

# THE REALITIES OF RECYCLING



# IN NIGERIA'S SPARE PARTS MARKET

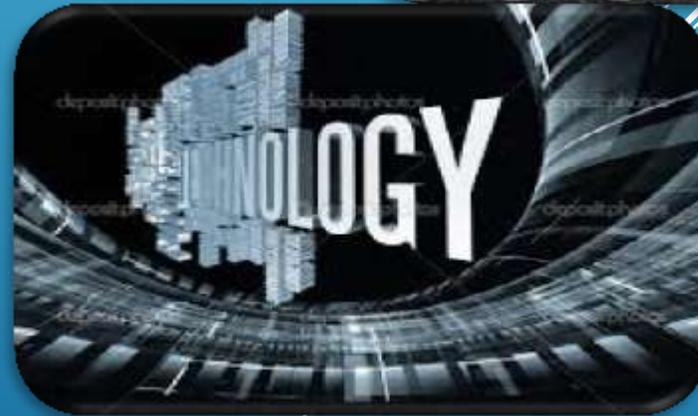
# Introduction

Good day. My name is Kenneth Okafor. I am from Nigeria. I want to share my experience in exportation of automobile spare parts and recycling business to and in Nigeria. I want to thank you for granting me an opportunity to stand before such an amazing audience brought together by FORS Automotive Recyclers Association. I feel very honored to be invited as the speaker representing Nigeria in this International Conference tagged "Recycling 2017". I also want to thank the organizers of this conference for their efforts over the years in ensuring the promotion of recycling, educating and creating awareness of how vehicles should be properly processed to the general populace and putting Africa in context.



# Introduction Cont'd

Having this in mind, I must say the success of every business can be associated with availability of up-to-date and also information about existing regulations as well as creating the right condition for familiarizing stakeholders in this sector, with practical applications of modern technologies and recommended solution for vehicle dismantling stations.



# Recycling in Nigeria

Recycling is a way of life for many these days. Nearly any material can be recycled or reused in one way or another. In Nigeria the government have resorted to importing of used vehicles as a means of solving shortage of transportation facilities, but some of this vehicles have never serve the purpose before finding their way into the junkyards and refuse dumps. Most of the streets in the urban areas and construction sites are littered with junk vehicles which were abounded by their owners. These abandoned vehicles can be recycled into same product or something less, thereby creating economic, social and environmental benefits. The Nigeria government is doing everything possible to support recycling business and to welcome investors because of its benefits to the country and its citizens in terms of employment and saving our environment as well.



# Recycling in Nigeria Cont'd



There are few automobile recycling companies in Nigeria such as Metal Recycling Industries Ltd, Eastern Metals Ltd and Zamtec Metal Nigeria Ltd, just to mention a few that take advantage of these heaps of wasted auto spare parts lying around the streets of Nigeria and these are fortunes of wealth being left to waste in every nook and corners. They focus mainly on plastics and don't fully engage in auto spare parts recycling, so this is an advantage to foreign investors. In Nigeria you find abandoned vehicles that can be recycled to generate huge revenues in major cities like Lagos, Abuja, Port Harcourt, Onitsha and Aba, where there is high inflow of used cars imported from overseas and only few companies to make use of these resources.

# Importation of Auto Spare Parts



In the area of importation of Automobile spare parts into Nigeria, the Nigerian automobile market is huge and growing every year. Nigeria is becoming the African hub for Automobile industry due to its population size of over 180 million people, the trade in Automobile parts in Nigeria is a multimillion dollars business. Nigeria spend up to 5 billion dollars every year importing vehicles especially second hand from Europe, USA, Canada and Asia.

# Importation of Auto Spare Parts Cont'd



Contrary to this, used automobile spare parts are in good demand in Nigeria. Many cars owners in Nigeria prefers to buy used spare parts to fix their cars rather than buying new parts because of its substandard quality being illegally sent to Nigeria from Asia. Due to the growing numbers of vehicles imported to Nigeria, the Automobile spare parts market has become a multi-billion dollar market on its own. Every commercial city in Nigeria has a location for Automobile spare parts but Ladipo in Lagos state of Nigeria is the centre of Automobile spare parts in Africa. Importers must understand the needs in their local markets and the types of spare parts that are in demand and what vehicle models are popular with consumers in relation to large population like Nigerian.

# The State Law in Nigeria: Law and Practice



The Nigerian Government law and practice on foreigners coming in, to invest in the automobile recycling industry and importation of spare parts are business-friendly. Our laws and policies are created in such a way that the rules and regulations are not rigorous when it comes to setting up and running a successful company.

The Nigerian government continually does everything possible to support recycling and auto spare parts sales businesses here to welcome investors because of it benefits to the country and citizens in terms of employment and saving our environment. This is evident in places like the business hub of Nigeria, Lagos. Where plastics recycling companies and spare parts merchants has had successful stories when it comes to doing business in Nigeria.

