.
2. NADDC is setting up 3 Automotive Industrial Parks, Newi, Kaduna and Oshogbo, we have acquired land at the three sites. They will be centralized locations with all the necessary infrastructure to enable stakeholders set up the production of components such as tyres.

NADDC is ready and committed to working with the relevant stakeholders in the formation of policy that will empower the following:

3. Moving on used Tyres must be banned from being imported into the country.
4. New tyres will be allowed to be imported until local production meets demand, and then an elimination strategy will be employed to systematically

phase out the importation. Non the less, for these tyres that imported, they must be certified by the NADDC Component Testing Facility in Enugu.

5. Any new Tyres that do not meet minimum safety standards must be banned.
6. Special Task Force must be set up to monitor and enforce this law.
7. An Emergency Tyre Production Fiscal Policy to heavily subsidize tyre production must be enacted.

JELANI ALIYU

APPENDIX II

Local Sourcing of Materials for The Tyre Industry

By

Dr MOHAMMED LAWAL BUGA
(RMRDC)



RAW MATERIALS RESEARCH AND DEVELOPMENT COUNCIL (RMRDC)

Federal Ministry of Science and
Technology

... adding value to the nation's natural resources

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LOCAL SOURCING OF RAW MATERIALS FOR THE TYRE INDUSTRY IN NIGERIA



PRESENTED
AT
THE 2018 CONFERENCE ON THE
TYRE VALUE CHAIN IN NIGERIA
ORGANISED BY THE NATIONAL AUTOMOTIVE DESIGN
AND DEVELOPMENT COUNCIL, ABUJA

TAHIR GUEST PALACE, KANO
APRIL 17-18, 2018

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DIRECTOR,
INDUSTRIAL CHEMICALS AND
MINERALS DEPARTMENT

RMRDC

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Outline of Presentation



- ✿ About Raw Materials
- ✿ Why RMRDC
- ✿ About RMRDC
- ✿ Mandates of RMRDC
- ✿ Challenges
- ✿ Core Programmes
- ✿ Manufacturing Sectors of Focus
- ✿ Introduction
- ✿ Natural Rubber Producing Countries
- ✿ World Consumption of Natural Rubber
- ✿ Raw Materials for Tyre Production
- ✿ Availability of Raw Materials for Tyre Production in Nigeria
- ✿ RMRDC's Effort in Rubber Development in Nigeria
- ✿ Conclusion and Recommendations

RMRDC

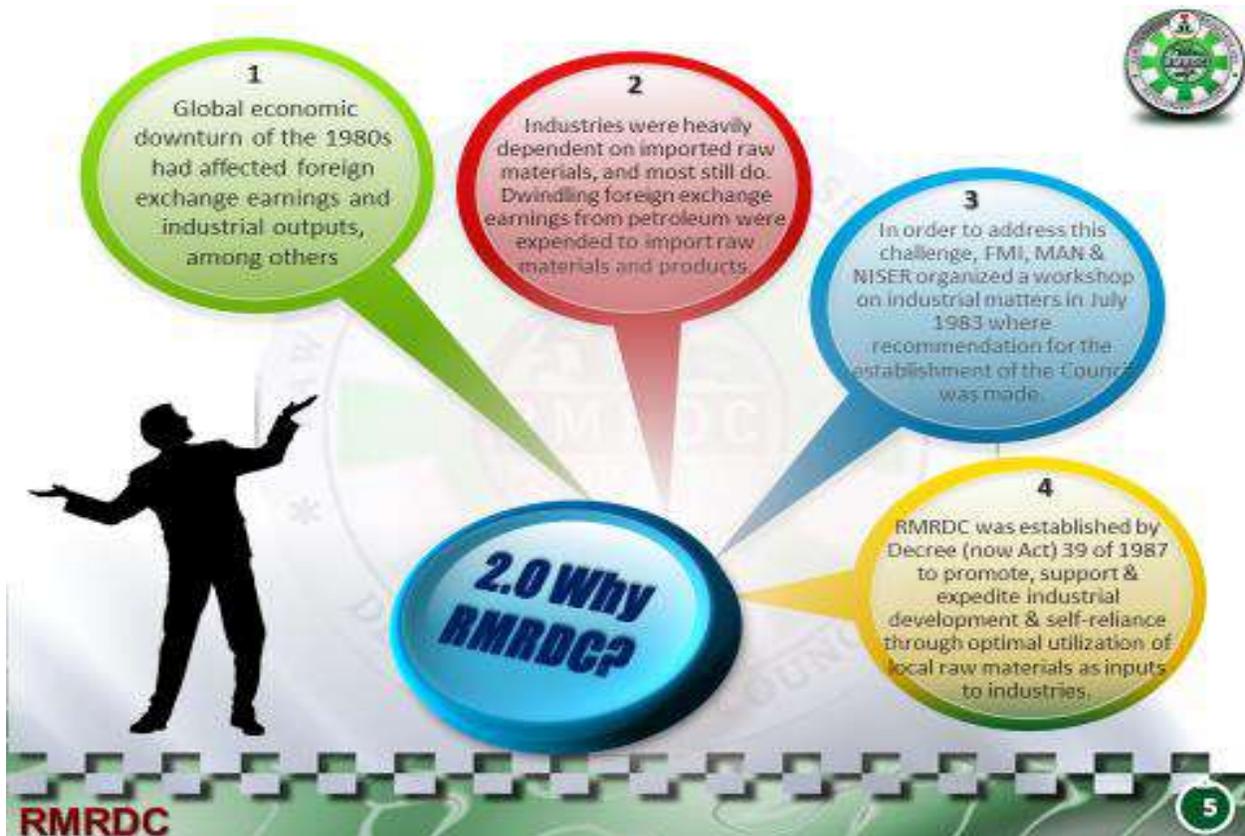
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1.0 About Raw Materials

