



MPOC Webinar Series

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**Panellist**

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# The Future of West Africa-Malaysia Business Relations

**CHALLENGES AND OPPORTUNITIES**

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# INTRODUCTION: NMBC, MATRADE LAGOS, AND NEPC ESTABLISHED NIGERIA-MALAYSIA TRADE CORRIDOR

The Nigeria-Malaysia Business Council (NMBC) in collaboration with the Malaysia External Trade Development Corporation (MATRADE Lagos), and Nigeria Export Promotion Council (NEPC) recently established Nigeria-Malaysia Trade Corridor.

- The aim is to build bridge for a durable economic relationship through partnership between the region and Malaysia.
- Trade has always been in the center economic relations of countries and at the center of globalized world economy.
- Generally, Trade and Investment in a country's socio-economic development has direct impact on GDP and Human Development Index (HDI).
- The population of west Africa is a little above 360 million people and the economy of the region exhibit great potentials ranging from various palm oil enterprises.
- From agriculture to mining and manufacturing represent gigantic raw materials.

# PALM OIL PROVIDES NEW DEVELOPMENT IN REGIONAL TRADE PATHS

There is need for new trade partnership by establishing West-Africa Malaysia palm oil business development.

The benefits are enormous.

Trade is developmental, it evolves constantly.