# Sales of Spare Parts



Auto spare parts on high demand in Nigeria are mainly all Japanese cars, Mercedes Benz, Volkswagen, Peugeot, MAN Diesel Trucks, DAF Trucks, Iveco Trucks and Mercedes Benz Trucks.

Types of Sales:

- ✓ Engines
- ✓ Body Parts
- ✓ Shock Absorbers
- ✓ Lubricants



# Sales of Spare Parts Cont'd



There are little or no problems faced in this sector. But we must consider two things in order to be successful:

- ✓ High Selling Price due to importation cost and the exchange rates with the Nigerian naira.
- ✓ Exporting the right automobile spare parts of certain vehicle models that are of high demand from your consumers. This is key when it comes to sales of spare parts.

# Internet Market



The internet market in Nigeria has not been fully explored when it comes to sales of auto spare parts online. But there are few companies who provide such services online such as:

- ✓ [www.authenticspareparts.com](http://www.authenticspareparts.com)
- ✓ [www.carpartsnigeria.com](http://www.carpartsnigeria.com)
- ✓ [www.jumia.com](http://www.jumia.com)
- ✓ [jiji.ng](http://jiji.ng)

While there are other online companies that offer free advertising for sales of auto spare parts in Nigeria like [www.expats.com](http://www.expats.com)

This is one area in which investors can take advantage to promote awareness online about sales of auto spare parts.

# Warranty of Spare Parts



Warranty is something that needs to be looked at because first of all, spare parts imported are used products gotten from damaged cars or abandoned cars. Contrary to this, used automobile spare parts are in good demand in Nigeria and many cars owners in Nigeria prefers to buy used spare parts to fix their cars because it original and produced by the auto manufacturers. Rather than buying new parts which most are substandard quality being illegally sent to Nigeria from Asia.

So retailers give 7 days warranty on most Belgium parts and those spare parts that fail to service its purpose are being returned to their distributors. A proper warranty scheme on auto spare parts is to be addressed for customer satisfaction.



# Regeneration of Spare Parts



According to Federal Road Safety Commission, Nigeria currently has not less than 10.6 million registered vehicles operating on its roads. (<http://www.thisdaylive.com/index.php/2016/06/15/frs-c-10-6mn-registered-vehicles-to-ply-nigerian-roads-in-2016/>)

The regeneration of spare parts in Nigeria is a specific field repair activity which effects come forward in usage, service and repair sphere. Problems faced relates to production and demand of spare parts.

Nigeria has a high demand of auto spare parts due to the ever growing population of over 180 million people. Our major challenge to be addressed is production. But on the other hand, availability of these spare parts are readily available due to its increasing demand here in Nigeria.

# Exports to Other African Countries

Similar auto spare parts shipped to Nigeria are also exported to Mali, Ghana, Cote D'Ivoire, Cameroun and Senegal. Cars brands of high demand in these African countries are Toyota, Volkswagen and Peugeot.



# Europeans Producing Cars in Nigeria

There are only few European companies producing cars in Nigeria. We have the likes of Peugeot, Nissan, Toyota and just of recent in 2014 and 2015 respectively, Volkswagen and Mitsubishi Motors began assembling cars in Nigeria. In the past Leyland and Fiat also assembled cars in Nigeria.

The Nigerian Government has just awarded 12 licenses for the establishment of 12 new vehicle assembly plants in the country.



The benefitting companies are automobile manufacturing giants such as Toyota, Honda, General Appliances West Africa, Perfection Motors Company, and Richbon Nigeria. The others are R.T. Briscoe Nigeria, Nigeria-China Manufacturing Company, Nigeria Sino Trucks, Coscharis Motors, DAG Motorcycle Industry Nigeria, Globe Motors Nigeria, Century Auto-Assembly Nigeria and Concept Auto Centre. The plants are expected produce a wide range of automobile products such as sport utility vehicles, passenger cars, pickup vans, buses, tricycles and motorcycles, among others.



# Europeans Producing Cars in Nigeria Cont'd

IVM Innoson Group of Companies Limited is the first Nigerian car producing company owned by Chief, Dr. Innocent Ifediaso Chukwuma. IVM introduces automotive products from China, Japan and Germany. It's product line includes heavy duty vehicles, middle and high level buses, special environment friendly vehicles. The company carries out optimization design and assembly according to West African road condition so as produce suitable products at affordable prices. All these cars produced in Nigeria.



The company also provides good services for repairs and parts supply. All these actions are engineered to meet the customers' special requests, attain the highest possible performance and safety standards and also make the vehicles suitable for the West African market. Nigerian automobile industry encourages inflow of more investors because of its large population in respective of the few companies operating in Nigeria. So investors can be rest assured that there will always be a market for their products.