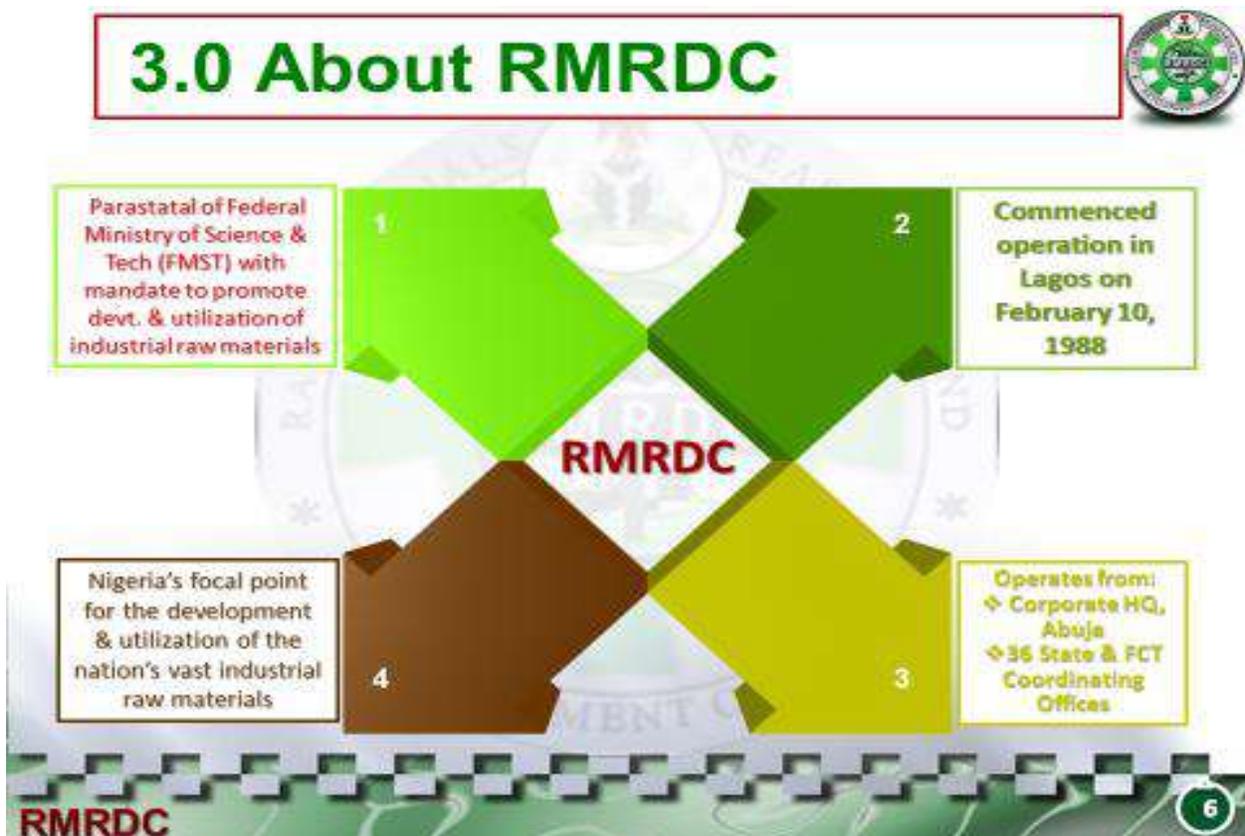


RMRDC

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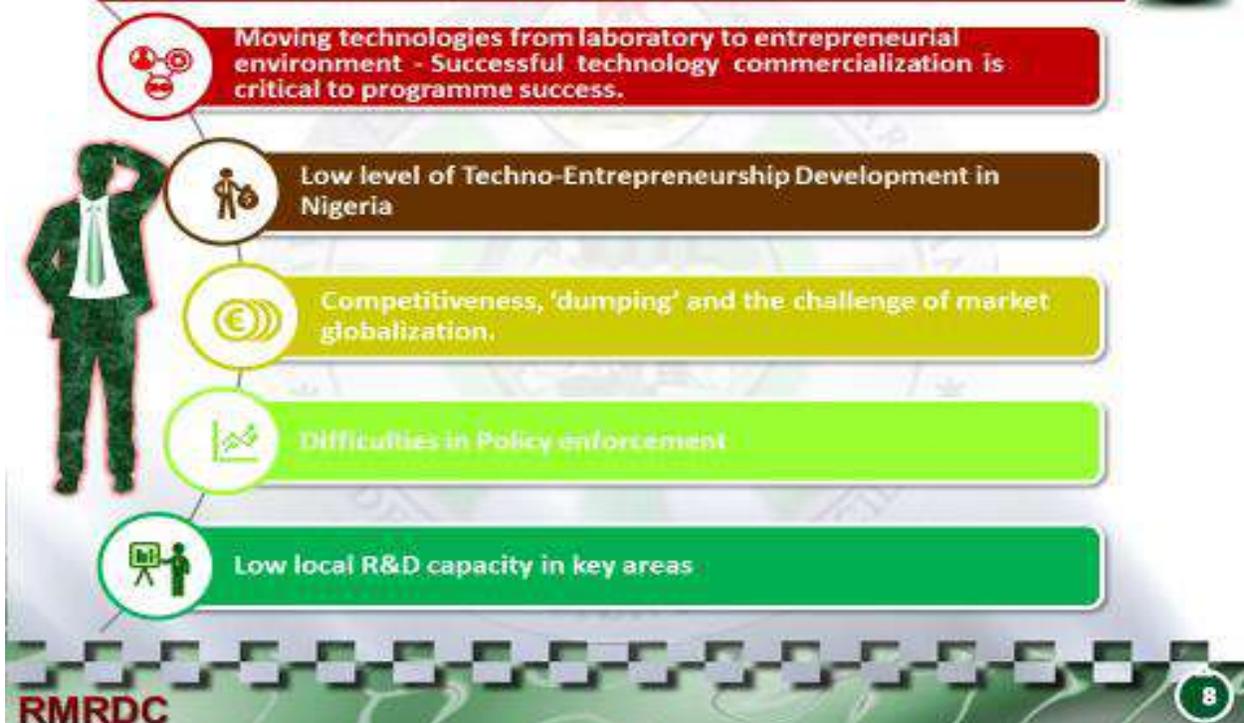
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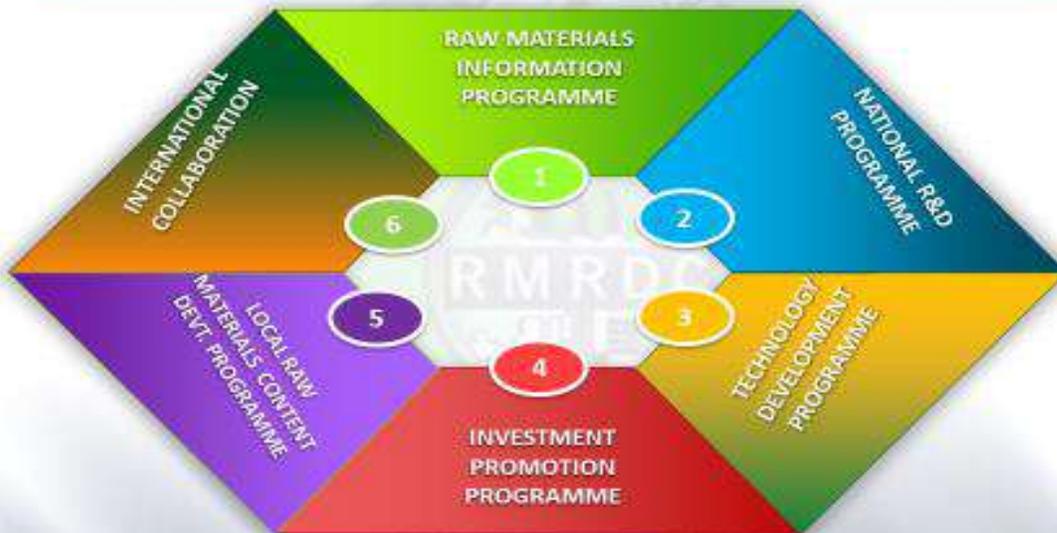
4.0 Mandates of RMRDC



5.0 Challenges



6.0 Core Programmes



RMRDC

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7.0 Manufacturing Sectors of Focus



RMRDC

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8.0 Introduction

- ❑ Tyre provides a cushion between the vehicle and the road to reduce the transmission of road shocks.
- ❑ The increase in the number of vehicles manufactured annually has resulted in higher demand for tyre in the world market. There are about 455 tyre production factories globally, with over 1 billion tyres produced annually. (McMahon and Global, 2013).
- ❑ There are over 200 raw materials needed for the production of tyre (Michelin Tyre, 2018). However, the materials that make up the major part of tyre production are elastomers (natural and synthetic rubber), reinforcing fillers (carbon black and silica), plasticizers (resins, oils), sulphur, metal reinforcements (wires, bead wires), and textile reinforcements (rayon, aramid, nylon, polyester).

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9.0 Natural Rubber Producing Countries From 1988 – 2010

	Production				Growth Rate	
	1988-1990 Average	1998-2000 Average	2001	2010	1988-90 to 1998-2000	1998-2000 to 2010
000 tonnes						
Percent per year						
WORLD	5090	6797	7300	7870	2.9	1.3
Asia (Total)	4696	6151	6278	6886	2.7	1.0
Thailand	1143	2226	2324	2242	6.9	0.1
Indonesia	1251	1025	1190	1093	2.9	2.1
Malaysia	1437	757	542	480	-6.3	-4.4
India	280	613	607	730	7.5	1.0
Sri Lanka	115	85	85	52	-2.1	-5.2
Philippines	62	65	65	122	0.6	5.5
Viet Nam	80	243	316	591	11.8	8.4
China	249	452	449	491	6.1	0.8
Other Asia	49	79	84	100	4.9	2.0
Africa (Total)	315	376	398	476	1.8	2.0
Liberia	78	101	105	157	2.6	4.1
Nigeria	117	71	95	89	-4.8	2.0
Côte d'Ivoire	66	115	108	126	5.7	0.9
Cameroon	36	59	60	60	5.2	0.4
Other Africa	19	31	31	42	4.0	2.0
Latin America (Total)	60	150	144	236	8.0	6.0
Brazil	51	71	75	113	8.7	4.3
Other Latin America	9	79	69	123	7.2	6.7

Source: Saris (2013)

RMRDC



- As at 2016, total market share of natural rubber is estimated at 42%. Currently, Asia continues to dominate the world supply of natural rubber, with 92% of total world production in 2016 (IHS Markit, 2017).

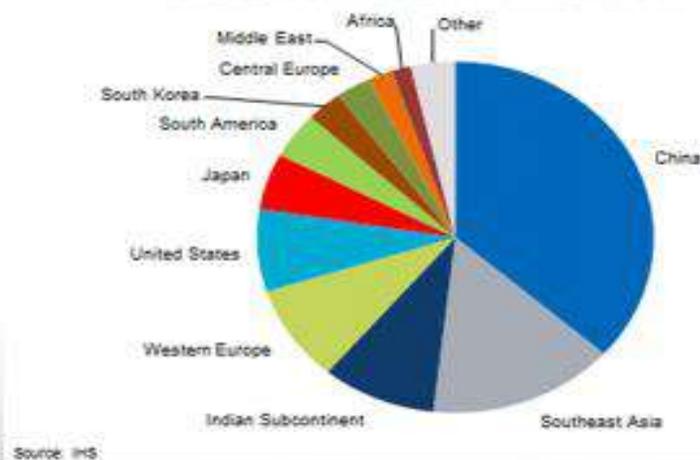


The three largest natural rubber producing countries in 2016 till date were all in Southeast Asia (Thailand, Indonesia, and Vietnam). Thailand is currently the largest producer, with Indonesia holding the second position; Vietnam is the third largest producer. Malaysia, which accounted for 32% of world natural rubber production in 1988, has shifted emphasis to other crops and non-agricultural investments and produced only 6% of the world total by 2016

RMRDC



10.0 World Consumption of Natural Rubber in 2016



Source: IHS

© 2017 IHS

(IHS Markit, 2017)

RMRDC

11.0 Raw Materials for Tyre Production



Nigeria is a major market for tyres and imports all its tyre requirement following the relocation of Michelin and Dunlop, two major tyre producers in the country.

- ❑ The major raw materials for tyre production include:
Natural rubber, polyisoprene -basic elastomer used in making tyre.
- ❑ Styrene-butadiene co-polymer (SBR) - a synthetic rubber that is often substituted in part for natural rubber based on the comparative raw materials cost.
- ❑ Polybutadiene - used in combination with other rubber because of its low heat-build-up properties.
- ❑ Halobutyl rubber - used for the tubeless inner liner compounds, because of its low air permeability. The halogen atoms provide a bond with the carcass compounds which are mainly natural rubber. Bromobutyl is superior to chlorobutyl, but is more expensive.