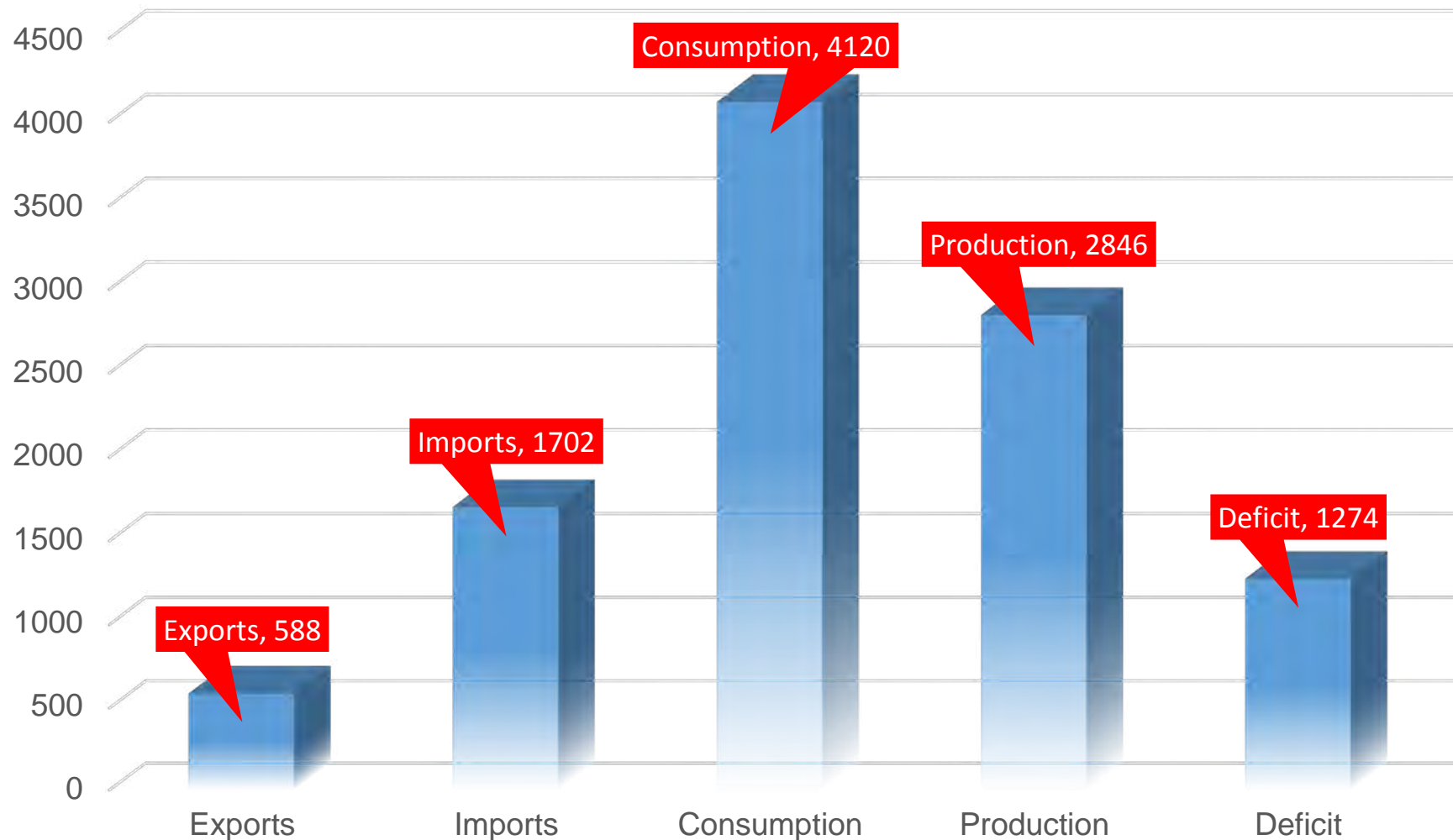


## DEMANDS FOR PALM OIL PRODUCTS HAS INCREASED GREATLY IN RECENT YEARS AND CONTINUE.

- According to the figures given recently by experts Nigeria alone has deficits of 1.5 million mt.
- In response to shifts in the present and future demands trade policy context, policy changes can manifest as increment to status quo over time.
- MPOC policymakers may also need to face the possibility of making major policy shifts to enable transition into more appropriate trade partnership policy regimes for the interest of Malaysian Palm oil industries.

# WEST AFRICA PALM-OIL TOTAL EXPORTS, IMPORTS, CONSUMPTION, PRODUCTION & DEFICIT FOR YEAR 2020

2020 WEST AFRICA PALM OIL DATA IN 1000MT TOTAL



Source:

United State Department of  
Agriculture

[www.indexmundi.com/agriculture](http://www.indexmundi.com/agriculture)

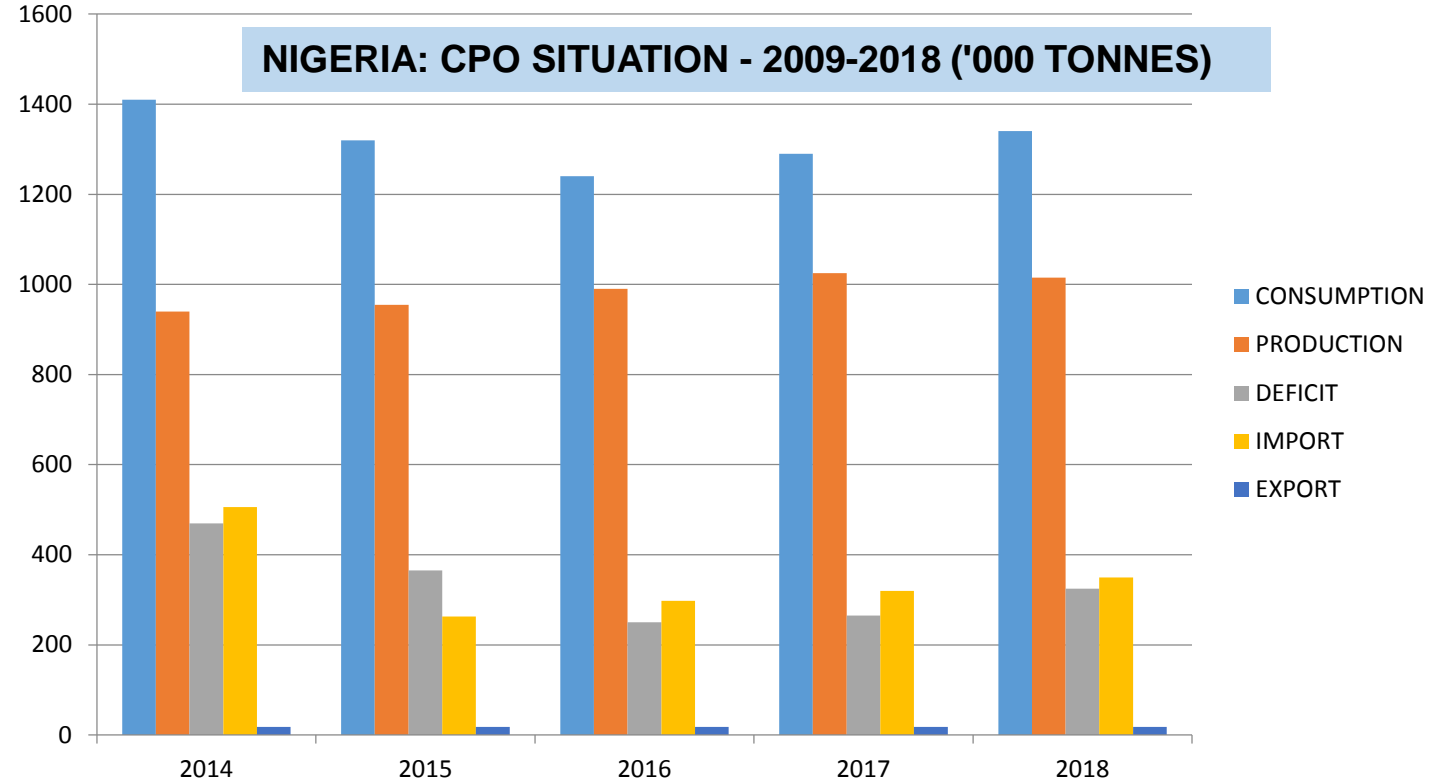
# POTENTIALS OF NIGERIA'S OIL PALM INDUSTRY

