Nigeria's Financial & Business Newspaper

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business a.m.

TOWARDS MORE EFFICIENT MARKETS

TURNED ON

Agriculture, Africa's link to global value chain

THE WORLD WILL be better off when Africa takes its true place in the global economy. In that bid, Africa must unlock the hidden potential in agriculture to jumpstart a robust industrial development.

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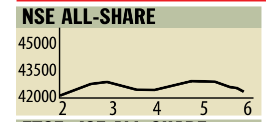
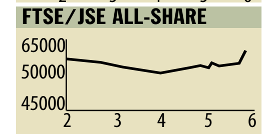
CLOSING INDICES

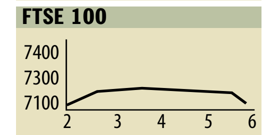
NSE ALL-SHARE 0.08% 40,841.14



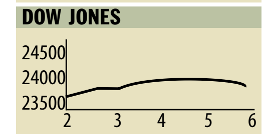
FTSE/JSE ALL-SHARE 0.21% 55,878.81



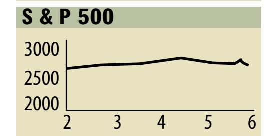
FTSE 100 0.22% 7,183.64



DOW JONES 2.34% 23,932.76



S & P 500 2.19% 2,604.47



Manufacturers cash chest rises 12.73% in 2017

- Money sitting in select companies' coffers hit N108bn
- As they hedge on economy

AJOSE SEHINDEMI

THE TOTAL AMOUNT of cash hoarded by 10 Nigerian manufacturing companies reached N108.3 billion in 2017 up from N95.39 billion at the end of 2016, representing a growth of 12.73 percent year-on-year

Data from the annual reports of the select companies shows their cash mountain represents 2.89 percent of a combined N3.74 trillion asset base. Specifically the data showed that six of the 10 companies - Dangote Group, Nigerian Breweries, Guinness Nigeria. Flour Mills, Lafarge and Cadbury saw their cash holdings grow in the year under review while four – Nestle Nigeria, PZ Cussons, Unilever Nigeria and Dufil Prima Foods, had theirs reduced.

business a.m. investigations revealed that the cash balances may have risen in line with improving margins of the companies following staff cuts and the pervading unemployment which has reduced the wage bargaining power of Nigerian workers.

Companies have also been hoarding cash while fearful of the economic outlook

Muda Yusuf, director-general of the Lagos Chamber of Commerce and Industry (LCCI) said the increase could be as a result of the uncertainties surrounding the business climate in the country, which has made them cut their investment in expansion, adding that most companies also want to partake in government's bonds and treasury bills, which

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L-R: Segun Ajibola, president, Chartered Institute of Bankers of Nigeria (CIBN); Taiwo Adeoluwa, secretary to the Ogun State Government; Godwin Emefiele, governor, Central Bank of Nigeria (CBN); Nnamdi Okonkwo, managing director/CEO, Fidelity Bank Plc; Victor Osadolor, deputy group managing director, UBA Plc, at the formal launch of the Guardian Compendium on "Financing The Economy" and the conferment of the Economic Personality of the Year Award on the CBN governor, at the Eko Hotel and Suites in Lagos at the weekend

Summary

Digital economy has distorted statistics

THE INTERNATIONAl Monetary Fund (IMF) has highlighted how an underestimation of digital sector output has led to underestimated growth and overstated inflation for many countries since digital products skew prices

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FINANCE & INVESTMENT

Nigeria growth outlook in 2018

HIGHER OIL PRODUCTION and the telecoms sector rebounding from recession are key drivers of Nigeria economic growth in 2018, according to analysts at Ecobank Research.

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WORLD BUSINESS & ECONOMY

US farmers in precarious position

AMERICAN FARMERS watched warily last week, as a tit-for-tat trade fight between the world's top two economic superpowers played out, threatening lucrative agricultural exports including soybeans.

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TECHNOLOGY & INNOVATION

MTN, Huawei to connect rural Nigeria

MTN NIGERIA and Huawei have completed the commercial deployment of RuralStar 2.0 solution aimed at providing low-cost long-distance voice and mobile broadband services for remote local rural areas.

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COMMODITIES & AGRICULTURE

Plummeting price uninteresting

WHILE BIG consumers of sugar are having a swell time with the global price meltdown of the commodity, the largest sugar producing firms are barely having reasons to smile as

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ENERGY, POWER & RENEWABLE

DisCos' woes won't go away

IN A TWIST of ironic fate, the eleven electricity distribution companies, which came into being in Nigeria following the privatisation of power generation and distribution in the value chain, four years ago, appear caught up

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COMMENT

Will Trump launch a currency war

LAST MONTH, DONALD TRUMP personally announced a series of import tariffs and other measures to restrict the flow of Chinese goods and capital into the United States. Clearly, Trump views China as a significant economic threat, well.