RMRDC



- ❑ **Carbon Black**- forms a high percentage of the rubber compound. This gives reinforcement and abrasion resistance.
- ❑ **Silica**-used together with carbon black in high performance tyres, as a low heat build-up reinforcement.
- ❑ **Sulphur**-crosslinks the rubber molecules in the vulcanization process.
- ❑ **Vulcanizing Accelerators** -complex organic compounds that speed up the vulcanization.
- ❑ **Zinc oxide** -a major activator, assists in the vulcanization process.
- ❑ **Antioxidants and anti-ozonants**- prevent sidewall cracking due to the action of sunlight and ozone.
- ❑ **Textile fabric**- reinforces the carcass of the tyre.

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12.0 Availability of Raw Materials for Tyre Production In Nigeria



RUBBER

Rubber is the major raw material used in tyre manufacturing. Both natural and synthetic rubber are used.

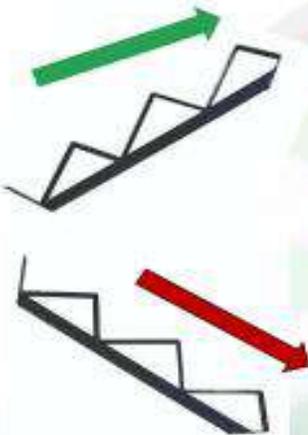
Natural rubber is one of Nigeria's major agricultural export products from the 1960s after cocoa, groundnuts and palm kernels

The major rubber producing states in Nigeria are

- ✓ Abia,
- ✓ Anambra,
- ✓ Rivers,
- ✓ Bayelsa,
- ✓ Ondo,
- ✓ Edo,
- ✓ Oyo,
- ✓ Imo,
- ✓ Ogun,
- ✓ Taraba
- ✓ Delta and Cross River

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Natural rubber production in Nigeria:



- Peaked to about 236,000 ha in the 1990s



Declined to the current level of 154,000ha by 2013

RMRDC



Nigeria, accounted for just

- ❖ 1.4% of the world output in 2013
- ❖ 1.2% in 2016

- The report by the International Trade Centre in 2006, indicated that Nigeria rubber export stood at \$7.4 million,
- 16th position in world ranking of exporters of the commodity,
- Liberia that used to be behind Nigeria and Malaysia, who are later entrants into rubber production, raked in \$134.8 million from the nearly \$2 billion global rubber exports for that year (Ogbebor, 2013).

RMRDC



The decline in natural rubber can be attributed to the following;



the marginalization of rubber as an economic and strategic crop due to the discovery of crude oil;

The increase in production after the dissolution of the Natural Rubber Board that gave rise to transient glut in the mid-1990s and a drastic drop in the price of the commodity;

The low yield due to uneconomic size of farmer's holdings;

Old age of plantations leading to reduced stands per hectare,

Little or no agricultural inputs such as fertilizer, credit facilities and pesticides.

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- ❖ Potentials for rubber development in Nigeria for tyre production are very high since the major raw materials are available



Synthetic Rubber

Synthetic rubber is produced from two monomers namely, styrene (a liquid) and butadiene (a gas), which are petrochemicals. There are over 200 types of synthetic rubber, each having its own constituents and qualities (Ogbebor, 2013).

According to National Petroleum Investment Management Services (NAPIMS), Nigeria's natural gas reserves is put at more than 166 TSCF (trillion Standard Cubic Feet), with her current gas production put at 12 billion SCF, which is the associated gas (AG) produced in the course of crude oil production.

RMRDC

- ❑ The Kaduna petrochemical plant, commissioned in March 1988, was meant to produce Linear Alkyl Benzene (LAB) with installed capacity of 30,000.0 metric tons/year (Ijevu, et. al. 2013). The main petrochemical products from Kaduna Refinery complex are linear alkyl benzene, benzene, heavy alkylate and de-paraffinated kerosene of which benzene is a major raw material for synthetic rubber.
- ❑ The Warri Refinery is a 35,000 metric ton per annum (MT/A) of polypropylene plant.
- ❑ The continued decline in the production capacity of the refineries, gradually led to the unavailability of the raw materials to the petrochemical plants. Therefore, the low crude oil refining capacity has affected negatively the production of petrochemical products.



RMRDC

CARBON BLACK



Carbon black forms a high percentage of the rubber in tyre production and gives reinforcement and abrasion resistance properties to tyre. Carbon black is a fine, soft powder created when crude oil or natural gas is burned with a limited amount of oxygen, causing incomplete combustion and creating a large amount of fine soot. The petroleum refinery is also a major source of carbon black.

- The WRPC was established to produce 18,000 metric tons/year carbon black from the propylene-rich feedstock and decant oil from the Fluid Catalytic Cracking unit (FCCU).

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❖ Indorama Eleme Petrochemicals Company Limited (IEPL), formerly known as Eleme petrochemicals Company Limited (EPCL), Rivers State,

○ has capacity to produce

❑ 22,000 tonnes per annum (TPA) Butene-1,

❑ 270,000 TPA Polyethylene,

❑ 80,000 TPA Polypropylene

❑ and propylene-rich feed from Port Harcourt refinery to produce a range of Polyethylene and Polypropylene products as well as carbon black

(DPR, 2016)

✓ These refineries can provide the intermediate materials requirements of the entire domestic tyre manufacturing industry.

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SILICA



Silica, also known as silica sand is a chemical compound that is an oxide of silicon with the chemical formula SiO_2 and occurs naturally as quartz flint, and agate.

Silica sand is found in Benue with over 250 million tons; and in Ondo has over 200 million tons. The estimated reserves in metric tonnes are not available for other states (RMRDC, 2009).

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Locations of Silica Sand Deposits in Nigeria

States	Locations
Abia	Ukwa East, Aba North, Isiala-Ngwa North and South, Ukwa West.
Bayelsa	Sagbama, Southern Ijaw, Yenagoa
Benue	Buruku, Gboko, GUMA, Katsina Ala, Vandeikya, Agato, Logo.
Borno	Dikwa, Gwoza, Maiduguri, Jere, Monguno, Kaga, Nganzai, Mobbar, Magumberi, Mafa, Kaga, Kukawa, Kalal Balge, Guzamala, Gubio.
Cross River	Ikom, Ibine Oban, Mfamosing, Okorotong Hills, Akamkpa, Obudu, Iwuo Ukem, Ibeno Beach, Mbo.
Delta	Ughelli North & South, ANiocha North & South, Bomadi, Burutu, Ethiope East & West, Ika South, Isoko North & South, Ndokwa East
Enugu	Enugu-Ikulu, Igbo Eze North & South, Isi-Uzo, Nkanu East, Uzo-Uwani
Gombe	Yamaitu-Deba, Akko, Dukku.
Imo	Ihiagwa, Obinze, Isu, Njaba, Obowo
Kaduna	Kaduna
Kano	Dambatta, Makoda
Katsina	Zango, Baure
Lagos	Apapa, Badagry, Epe, Eti-Osa, Ibeju-Lekki, Ikeja, Ikorodu, Lagos Island, Ojo
Nasarawa	Lafia, Doma, Nasarawa
Niger	Gbako, Gurara, Lavun, Mokwa, Katcha, Muya, Wushishi, Bida
Ondo	Igbokoda, Atijere, Akata-Agbala, Zion Pepe, Aboto, Agerige, Ese-Odo, Ikare, Ilaje
Yobe	Ngeji (Fika), Damaturu, Jakusko, Karaguwa, Nguru, Tarmuwa, Geidam

RMRDC

ZINC OXIDE



Zinc oxide is the main substance used as vulcanization activator. Tyres run well and reliably with zinc oxide. Zinc oxide improves safety by giving the tyre better crosslink density, thus improving strength and increasing resistance to ageing. A standard car tyre contains around 180 g of zinc oxide (Zopa, 2015).



❖ The tyre industry remains the largest single market for ZnO

Consuming more than half of the total worldwide demand of 1,200,000 metric tons

❖ Traditionally, ZnO is used in rubber formulations in concentrations of 3–8 parts per hundred rubber (phr) (Walter, 2009)

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Zinc deposits in Nigeria are found in:

- Anambra
- Ebonyi
- Plateau
- Cross Rivers
- Zamfara
- Abuja (FCT)
- Enugu,
- Imo
- Kano
- Niger
- Taraba.



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13.0 RMRDC's Effort in Rubber Development in Nigeria



The rubber industry in Nigeria is faced with many challenges that have resulted in its dwindling fortunes.

These include;

- Old age of many plantations,
- Low yield, long gestation period,
- Difficulty in accessing land for cultivation
- Inadequate supply of raw materials (latex/cup lumps) to processing plants,
- Inappropriate technology,
- Poor state of infrastructure,
- Weak extension delivery service,
- Lack of involvement of stakeholders in past programme designs,
- Inadequate database for policy formulation and programme planning, etc.

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In order to address these challenges and to reverse the decline in rubber production and tap existing potentials in the industry.



RMRDC In Collaboration With:

- ✓ Federal Ministry of Agriculture and Rural Development (FMAR&D), Rubber Research Institutes of Nigeria (RRIN),
- ✓ Federal Ministry of Science and Technology (FMS&T),
- ✓ Federal Ministry of Industry Trade and Investment (FMIT&I),
- ✓ Federal University of Technology Owerri (FUTO),
- ✓ Manufacturers Association of Nigeria (MAN),
- ✓ National Rubber Association of Nigeria (NRAN),
- ✓ Kostel Nigeria Company Limited
- ✓ Tetrapyrrole Consult Ltd

Produced a document on ;

"Development of Natural Rubber for Manufacturing in Nigeria"

RMRDC

The document serves as a Roadmap for Nigeria's intervention in the Rubber Industry. The following strategies were proposed for the sustainable production of Natural Rubber to meet local and export demands:-



- Regular interactive stakeholders fora
- Establishment of a Data Bank on Nigeria's natural rubber.
- Rehabilitations of the planted areas.
- Establishment of new plantations.
- Creation and maintenance of viable smallholder sector.
- Provision of the enabling environment.
- Facilitation of access to land.
- Facilitation of access to credit.
- Provision of adequate infrastructural facility
- Concessionary Duties on imported agricultural machines and inputs
- Industrialization program that will include natural rubber development.
- Development of appropriate natural rubber processing equipment.
- Promotion of Research and Development for sustainable natural rubber production.
- Environmental sustainability.

