Speech By
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During A Meeting with Oil Palm Value Chain Stakeholders
(Plantation Owners, Refiners, Research Institutes and Associations)
At GCC Meeting Room Central Bank Of Nigeria (CBN) Headquarters, Abuja
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I welcome you all to this very important meeting, with the primary objective of exchanging ideas and agreeing on a road map on how to resolve the situation we find ourselves as a nation, where we spend huge amounts to import items which could be produced locally, thereby exporting jobs to other countries at the detriment of our local industries.

Most of you are aware that on June 23, 2015, the Central Bank of Nigeria announced a new policy that excluded 41 items from being procured with foreign exchange from the Nigerian foreign exchange markets. (Interbank and BDCs).

The new policy measure was introduced to help conserve our foreign reserves as well as facilitate the resuscitation of domestic industries and improve employment generation in the country.

Of particular interest to us today is the current situation of our Oil Palm industry. The palm oil tree as we all know is the most productive vegetable oil crop in the world. While the fruit is needed to produce Crude Palm Oil for cooking and industry uses, the nuts can be converted into food, the cake into animal feeds and fertilizers, while there is also increased usage in new areas such as bio fuels.

After many glorious years of being the largest producer of palm oil worldwide in the late 1950s and 1960s, the country achieved the ignoble record of becoming a net importer of the commodity from the 1980s to date. Currently, the country lags behind in a distant fifth position in world production, behind countries that many years ago sent emissaries to Nigeria to learn production techniques and to get their first seedlings.

A classic parody of a baby teaching her mother to walk, even though the mother was already walking several years before the baby was born.

Many Nigerians are fond of talking nostalgically about the glorious years when oil plantations dominated the forests and coast lines of the country in the dominant 1950s and 1960s, from the south south extending all the way to the south east and even parts of the south western regions. During these glorious years, the country commanded about 40% of the global palm oil industry, a market that is now worth over US$45 Billion.

Over the years, the country's palm oil capacity has even expanded beyond these traditional oil palm belts. Indeed as a result of extensive research in inputs and good ecology, oil palm is now widely grown in over 24 states of the country in both wild groove and small holder farm plantations.

ironically, even with the increase in number of oil palm growing states, improvements in seed varieties and over 3m Hectares of land under cultivation, Nigeria's share of the global palm oil industry is now a dismal 2%. You will all agree with me that something is structurally wrong with this counter cyclical trend.

There have been many narratives over the years and in recent times on what led to this downward trend, with blames being apportioned by different parties along the value chain. Amidst all the dissenting views and interests one thing is crystal clear to all stakeholders, the local palm oil industry in the country is in a crises situation and we cannot as a country continue crowding out our local producers by importing Crude Palm Oil.

Apportioning blames is certainly not the objective of this meeting, but rather to identify ways for all actors along the value chain to work together in a creative synergy and put a halt to the decline of this very important industry.

In line with these objectives, I am very glad to see here today, plantation owners, refiners, representatives of industry associations such as POFON, NPPAN, VEPAN and the premier research institute NIFOR.

The Central Bank of Nigeria has decided to take the lead and play a major role in the resuscitation of the sector. That was why the Bank decided to take a bold step and include Palm Kernel, Palm Oil Products and Vegetable Oils in the exclusion list of items not valid for foreign exchange at the Nigerian Foreign Exchange window.

Since this announcement was made there have been many doomsday predictors signaling the immediate collapse of the vegetable oil refining industry in the country with the implementation of the new policy measure by the CBN. This in my humble opinion is not the way forward and scaremongering won't solve the current problems we have in our hands at the moment.

I want to reiterate that the bold decision taken by the CBN to include palm oil products in the exclusion list was not a knee jerk reaction, but effected only after a thorough analysis of the sub sector. Our decision was taken in the overall interest of the country, for the resuscitation of the local oil palm industry and to improve employment generation in the country.

Indeed with an estimated 3m hectares of land under cultivation, abundance of suitable arable land, over 4m direct jobs currently employed by the industry and thousands of indirect employment there is no gainsaying that the potentials for job creation of this key industry cannot be overemphasized.

Well harnessed, the oil palm can again become a very significant sector of the national economy providing the wealth for economic development and the much needed jobs for Nigeria's teaming population

I dear say that it is in our altruistic interests as Nigerians for the local industry to succeed.

Several reports have often quoted domestic consumption figures to be about 1.4M MT, with current production ranging between 800,000MT to 930,000MT, while the demand supply gap hovers around 400,000MT to 600,000MT per annum, met by imports. This gap has been largely occasioned by the geometric increase of industrial consumption in the last decade. The local refining capacity of about 1.5m MT unfortunately, has not been supported by a complementary increase in raw materials supply locally.

Taking a cue from large palm oil producers in the world like Indonesia and Malaysia, large estates structure contribute over 50% of the plantations in these countries. On the contrary, what exists in Nigeria today is a situation where about 80% of the plantation is by small holder farmers, who are largely uncoordinated using traditional methods of cultivation and processing. Less than 5% of the plantations in the country are managed by large estates, which have access to modern agronomic practices.

For the country to attain self-sufficiency there has to be committed development of more estate plantations and coordinated partnerships between the small holder plantation farmers and processors. In line with this, the CBN as part of its developmental initiatives has introduced the 'Anchor Borrower Programme'. The programme has been designed to create economic linkages between small holder farmers and processors by organizing farmers into cooperatives to boost production and take advantages of economics of scale. I am glad to say that some of the refiners here today are already keying into this programme.

To conclude, it is imperative to state that I am not under any illusion that all the myriads of challenges besetting the local industry will be resolved at this meeting. The narratives however must change with this meeting.

Over the years, many of us have been members of various committees on this issue, being part of teams that have drawn road maps and most importantly always committing to that elusive 'three year self-sufficiency time line'.

Those three years are now a distant memory and the country can no longer wait.

The time for self-sufficiency is now.

I enjoin us all to have a fruitful deliberation today and collaborate with the CBN to ensure that the country stops exporting jobs in the oil palm industry and returns to the nostalgic years of the 1950s and 1960s, we are all fond of talking about.

I thank you once again for coming.