

Car manufacturing - Nigeria seeks guidance

By [Alexander Parker](#)

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Nigeria is looking to South Africa's advanced motor sector for expertise and technical assistance as it seeks to create a new-car market in the continent's second-biggest economy.



Image: GCS

As a first step it is considering a limitation on used-car imports.

The Nigerian approach was confirmed on Tuesday (7 May) by Trade and Industry Minister Rob Davies, while an executive of car maker Nissan South Africa said the company aimed to establish a factory there if the regulations made it possible.

Davies said Nigeria - which has a population of about 170-million - had approached South Africa to help with technical and regulatory expertise in return for contracts for South African-based manufacturers of vehicles and components.

Davies cited the "high numbers of used-vehicle imports" as one of the Nigerian plan's biggest challenges, suggesting this is something the Nigerian government might address.

This could in time offer significant opportunities to motor and component manufacturers based in South Africa, which seek to expand operations into Nigeria. A Nissan SA executive said the company was taking part in the negotiations.

Davies said he had spoken to Nigerian Industry, Trade and Investment Minister Olusegun Aganga and the two countries had agreed to "negotiate an automotive sector agreement".

"Taking into account that it would start off as semi-knockdown assembly, we're asking for preferential access for South African makers of components," said Davies.

Negotiations underway

He said negotiations were "at the start of the process" and that the Department of Trade and Industry would "draft a document, and then a process of negotiation will begin". He agreed that such an agreement faced several challenges, and that the Nigerians were interested in the local regulatory framework, namely the former Motor Industry Development Plan, and the current Automotive Production and Development Plan.

Davies said that "like us, the Nigerians are interested in value-added production and have pinpointed the automotive industry".

Davies said that in addition to the importation of used vehicles, another challenge facing the talks was Nigeria's involvement in the Economic Community of West African States.

When pressed on the relationship between the two countries, Davies conceded there had been tensions, but said "the mood is good".

"My counterpart and I have a good relationship, and we face the same challenges of establishing African industrialisation, regional integration. We have the same problems, with port costs and the cost of getting business-people into each other's countries."

Jimmy Dando, head of African operations at Nissan SA, said the group was "interested in Nigeria", and would "eventually build a plant" should the country "get the business environment right".

While conceding that it was very much "just conversations at this time", he said the Nigerian delegation seemed "very willing to try and create a business environment where we can work together".

Dando said Nissan was working "in co-operation with other manufacturers".

Source: Business Day via I-Net Bridge

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