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RMRDC Is Promoting the Implementation of the Document by Supporting



- ✓ **Planting/Replanting rubber**
- ✓ **Improving planting materials**
- ✓ **Supporting natural rubber processors**
- ✓ **Promoting alternative uses of rubber**
- ✓ **Hosting stakeholders Technical Meetings to deliberate on the progress of the implementation.**

RMRDC



14.0 Conclusion and Recommendations

- ❑ The major raw materials for tyre production include rubber, carbon black, silica and zinc oxide. These raw materials can be sourced locally as they are available in large deposits.
- ❑ The existing petrochemical plants needs to be reactivated and more petrochemical plants should be established to provide petroleum based tyre raw materials.
- ❑ Also, there is the need for the Federal government to facilitate the reactivation of moribund rubber estates and establishment of new ones to increase rubber production
- ❑ There is the need for accelerated implementation of the document on "Development of Natural Rubber for Manufacturing in Nigeria"

RMRDC



Thank You

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APPENDIX III

Research and Development Efforts in Rubber Sector of Nigeria

By

Dr. U.N. Okwo
(RRIN)

RESEARCH AND DEVELOPMENT EFFORTS IN RUBBER SECTOR OF NIGERIA

DR U.N.Okwu
Former Research Director
Rubber Research Institute of Nigeria (RRIN)
P. M. B. 1049, Benin City.

APRIL, 2018

HISTORY OF RRIN

- In 1961, Iyanomo Rubber Research Station was established by the then Western Region
- In 1972, the Federal Government of Nigeria merged the Iyanomo Station with Rubber Demonstration Centre of the then Eastern Nigeria located at Akwete
- The merged Centre assumed the name Rubber Research Institute of Nigeria (RRIN) with headquarters at Iyanomo.

Vision Statement

To become a leading research centre for natural rubber, gum arabic and other latex producing plants in Africa, and to be a world-class research Institution.



Mission Statement

To continuously provide innovations that will develop and transform the natural rubber, gum arabic and other aspects of latex industry, applying cutting edge scientific know-how delivered by motivated, dedicated and highly trained manpower in a manner that sustains the ecosystem with maximum economic benefit to Nigeria.

The Mandate of RRIN



The mandate of the institute is to conduct research into the production and development of natural rubber, gum arabic and other latex producing plants of economic importance.

Natural Rubber (NR)

- Natural rubber (NR), *Hevea brasiliensis*, is a major cash crop in Nigeria. It is a natural polymer (cis 1-4 polyisoprene) derived from its latex, a milky colloid obtained from the bark of the tree trunk when wounded. The process of wounding the tree to harvest the latex is called 'Tapping'. An estimated 2 million hectares of land in the country is suitable for the cultivation of the commodity. Nigeria produces 70-80,000 MT/annum.

Table 1: World Natural Rubber Production

* [Global production figure for 2017 is 13.3 million MT; consumption is 12.9 million MT]

• Year	Production ('000 tonnes)
• 2001	6,913
• 2003	7,986
• 2005	8,921
• 2007	10,057
• 2009	9,723
• 2011	11,239
• 2013	12,281
• 2015	12,314

• -----
• Source: International Rubber Study Group (IRSG)

• * "Natural rubber production up... in 2017". www.rubbernews.com/.../20180118/...January 18, 2018

Table 2: Africa Rubber Production (Country by Country)

S/No	COUNTRY	PRODUCTION (in 1000 MT)
• 1	Cote d'Ivoire	312.03
• 2	Nigeria	151.11(70 – 80)
• 3	Liberia	75.37
• 4	Cameroon	55.77
• 5	Gabon	23.16
• 6	Ghana	22.43
• 7	Democratic Republic of Congo	11.72
• 8	Republic of Congo	2.3
• 9	Central African Republic	1.51

• -----

• Statistics of the Food and Agricultural Organisation (FAO) of the United Nations culled from A. Saj Mathews "Untapped Africa". <https://www.rubberasia> 22 May 2017

•

- The importance of natural rubber to the theme of this conference is that it is an industrial raw material for the manufacture of tyre and other rubber auto parts. Thus, the development of our rubber industry will increase the **local content** of our tyre industry thereby creating more jobs as well as improve our economy.

Natural Rubber Plantation



Table 3: Locations of RRIN's activities

SiNo.	Location	Total area (ha)	Plantation (ha)		Nursery (ha)	
			Mature	Immature	Rootstock	Budwood
1a	Iyanomo (HIQ, Rubber)	2,078	560*	100	26	16
b	Akwete (Substation, Rubber)	324	121	-	4	-
c	Igbotako (Outstation, Rubber)	21	7	6.5	-	-
d	Ntak-Nyang (Interlocational trial, Rubber)	3	-	3	-	-
e	Otuo	Land acquisition in progress			-	-
f	Kaduna South (Non traditional area, Rubber)	Land acquisition in progress 47ha of farmers rubber field				
	Sub-Total for NR	2,473	688	109.5	16	
2	Gashua (Substation, Gum arabic)	50	7	20	1.6	-
	Grand Total	2,476	695	129.5	31.6	16

*Including 100 ha (Local groove)

Past Developmental Efforts of Government in the Rubber Sector

- 1965 - Projects under the FAO Programmes 1965-1968.

-to increase rubber production from about 67,000MT in 1965 to a production target of 120,000MT by 1974

- 1973 - Establishment of National Research Institution (RRIN)
- 1977 - Establishment of Marketing Board (The Nigerian Rubber Board)

Past Developmental Efforts of Govt. (continued)

- 1986 – Structural Adjustment Programme (SAP).
 - to restructure and diversify the productive base of the economy.
 - it had positive impact on NR production in Nigeria, especially during the period 1988-1996
- 1995 – National Accelerated Industrial Crops Production Programme (NAICPP)
 - it made available funds for the multiplication of planting materials which were distributed to farmers at subsidized prices

Past Developmental Efforts of Govt. (continued)

- 1998 – Intervention by the Petroleum (Special) Trust Fund [PTF]
 - A comprehensive report on the resuscitation of NR industry in Nigeria by Allisee & Company was submitted to PTF who were to Finance the project on behalf of the Federal Government.
 - Action on the report was put off as PTF was scrapped in 1999.

Professional Association of Natural Rubber in Africa (ANRA) Intervention

- 1996 – 2003 “Quality Improvement and Quality Control of the African Natural Rubber” – Project No INRO/04; UNOPS Project No RAF/00/R72
- The objective of the project was to improve the quality and establish a process of quality certification of African rubber in order to eliminate trade discount against rubber originating from Africa
- The participating countries were Cameroon, Cote d’Ivoire, Gabon and Nigeria.
- The project was successfully completed.

Past Developmental Efforts of Govt. (continued)

- 2005 – Presidential Initiative on Rubber
(Production, Utilization and Export)
 - this was a 12-year Master Plan to cultivate 360,000 ha of natural rubber in Nigeria.
 - it was estimated to cost N31.6 billion and to be funded as follows: Federal Govt. (25%), State Govt. (30%), Local Govt. (5%), Farmers/other investors (30%), Donor Agencies (10%)
 - the Fed. Govt. provided N423.16 million in 2007, but the project was suspended after one year of operation in 2008.

Comments on these Developmental Efforts

- The Rubber Research Institute, from inception, has played a major role in these interventions in two main areas:
 - A) Agronomic practices
 - B) Value Addition through Processing/Quality Control of farm-gate rubber

Agronomic practices

- a) RRIN provided certified planting materials from rubber clones that are high yielding and disease resistant.
- b) Development of new high yielding clones of rubber for distribution to farmers(NIG 800 & NIG 900; with yields above 2000 kg/ha/yr)
- c) Integration of high value economic crops during the immature phase of rubber plantation
- d) Inter-cropping of high value forest crops and medicinal plants with rubber: establishment of nursery for the intercrops.

Agronomic practices (Continued)

- e) Development of mixed farming techniques for rearing of mini-livestock and honey bee in rubber plantations
- f) Land evaluation of soils to ascertain its suitability for the establishment of rubber plantation
- g) Studies in various soil amendment techniques to enhance the growth of rubber
- h) Studies on white root rot disease of rubber: use plant extracts for control and bio-control with other fungi.

Value Addition through Processing/QC of rubber

- a) Processing of farm-gate or field materials (i.e. rubber latex and rubber coagula) into sheet rubber and latex concentrates.
- b) Quality certification of crumb rubber for domestic consumption and export
- c) Development of the Standard African Rubber (SAR) Quality Scheme in collaboration with the CFC & ANRA. The scheme has now been adapted by Nigerian Industrial Standard (NIS)
- c) Designation of RRIN as Central Testing Laboratory for natural rubber in Nigeria

Value Addition (Product Development)

- a) Design and fabrication of small-scale equipment for the production of creamed latex.
- b) Studies in the use of locally source filler such as clay and coal for the reinforcement of rubber.
- c) Establishment of pilot scale putty plant in collaboration with Raw Materials Research and Development Council (RMRDC).
- d) Fabrication of auto rubber parts such as exhaust hanger rubber, which was exhibited at RMRDC exhibition (2nd NIRAM Expo 2014) at Ikeja, Lagos [October 28-30, 2014].