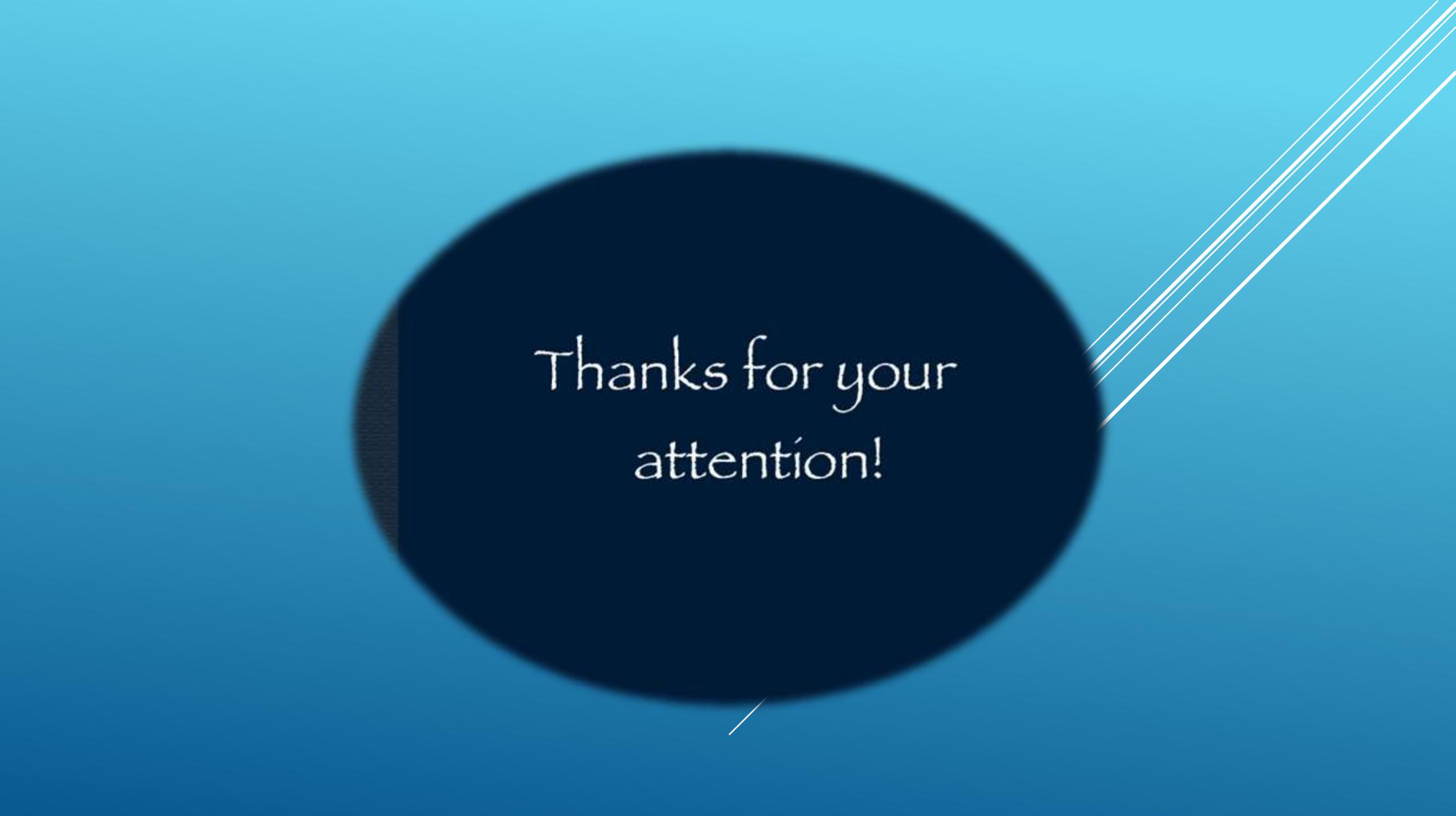
# Comparison of New Car Sales in Nigeria In Relation to Europe

In comparison of new cars sales in Nigeria to Europe cannot be over stressed. Sales are higher in Europe than Nigeria because:

- ✓ Selling price is high which can be related to the exchange rates, importation and clearing fees.
- ✓ Most of these new cars produced in Europe are not made for Nigerian roads.
- ✓ The availability of new spare parts are difficult to access from Nigeria.
- ✓ Professional service centers are not readily available to meet customers satisfaction.
- ✓ In Europe, most consumers of these brand new cars purchase them using various payment plans because there are policies in place to support this. Policies in Nigeria do not support such payment plans.



So Nigerians prefer used cars (Belgium Cars) because they are cheap to purchase, spare parts are available and most auto mechanics have a better understanding of service and repairs. These plays a key role in the increase of sales of used cars in Nigeria.



Thanks for your  
attention!