

## ACTIVITIES OF THE MANUFACTURING SUB-SECTOR IN THE FIRST QUARTER OF 1986

An impressionistic survey of manufacturing activities was conducted for the first quarter of 1986, with a view to assessing the performance of the sub-sector. About 60 per cent response rate was achieved. The questionnaires were distributed to company executives in addition to interviews conducted with executives of Manufacturers' Association of Nigeria and the Lagos Chamber of Commerce.

The result of the Survey showed that the volume of production fell below its comparable levels attained in the first and last quarters of 1985. The decline which ranged between 0.2 and 55 per cent occurred in Sugar, Cocoa Confectionery, Miscellaneous Food Preparations, Plastic Products and Beer and Spirit. The fall was attributed to shortage of imported inputs.

However, the textile and soft drinks industries recorded moderate increases in their volume of output. The value of production for all industries fell by 25.5 and 25.7 per cent from their respective levels in the comparable periods of 1985.

The average capacity utilization rate was 31.1 per cent, compared with 35 per cent and 32.1 per cent achieved in the first and last quarters of 1985 respectively. Among the industries that operated above 40 per cent were textile and sugar confectionery, while beer and spirit, paints, drugs and medicine, electronics and vehicle assembly operated below 25 per cent.

The total value of raw materials declined by 44.5 and 43.7 per cent from their respective levels in the first and last quarters

of 1985. However, the value of local raw materials, accounting for 47.3 per cent of the total, increased substantially by 44.7 per cent and 56.1 per cent over its levels in the comparable periods. These increases reflect gains to the economy from the backward integration embarked upon by the respondents.

The value of sales in the period fell by 18.2 and 25.5 per cent from their levels in the comparable periods.

The total funds invested increased by 4.7 per cent over its level in the first quarter of 1985, but declined by 14.8 per cent below its level in the last quarter of 1985.

About 94 per cent of the respondents attributed their uncertainty for the second quarter of 1986 to the problems that afflicted their operations in the first quarter, some of which were inadequate supply of inputs, fluctuating electric power supply, high cost of raw materials purchased locally and delay in issuance of import licences, etc. They claimed that delivery of raw materials arising from import licences released at the end of March would probably materialise in the third quarter of the year. Consequently, achievement of the targeted 55 per cent capacity utilization rate for manufacturers in 1986 might not be realised. Instead, 25 per cent has been estimated by the Manufacturers' Association of Nigeria (MAN).

INDUSTRIAL STUDIES OFFICE  
SECTORIAL STUDIES DIVISION