Rubber Compounding

A typical rubber formulation based on parts per hundred parts of rubber (phr) is as shown in Table 4.

Table 4: A typical rubber compounding formulation

Material type	Quantity (phr)
Polymer	100
Filler	30 – 60
Antioxidant	1 – 3
Antiozonant	1 – 3
Oil	5 – 30
Vulcanizing agent	5 - 10



Young *Hevea* nursery



Intercropping: Rubber with plantain



Snail rearing Unit under mature rubber plantation

Constraints

- Grossly inadequate research infrastructure
- Poor funding of research
- Delay in release of available funds
- Poor implementation of government policies
- Long gestation period of natural rubber (7 years)
- Weak extension delivery service
- Unattractive conditions of service

Conclusion

- From the foregoing, it is clear that Nigeria is blessed with regard to the availability of raw materials in the country for the manufacture of tyre. Natural rubber is an agro-based commodity while synthetic rubber and carbon black including a host of other ingredients are petroleum oil-based.
- If we get our automotive and tyre manufacturing outfits right, they will make a great impact on our agriculture/agro allied sector, oil & gas, iron and steel, transportation, and banking sectors of our economy.

Thank you for your attention

APPENDIX IV

Challenges of Tyre Production in Nigeria

BY

SEGUN AJAYI KADIR
(MAN)

CHALLENGES OF TYRE PRODUCTION IN NIGERIA: A PAPER PRESENTED
BY MR SEGUN AJAYI-KADIR, THE DIRECTOR-GENERAL,
MANUFACTURERS ASSOCIATION OF NIGERIA (MAN) AT THE
CONFERENCE OF THE NATIONAL AUTOMOTIVE DESIGN AND
DEVELOPMENT COUNCIL ON THE TYRE VALUE CHAIN IN NIGERIA
(KANO 2018) HELD ON THE 17TH APRIL 2018.

Protocol:

Pre-amble

The structure of the Nigerian economy reflects some basic characteristics of a developing economy, evidenced by the fact that primary produce constitutes more than half of the Gross Domestic Product (GDP), has low per capital income and challenged by infrastructure deficiencies, to mention but a few. Agriculture and oil and gas sectors have continued to lead the pack of drivers of economic growth, accounting for over 95 per cent of export earnings and about 85 per cent of government revenue.

Over the last 50 years, observed trends show that the oil sector has remained dominant despite several policy initiatives to diversify the economy. This has negatively impacted the performance of the non-oil sectors, especially manufacturing, stemming from over concentration on the oil and gas sector. However, in recent times, some policies put in place by Government has given some ray of hope that the fixation on oil and gas sector can be moderated to spur greater contributions from other sectors like manufacturing, mining, financial sectors etc. Hopefully, Nigeria with her great potentials could indeed become the

greatest exporter of manufactured products in Africa and occupy the driving seat in the continent's journey to industrialization.

The theme of this conference *“Strategy for Resuscitating the Tyre Industry in Nigeria”*, is apt and timely, especially at this time that the tyre manufacturing sub-sector is virtually extinct. Ideally, this sub-sector should be strategically positioned to be the one of the biggest in Nigeria, with enormous potential to supply the entire West Coast as well as East and Central Africa with its products, if supported with the right policies and operating environment. The reality on ground shows that the vast potential of the sub-sector is checkmated by multifarious challenges that have cumulatively brought most manufacturing concerns to the ailing terrain.

It is therefore imperative to consider strategies required to revive the tyre manufacturing industry in Nigeria. This will check the influx of tyres being dumped in Nigeria; the concomitant drain on foreign exchange and the associated job losses.

Challenges of The Manufacturing Sector in Nigeria

- Dearth of basic infrastructure, especially power;
- Policy summersault and inconsistency;
- Poor policy implementation, monitoring and evaluation;
- Multiplicity of taxes, levies and fees;
- Unbridled inflow of smuggled and substandard products;
- Poor patronage from Government, which is the largest spender in the economy
- Arbitrary reduction in tariff on imported tyre;
- High cost of loanable funds;
- Absence of support for those that invested in rubber plantation;

The tyre sub-sector, like others operating in the manufacturing sector in Nigeria, groan under these numerous challenges.

Tyre Production in Nigeria: Where did we get it wrong?

Mr. Chairman, distinguished audience, Nigeria before the turn of year 2000, was one of the leading producers of tyres in Africa with her two major companies – ***Dunlop Nigeria Plc and Michelin Nigeria Limited***, with enough capacity to meet national demand as well as export. Suddenly we slipped from net exporter to being the dumping ground for tyres, especially from Asian and European countries. Many watchers of the industry who were not adequately informed, assumed that the prevailing epileptic power supply prompted the demise of two giant Nigerian manufacturers of tyres. But for the stakeholders in the industry, this matter is far serious. It has to do with combinations of so many factors, policy somersault through fiscal misalignment by the Government.

We can all recall that prior to year 2005, the import tariff on tyre was 40% for truck and 50% for car tyres and the local manufacturers were meeting the local demand for all grades of tyres. Suddenly, Government reduced the duty from 40% to 10% for truck tyres and this opened the gate for all manners of tyres coming from all corners of the globe and heading for Nigeria! The palaver created by the policy led to the creation of legions of tyre merchants in Nigerian. This development did not add value to our economy; rather it depleted our economic fortunes, evidenced by reduction in foreign exchange earnings and job losses to other countries.

You may all agree with me that we need to understand where we are coming from in order to know what we need to do to get out of this intractable quagmire that we have found ourselves.

Permit me to share with you the trend of tyre importation in the last five years. According to the National Bureau of Statistics (NBS), between year 2012 and 2017, Nigerians imported tyres to the tune of N365.11 billion with the highest importation in 2014 of about N74.22 billion, which is about 20% of the five-year period. Other years were also staggering as a total sum of N60.18 billion was spent on tyre importation in 2012; N60.45 billion in 2013, N53.30 billion in 2015, N56.70 billion in 2016 and N60.25 billion in 2017.

A critical look at total volume in one of the years analysed above may provoke the need to find urgent solution to this problem and to firmly resolve to address the area we have neglected but have capacity to capture the world market. In 2017 alone, we imported a total of N60.25 billion worth of tyres. Out of this, a total of N4.92 billion that was spent on tyres for motor cars and China, out of 26 countries, exported tyres worth N2.75 billion or 56%. In the case of buses and lorries, the picture is more worrisome, as China alone dumped tyres worth N27.6 billion or about 71% in 2017.

To give a vivid picture to the issue, a top management staff of Dunlop Nigeria Plc in an interview granted to a print media said-

“After the offer (public offer for share capital), the expectation was that whatever was left for us to pay, we could pay off with the revenue of the tyre that we were still manufacturing and selling in the market especially the new tyre that we were introducing at that point in time. Unfortunately, the change in tax policy the same year that we commissioned our new factory was against us. The tax policy for truck tyres was 40 per cent, the year that we commissioned; that was 2005, the policy changed that rate to 10 per cent which made it cheaper. So, there was a dichotomy

in the rate between truck tyres and car tyres which are smaller. The car tyres remained on 50 per cent although it has come down now to 40 per cent while the truck tyres remained at 10 per cent. And, of course, Nigerian businessmen who would always find ways of reducing their cost, would either bring car tyres and declare it as truck tyres or they will stick-in car tyres inside the truck tyres because the truck tyres are really bigger that they can take up to six or seven of car tyres depending on the size of the tyres and then, declare them as truck tyres”.

This was the situation that continued for a long time and the result is what we are seeing in the current state of our two major factories in tyre production today.

Going forward, we need to take decisive steps to restore the fortunes of our factories and take our rightful position in the manufacturing of tyres in Africa. This is what we have to do in order to provide an enduring solution to the challenges confronting the tyre manufacturing sub-sector in Nigeria.

What is the Way Forward?

It has been estimated that the size of the Nigerian market for tyre production is about 6 million tyres annually; consisting of 4 million cars and 2 million trucks with a market value of about \$1 billion. This provides a huge opportunity for local manufacturing.

- ✓ In the short term, a policy should be put in place to grant pioneer status to investing or re-investing companies, with a concession for existing tyre manufacturers to import an agreed ratio of tyres at 5% duty which should augment their capacity of 1 million tyre per annum. This should be pursued

as part of the recovery plan, which must be articulated and submitted to Government for approval and monitoring.

- ✓ In the medium plan, a period of 2 to 3 years should be set as timeline to address the challenges around development of vital raw materials, such as, rubber which is about 42% of tyre inputs. This should be through provision of Government incentives to spur more investment in that regard and support local manufacturers to fully integrate plantations with processing value-chain. Of note here is Dunlop Rubber Plantation in Cross River and that of Michelin in Edo State.
- ✓ Equally vital is the strategic development of Carbon Black, which is about 25% of the tyre production inputs majorly for utilization by local industry as against the current trend where this item is exported. In addition, more petrochemical industries should be encouraged to produce same to meet the needs of local manufacturers before considering the export of Carbon Black.
- ✓ Thereafter, machineries should be set in motion to improve the existing ratio of 75% local and 25% foreign inputs to a level of 100% local raw materials sourcing.
- ✓ Government should improve tyre manufacturers access to gas at reasonable price backed with reliable supply. In fact, the incentive for the Strategic Industrial Users' clause which is in the new National Gas Policy, *should* be extended to this industrial sub-sector.
- ✓ Finally, our long-term strategy should look at necessary and enabling legislation as well as fiscal policy support that takes into account, the implementation of the Automotive Policy. This will go a long way to empower the established and potential tyre manufacturers to meet up with

the country's estimated six million tyre market and also tap into the estimated \$188 billion global market. This will also provide Nigeria with a golden opportunity to supply the West Coast as well as the East and Central African regions; where South Africa, Egypt and some countries in Asia currently hold sway.