## 1 Huge Market

- Population approx. 200 million people
- Rate of population growth outstrips rate of palm oil production
- Widening Demand-Supply Gap
- Good domestic price

## Nigeria's Demographics

2019 Population	200 million (Approx.)
2019 Population Rank	7
2019 World Percentage	2.6%
2019 Growth Rate	2.6%
Density	217.55km <sup>2</sup>
Area	923,768km <sup>2</sup>



Source: Nigeria-Malaysia Trade Corridor 2019

# STATUS OF NIGERIA'S OIL PALM VALUE CHAIN

## Key issues and challenges faced by players within the Oil Palm sector :

- 1 Low Farm Production**
  - Poor quality planting material
  - Very low yield/ha. Smallholders' yield 2.6MT/Ha
  - Inefficient management practices and techniques characterized by very poor leverage of technology and high level of illiteracy among the palm oil producers resulting in high cost of production and low productivity
- 2 Financing**
  - Most small farmers and estates still face significant challenges in accessing adequate financing from commercial banks and even Development Finance Institutions.
  - The long gestation period of the oil palm discourages most lending organizations.
- 3 Importation and Smuggling**
  - The country spends \$407 million importing about 600,000 MT of crude palm oil.
  - High rate of smuggling of CPO from neighbouring countries. An estimated 400,000MT was smuggled into Nigeria in 2017.
- 4 Infrastructure Deficit**
  - High cost of production due to significant infrastructure deficit such as lack of power supply and poor road infrastructure.





## OPPORTUNITIES TO REVIEW PALM OIL TRADE POLICY

However, this step needs a combination of efforts, the right policy framework that will focus on how to standardize products and articulate trade development, products processing and packaging to add value to both countries:

- Policy actions and consequently determining courses of action to be followed.
- **NEW TRADING PARTNERSHIP WITH WEST-AFRICA UNDER THE MALAYSIA MPOC** must articulate new growth story around palm oil value chain to create market hub in west Africa and take us to the future Planning for a changing industry and increasing profitability.



# OPPORTUNITIES IN OVERALL MANAGEMENT OF PALM OIL INDUSTRIES

## **Understanding West Africa palm oil market post COVID-19:**

- Workable framework leading to win-win situation for palm oil in West Africa.
- Need to consider the fundamental of future trade relationship.
- Microeconomics stability.
- Future strategies for durable or long term trade.
- Approaching and breaking new trade deals.
- Looking at it from pure transactional approach.
- West Africa countries looking at trade & development.
- Post COVID-19 supply chain leading to sustainable trade partnership.
- Palm oil technical-assistance partnership.



# CHALLENGES

## TRADE AND INVESTMENT ONCE PERCEIVED AS A SYMBOL OF MODERN ECONOMIC RELATIONS BETWEEN COUNTRIES

- We need to figure out the extent of the challenges and problems facing palm oil sector trade development in west Africa.
- There is need for confidence building in palm oil value chain with private sector.
- To amend and restructure issues that affects Malaysia-West Africa trade pattern generally including oil palm sector.
- We should be able to point searchlight to grey areas that constitute impediment not allowing new business development.

# CHALLENGES

## TRADE AND INVESTMENT ONCE PERCEIVED AS A SYMBOL OF MODERN ECONOMIC RELATIONS BETWEEN COUNTRIES

- Trade has been the subject of a rapid and profound global challenge in recent years.
- Particularly because countries want to sustain internal growth.
- Creating more jobs, acquiring new technologies and improving citizens welfare.





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THANK YOU