Conclusion

Distinguished Ladies and Gentlemen, MAN is already talking to Government on the need to revive the companies in the tyre manufacturing sub-sector. We also encourage to improve on patronage of Made-in-Nigeria products, Ease of Doing Business, provision of incentives, upgrading of critical infrastructure and general improvement in the operating environment.

We believe that if Nigeria is to be industrialized, then we must all strive to create the enabling environment. No nation can develop without being industrialised. This is evident in the story of nations such as Brazil, Russia, India, China and Singapore.

I would therefore like to urge that we all ensure that this Conference does not end as a '**Talk Shop**' where issues are just raised without proffering practical workable solutions to them. It is my sincere desire that this Conference will come up with concrete and practicable recommendations for tackling issues and challenges affecting tyre production and availability in Nigeria.

Distinguished Ladies and Gentlemen, on this note, I would like to thank you all for the opportunity to share my thoughts with you.

Manufacturers Association of Nigeria (MAN)

APPENDIX V

Analysis of Previous and Present Government Policies and Incentives to The Auto Industry

By

THE EXECUTIVE DIRECTOR

(NAMA)

**ANALYSIS OF PREVIOUS AND PRESENT
GOVERNMENT POLICIES AND INCENTIVES TO THE
AUTO INDUSTRY IN NIGERIA**

**PRESENTED BY
THE ED, NIGERIAN AUTOMOTIVE
MANUFACTURERS ASSOCIATION
AT
NADDC WORKSHOP IN KANO
ON APRIL 17, 2018**

**THE NATIONAL AUTOMOTIVE INDUSTRY
DEVELOPMENT PLAN (NAIDP)**

*With the re-launch of the National Automotive
Policy in 2013, NAIDP was christened with it's
main objective to:*

***“BRING BACK VEHICLE ASSEMBLY
OPERATIONS AND DEVELOP LOCAL CONTENT”***

Appraisal of the NAIDP's Implementation Tools

- *Duty and Tariff Concession*
- *Automotive Industrial Park at Kaduna, Oshogbo and Nnewi*
- *Credit Purchase Scheme*
- *Government Patronage*
- *Curtailment Smuggling Activities*
 - ❖ *Closure of Land Borders to Vehicle Importation*
 - ❖ *Electronic Online Solution of the 17 Digit Vehicle Identification Number (VIN)*

17/04/2018

NIGERIAN AUTOMOTIVE MANUFACTURERS
ASSOCIATION

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Appraisal of the NAIDP's Implementation Tools **Cont'd**

- *Manpower Development*
- *Grow the Local Content in The Locally Assembled Vehicles*
- *Integration of the Standard Organization of Nigeria (SON) on the certification of Imported Used Vehicles*
- *Monitoring of The Existing and Planned Assembly Plants*

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Possible Challenges Thwarting NAIDP's Implementation

- *Lack of Political Will on Government's Part*
- *Inter-Ministerial Conflicts*
- *Resistance by Auto Importers/Dealers*
- *Low Investors' Confidence in the Auto Policy Implementation*
- *Very High Cost of Doing Business in Nigeria*
- *Too Many Licensed Auto Assembly Companies*

17/04/2018

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In Conclusion

***WITH THE BANGING OF THE ELECTION
BELL, HOW DO WE SECURE THE
EXECUTIVE SIGN OFF ON THE NEW
AUTO POLICY UPON WHICH
EVERYTHING ABOUT AUTO
ASSEMBLY RESTS?***

17/04/2018

NIGERIAN AUTOMOTIVE MANUFACTURERS
ASSOCIATION

6

APPENDIX VI

Merits of The Proper Use of Tyres

by

DR. BOBOYE OYEYOEMI Ph.D

(FRSC)

MERITS OF THE PROPER USE OF TYRES



Conference on the Tyre Value Chain in Nigeria 2018

By

Boboye Oyeyemi, Ph.D

MFR, mni, NPoM, FNIM, FCIPM, FCILT

Corps Marshal, Federal Road Safety Corps

April 17, 2018

Outline

- Preamble
- Tyre Related Crashes
- Survey on Tyres
- Tyres and Severity of Crashes
- FRSC Efforts
- Merits of the Proper Use of Tyres
- Going Forward
- Conclusion

Preamble

When it comes to vehicle safety, tyres are so important...



Provides maneuverability

Provides Traction

Deadens the impact of vibrations

Provides the basic movement

98

Preamble...ii

Dangers posed by tyres on vehicles may be best appreciated during maneuverability when they fail while in motion especially at top speeds



common sense approach is mostly adopted when tyres burst



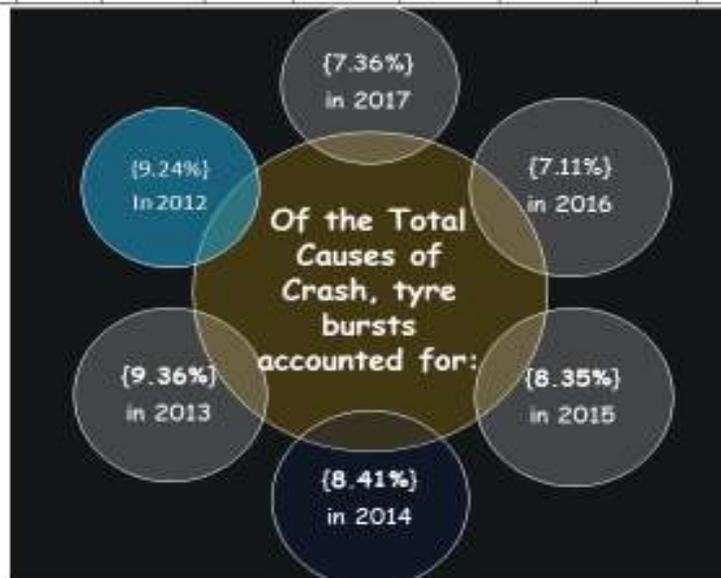
4

Despite these risks, care for tyres and rudimentary safety precautions are mostly neglected among vehicle owners in Nigeria

Tyre related crashes

Causative Factors	2012		2013		2014		2015		2016		2017	
	Total Crashes	Percentage										
Tyre Burst	623	9.24	1,271	9.36%	873	8.41%	813	8.35	689	7.11	691	7.36

According to available data...



Tyre related crashes...ii

Tyres have been responsible for...



5,562 vehicles being involved in road crashes from 2012-2017

Survey on Tyres

In a survey conducted by FRSC on use of tyres on Nigerian roads in 2016...



2,486 Vehicles

&



10,024 tyres

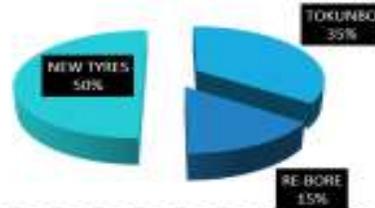
Were considered

Survey on Tyres...ii

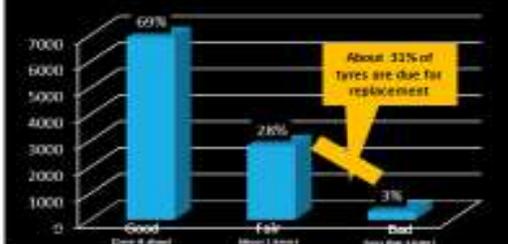
NUMBER OF EXPIRED TYRES



PERCENTAGE OF VEHICLES USING TOKUNBO, RE-BORE AND NEW TYRES



THREAD/G RIP LEVEL OF TYRES



Some of the tyres even with good grip were expired

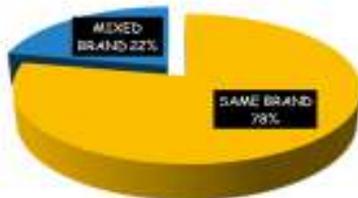
PERCENTAGE OF VEHICLES WITH ALL TYRES WORN-OUT



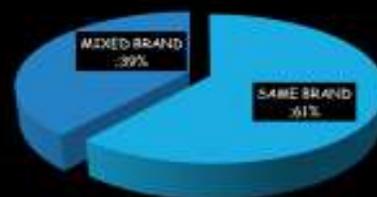
Some of the tyres that were not worn-out were expired

Survey on Tyres...iii

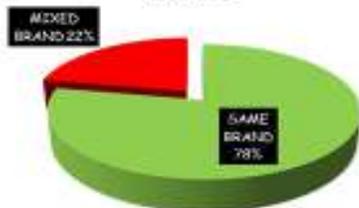
VEHICLES WITH SAME FRONT TYRE BRAND



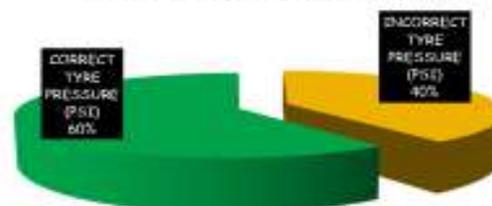
VEHICLES WITH SAME FRONT AND BACK TYRE BRAND



VEHICLES WITH SAME BACK TYRE BRAND

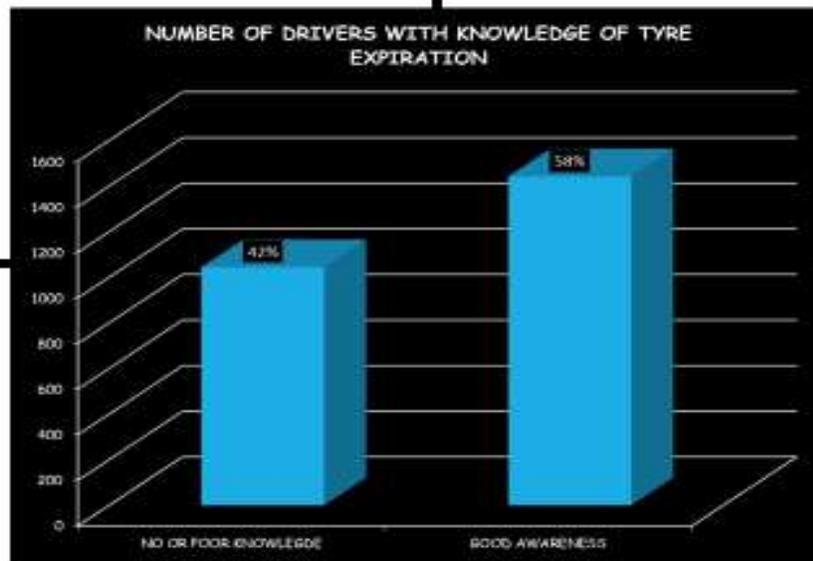


POUNDS PER SQUARE INCH (PSI) RATING



26% of the tyres were over inflated and 14% under inflated

Survey on Tyres...iv



11

Tyres and severity of crashes

Unfortunately, Crash severity and tyre burst are highly correlated.....they are twins



12

Survey findings

The impulse of the statistics of the survey reveals the following:



15

Survey findings...ii

Non compliance with instructions on tyre

Arbitrary gauging of tyres without recourse to manufacturer's specification is common



Many of the local vulcanizers use non-properly calibrated measuring tools while some lack basic knowledge of measurement of tyre pressure



14

Survey findings...iv

Costs



Due to competing 'needs', emphasis on buying new tyres or prompt replacement of aging ones is de-emphasized

17

Survey findings...v

Poor State of road and failed portion



Pot holes and failed portions of the road affect the life span of tyres

18

Public Enlightenment



Enlightenment and awareness creation on tyre safety has been embarked upon by the Corps through electronic and print media including the social media

A lot of handbills on tyre education have also been distributed to motorists

19

Pre-trip Inspection



Pre-trip vehicles inspection programme at motor parks aimed at encouraging drivers to inspect their vehicles before embarking on a journey

The commercial drivers are educated on the need to examine their tyres regularly

20

Free Vehicle Safety Checks



Tyre Checks are mandatory during the Free Vehicle Safety Check exercise embarked upon by the Corp among other checks

Please take the information on tyre safety affixed to your vehicle serious

21

Total Enforcement



FEDERAL REPUBLIC OF NIGERIA
NOTICE OF OFFENCE SHEET
PURSUANT TO SECTIONS 16(4), 16(5) OF
FRSC ESTABLISHMENT ACT, 2007 AND
REGULATION 143 OF NFRS, 2011

S/N	TICK INFRINGEMENT (S)	CODE	POINTS	PENALTY	CATEGORY
1	ASSAULTING MARSHAL ON DUTY	AMD	10	10,000	2
2	ATTEMPTING TO CORRUPT MARSHAL ON DUTY	ACR	10	10,000	2
3	CAUTION SIGN VIOLATION	CSV	3	5,000	3
4	CONSTRUCTION AREA SPEED LIMIT VIOLATION	CAV	3	3,000	1
5	DANGEROUS DRIVING	DDO	10	50,000	1
6	DO NOT MOVE VIOLATION	DNM	3	2,000	2
7	DRIVER'S LICENSE VIOLATION	DLV	10	10,000	2
8	DRIVING UNDER ALCOHOL/DRUG INFLUENCE	DUI	5	5,000	2
9	DRIVING WITH WORN-OUT TYRE	TYV	3	3,000	1
10	DRIVING WITH EXPIRED/WITHOUT	EWT	2	2,000	3

Knowing the consequences of tyre violation, its enforcement is accorded priority

22

Merits of Proper Use of Tyre

- i. Maintenance of proper grip on the road surface under different road/ weather condition
- ii. The effect of change in temperature is not visible
- iii. Maintenance of tyre alignment and balancing
- iv. Maintenance of Vehicle stability
- v. Fuel economy
- vi. Performance under recommended load



25

Going Forward

STAKEHOLDERS' COOPERATION

2018 CORPORATE STRATEGIC GOAL



Winning any 'war' requires the cooperation of all **STAKEHOLDERS** {NADDC, SON, NSE, Police, VIO, MLA, NURTW, FRSC, RTEAN, etc}

24

Going Forward...2

Getting Back the tyre manufacturers



Encourage local production through policies that are friendly

25

Going Forward...3

Getting Back the tyre manufacturers...2

Encourage Local production through implementation of friendly policies like the Nigerian Automotive Industry Development Plan (NAIDP) in which:

- a All machinery and equipment for tyre production are duty and VAT free.
- b Pioneer status to be granted to all tyre Plants.
- c Harmonize 20% duty on cars, lorry and bus tyres.

-There is need for consistency in tariff policies and legislations so as to boost investor's confidence-

This will also address the dearth of indigenous companies earlier highlighted

26

Getting Back the tyre manufacturers...2 (contd.)

- d Fake, Sub-standard, Expired/Used (Tokunbo) tyres should not be allowed into the country
- e Tightening our borders to avoid smuggling should be intensified
- f Violators should be prosecuted



27

Going Forward...4

Improving road conditions



The effort of government in improving road conditions will have positive effects on tyres and safety generally

28

Going Forward...5

Active Involvement of all Stakeholders in safe tyre usage



29

Conclusion

Road safety is a shared responsibility

Tyre burst can occur at anytime if standards are violated

Having more of the tyres produced locally is a key factor in eliminating fake and substandard tyres on Nigerian roads.

All Stakeholders must be involved in the fight for the merits of proper tyre use in Nigeria

30



31

THANK YOU

Phone Only



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APPENDIX VII

Communique On Tyre Conference as Amended

**COMMUNIQUE ISSUED AT THE END OF THE NATIONAL CONFERENCE
ON TYRE VALUE CHAIN IN NIGERIA WITH THE THEME “STRATEGY FOR
RESUSCITATING THE TYRE INDUSTRY IN NIGERIA” HELD AT TAHIR
GUEST PALACE, KANO ON THE 17TH – 18TH APRIL, 2018.**

1.0 PREAMBLE

Nigeria imports large quantity of tyres annually as the production of tyres is almost non-existent; survey shows that there are over 20 million tyres consisting of 120 different brands imported annually. The various challenges faced in tyre manufacturing, the trend of massive importation and open sales of foreign used tyres have prevented the resuscitation of the collapsed tyre industry in Nigeria. Industry professionals believe that the lowering of import duties among other things has led to a net loss of \$133 million by manufacturers and the loss of over 30,000 jobs when the companies folded up. Worried by the ugly trend of development in the tyre industry, NADDC convoked this conference with the theme “Strategy for Resuscitating the Tyre industry in Nigeria”. This was part of the efforts to implement the Nigeria Automotive Industry Development Plan (NAIDP).

The conference had the following objectives among others:

- (i) Bringing together all major stakeholders in the tyre industry in Nigeria to discuss the prospects and problems facing the industry.

(ii) To highlight economic and investment potentials inherent in the tyre industry in Nigeria,

(iii) To proffer solutions and ways forward for the growth and development of the tyre industry in Nigeria,

2.0 IMPORTANCE OF TYRE INDUSTRY

Tyres are one of the most important safety parts of vehicles because it is the only contact which the vehicle has with the road. However, this critical component is usually relegated to the background. The Tyre Industry has a lot of economic potentials in the areas of backward integration, income generation, job creation, technology acquisition and transfer. It therefore requires special attention by both the public and private sectors.

3.0 CURRENT STATUS OF TYRE INDUSTRY IN NIGERIA

(i) There is no functional tyre manufacturing plant in Nigeria as all the Original Equipment Manufacturers (OEMs) that had established plants in Nigeria had stopped production about 15yrs ago due to lack of sustainable government policies and challenging infrastructural facilities.

(ii) The country largely depends on imported tyres some of which are substandard. According to the National Bureau of Statistics (NBS), between year 2012 and 2017, Nigerians imported tyres to the tune of N365.11 billion with the highest importation in 2014 of about N74.22 billion, which is about 20% of the five-year period. Other years were also staggering as a total sum of N60.18 billion was

spent on tyre importation in 2012; N60.45 billion in 2013, N53.30 billion in 2015, N56.70 billion in 2016 and N60. 25 billion in 2017.

- (iii) Massive job loss in the sector as a result of closure of production plants.
- (iv) Loss of revenue to the government.

The opening ceremony of conference was chaired by the Executive Governor of Kebbi State, H.E. Senator Atiku Bagaudu. The Chairman NADDC Governing Board, Senator Osita Izunaso delivered the welcome address while Director General of NADDC, Mr. Jelani Aliyu delivered the keynote address. Goodwill messages were received from SON, NIPC, RMRDC, NATA, Kano State Government, Michelin Nig Ltd and Dunlop Plc. The conference was equally addressed by the representatives of the Hon. Minister of Industry, Trade and Investment, Dr. Okechukwu Enelamah and the Minister of State, Hajia Aisha Abubakar.

The following technical and well-researched papers were presented at the conference:

- (i) Merits of the Proper Use of Tyres by Corps Marshal, Federal Road Safety Corps (FRSC), Dr. Boboye Oyeyemi, MFR;
- (ii) Research and Development Efforts in Rubber Sector of Nigeria by Dr. Uzoma Ukwu, Rubber Research Institute of Nigeria;

- (iii) Analysis of previous and present government policies and incentives to the Auto Industry in Nigeria by DG, Nigerian Automotive Manufacturers Association (NAMA);
- (iv) Challenges of Tyre production in Nigeria by Segun Ajayi-kadir of Manufacturers Association of Nigeria (MAN)
- (v) Investment Opportunities in the Nigerian tyre industry – NIPC
- (vi) Local Sourcing of Raw Materials for Tyre Industry in Nigeria – Dr. Lawal Buga of RMRDC
- (vii) Sustainable Vehicle Financing Credit Scheme for Nigeria – Way forward by Bank of Industry (BOI)).

After exhaustive discussions on the papers and extensive deliberations on the state of affairs of the tyre industry in Nigeria, the workshop rose with the following observations and recommendations as its resolutions:

- a) Government, through its agencies should redouble efforts in the enforcement of safety standards and regulations in the importation, distribution, sales and usage of tyres in Nigeria;
- b) Public-private sector collaboration should be pursued and encouraged with a view to creating the necessary synergy for tyre industry to grow and prosper;
- c) Both the Government and the organized private sector should invest maximally in tyre industry because of its huge economic potentials and contributions to Gross Domestic Products (GDP);

- d) The conference observed that the revalidation and resuscitation of tyre industry is critical to automotive development in Nigeria and enjoined government to encourage local production of tyres through policy initiatives and deliberate incentives;
- e) The conference urged the OEMs who had earlier stopped production in Nigeria to reverse their decisions as some of the challenges they faced in the past are being addressed and the environment is now conducive for them to grow and thrive;
- f) The conference called for continued stakeholders collaboration, engagement and advocacy for tyre industry to thrive in Nigeria;
- g) The conference equally called for strict enforcement of ban on used and sub-standard tyres in Nigeria. The existing collaboration between NADDC, SON, Federal Ministry of Finance, Nigeria Customs Service and FRSC should be reinvigorated to ensure that fake and sub-standard tyres do not find their ways into Nigeria any longer;
- h) The Conference urged government to, through policy interventions, protect the tyre industry from the vagaries of unwholesome competition from abroad. Specifically, Government should engender the resuscitation of Michelin and Dunlop, the prime players in the industry and equally encourage others to come in;
- i) The conference noted that Nigeria has strategic comparative advantage in tyre production especially in the West African Sub-region because of the abundance of necessary raw materials for tyre production;

- j) The conference noted that the size of the Nigerian market for tyre production is about 6 million tyres annually; consisting of 4 million cars and 2 million trucks with a market value of about \$1 billion and this provides a huge opportunity for local manufacturing;
- k) The conference urged Government to improve tyre manufacturer's access to gas at reasonable price backed with reliable supply;
- l) The conference equally called on government to intensify efforts in solving the problem of power supply which is the most critical infrastructure for tyre production;
- m) There should be periodic monitoring and evaluation of the implementation of NAIDP by auto assembly plants, auto dealers'/franchise owners, Nigeria Customs Service, Ministry of Finance, SON and NADDC to ensure compliance;
- n) The conference noted that the resuscitation of tyre industry in particular and the manufacturing sector in general require tremendous political will on the part of Government;
- o) The conference also called for adequate and long-term plan for the resuscitation of tyre industry as it is long term in nature;
- p) The conference urged government to empower SON to confiscate any sub-standard and second-hand tyres in Nigeria;
- q) The conference equally enjoined state governments to be part of the efforts to resuscitate and develop the tyre industry;

- r) The conference called for a policy framework for the tyre industry and this policy framework should be legislated upon to avoid policy summersault in future. This will boost investors' confidence;
- s) The conference called on Government to establish a finance scheme for the tyre industry preferably accessible at single digit interest rate; and
- t) The conference agreed that NADDC should set up a stakeholder committee as a matter of urgency to work on Nigerian Tyre Policy as was done in cement industry. The committee should equally serve as a working group for the implementation of this communique.

4.0 CONCLUSION

Stakeholders and participants were unanimous in commending NADDC and other stakeholders for organizing this important conference. However, they urged the Council and other relevant government agencies to ensure that the recommendations made here are implemented. The communique was adopted through a motion moved by Col. (Rtd) Alope Dutt of Infinity Tyres Ltd and seconded by Olu Tikolo of Kia Motors Nig. Ltd.

Jelani Aliyu MFR

Director General/CEO

National Automotive Design and Development Council (NADDC)

APPENDIX VIII

Attendance

S/N	NAME	ORGANIZATION	PHONE NO:	E-MAIL
1	Dr. F.M Achiv	NADDC		
2	Dr. L.A Isa	NADDC		
3	Dr. N.O Omisanya	NADDC		
4	A.A Yusuf	NADDC		
5	Langdi M.M	NADDC		
6	Felicia Izora	NADDC		
7	Gambo Yakubu	NADDC		
8	Engr. Eric Nwafor	NADDC		
9	Olu Ibhadode	NADDC		
10	YAhaya Abdullahi	NADDC		
11	Mohammed Buhatri Aboki	NADDC		
12	Bello Rasheed	NADDC		
13	Maimuna Haliru	NADDC		
14	Bello Abdullahi	NADDC		
15	Essien Inwang	NADDC		
16	Onireti Joke	NADDC		
17	Amadu S.I	NADDC		
18	Obi Tina	NADDC		
19	Chidi Nwafor	NADDC		
20	Egbuna B. A	NADDC		
21	Moses Dabwell	NADDC		
22	Micheal Danladi	NADDC		
23	Nuhu Sulaiman	NADDC		
24	Usman Zakari	NADDC		
25	Eric Ozegbe	NADDC		
26	Ayuba Atahiru	NADDC		
27	Adepoju S.A	NADDC		
28	Engr. Ayinde A.N	NADDC		
29	Engr. A.O Oyelade	NADDC		
30	Ibrahim I Yazid	NADDC		
31	Nasiru Tajudeen	NADDC		
32	Bilkisu Musa A	NADDC		
33	Ezekiel Yahaya	NADDC		
34	Fatima Garba	NADDC		
35	Aisha Dalhatu	NADDC		
36	Abubakar Bello	NADDC		
37	Jamilu Danmani	NADDC		
38	Susan B. Taiwo	NADDC		
39	Mustapha Haruna	NADDC		
40	Yazidu Abubakar	NADDC		
41	Saidu Musa	NADDC		
42	Abdulrasheed Umar	NADDC		
43	Abolaji A. Wasiu	NADDC		
44	Mahmud Mohammed M	NADDC		
45	Mustapha Abdulaziz Sule	NADDC		

46	Asada Adamu A.	NADDC		
47	Sheidu Nanahawa. O	NADDC		
48	Ummu Abdu Gusau	NADDC		
49	Chukwu Basil	NADDC		
50	Philip Ianna	NADDC		
51	Bolaji Fadipe	NADDC		
52	A.A Abdu	FRSC	08036801606	aa.abdu@frsc.gov.ng
53	Ahmed Abdulazeez	RMRDC	08036431973	aaazeez2011@hotmail.com
54	Peter Osawe	FRSC		
55	Acm Darnan B	FRSC		
56	CC Bisi Kareem	FRSC		
57	I.S Abubakar	FRSC		
58	Acc A.T Mohammed	FRSC		
59	Acc A.M shehu	FRSC		
60	SRC A.I Mohammed	FRSC		
61	DRC A Sadauki	FRSC	08065460050	a.sadauki@frsc.gov.ng
62	Mohammed Sani Rimi	FRSC	07034528952	Msani.i@frsc.gov.ng
63	Ahmed Jamilu Hussain	FRSC	08062292320	Hj.ahmad@frsc.gov.ng
64	Jamilu Musa	FRSC	08036418538	j.musa@frsc.gov.ng
65	A.A Iman	FRSC		aa.iman@frsc.gov.ng
66	O.C Egeonu	FRSC	08109014041	oc.egeonu@frsc.gov.ng
67	U.N Habib	FRSC	08039599421	Nh.usman@frsc.gov.ng
68	Segun Ajayi Kadir	MAN	08037841532	segunman@gmail.com
69	Itikpan Ebidukefi	FRSC	08075955004	e.itikpan@frsc.gov.ng
70	Dr. M.O			
71	Lt Col. Alope Dutt (Rtd)	INFINITY TYRES	08055092104	alokedutt@infinitytyres.com
72	Engr. Paul Nwanguna	INNOSON	08064648190	innosonabuja@gmail.com
73	Alh. Aminu Dauda	DD HOLDINGS	08039434311	Aminudanti2008@yahoo.com
74	Abdulahi M.A Kanoma	MIN OF WORKS, ZAM STATE	08065654334	Amakanoma123@gmail.com
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