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EXECUTIVE KNOWLEDGE SERIES

How to Get Women in Tech

What made you decide to join your profession?' When people are asked this question, they often give answers such as: "I liked such-and-such subject in school", "I was inspired by so-and-so" or "It pays well".

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Corporate cash...

Page 1

became attractive investment options lately due to high yields of up to 18 percent.

Ayeni Adedayo of RenCap, an investment firm in Lagos, Nigeria said most of the companies have seen volume growth being relatively flat in the last two years for not justifying the need for capital expenditure as utilization levels at plants ane production sites have been low due to dwindling consumer power.

He, however, see the cash balances declining in the near term because most of the companies will pay dividends in second quarter of 2018.

Some other analysts say the cash holdings by the companies is good as they would put them to work at some point, with dividends, share buybacks and M&A, all of which is shareholders friendly. But the companies would need greater confidence in the macroeconomic outlook before they release their cash.

"They had a near-death experience in 2016, and I don't see them starting to spend it anytime soon," one said.

Another said that, if the cash mountain rises beyond the current level, hedge funds would be tempted to pressure companies to spend their money on acquisitions or return it to shareholders in the form of dividends.

A look at the financials of the companies from their annual reports for 2016 and 2017 financial year revealed that cash holdings went up by 13 per cent. Only Nestle Nigeria and Unilever Nigeria's financials were unaudited and ended on September 2017.

Nigerian Breweries cash holdings increased by 30.5 per cent from N12.16 billion in 2016 to N15.87 billion in 2017 with investment remaining at N150 million for both years, which indicated that the beer giants prefer to maintain its existing breweries and production lines rather than venture into new areas.

Dangote Group also increased theirs by 45 percent from N115.69 billion in 2016 to N168.39 billion in 2017. In 2015, the company's cash was merely at N40.79 billion.

The cash holdings for Flour Mills increased by 35 percent from N33.213 billion in 2016 to N45.01 billion in 2017, while Guinness Nigeria grew its cash by 66.8 percent from N6.59 billion to N10.99 billion in 2017.

From N19.27 billion in 2016, Lafarge increased its cash holding by 23.6 percent to N23.81 billion in 2017, while Cadbury Nigeria's unaudited report as at June 2017 showed cash growing by 7.7 percent from N3.01 billion in FY2016 to N3.26 billion.

Nestle Nigeria started 2016 with N51.35 billion in bank accounts as cash and cash equivalents but by end of 2017 financial year, their cash holdings dropped by 45.8 per cent to N32.21 billion which may be due to investments in their machineries and other business concerns.

> They had a near-death experience in 2016, and I don't see them starting to spend it anytime soon

Growth in the digital economy has distorted statistics – IMF paper

- Says countries may have understated GDP growth, while overstating inflation

business a.m.

THE INTERNATIONAl Monetary Fund (IMF) has highlighted how an underestimation of digital sector output has led to underestimated growth and overstated inflation for many countries since digital products skew prices

In a report, Measuring the Digital Economy, published April 5, 2018, the fund examines the possibilities of errors in calculating digital sector productivity having knock-on effects for wider growth figures.

The paper said controversy over GDP has been largely fueled by concerns that welfare gains from digital products—particularly when they become "free"—are being neglected.

"The total welfare from digital products includes consumer surplus, but consumption, as recorded in GDP, does not. The consumer surplus may be big. Thus, comparisons of the total welfare from digital products to household consumption or GDP may give an exaggerated impression of the scale of the potential mismeasurement," the authors contended.

It states clearly that nominal GDP is not—and should not be confused with—a measure of welfare and that the total welfare from water is enormous because water is essential to life; yet water is abundant enough to have a low price, and so consumption of water is small.

However, it states that welfare growth is measured by growth of real consumption (or, with adjustments, real GDP).

"Where research and data exist ... they indicate that underestimation of digital sector output could subtract 0.3 percentage points from the productivity growth rate, compared to a 1–2 percentage point slowdown in productivity growth rates," IMF staff write.

The results suggest growth figures for many countries may have been "understated" as a result. But the authors' main concerns lie with inflation statistics, given their implications for monetary policy.

"If growth has been understated, inflation must generally have been overstated by a roughly similar amount, an implication that has been usually overlooked," the authors say.

According to the fund's analysis, the introduction of new and improved digital products affects the cost of living through three main channels. The first is that digital products often undergo quality improvements that are "hard to measure".

Secondly, digital products allow customers to achieve the same function for less cost than non-digital products. And thirdly, the introduction of e-commerce has improved customer access to products that better suit their needs.

Cumulatively, these channels can lead the price of digital products to be overstated, which in turn would overestimate inflation. This is particularly relevant for economies that have suffered deflationary pressures while experiencing rapid digital transformation, the IMF staff stress.

As a result, they suggest countries look at whether there are ways to improve data collection for the digital economy and wider sector.

"Improved measurement of digital products and transactions could improve measurement of inflation, balance-of-payments developments affecting external sector stability, and financial stocks and flows," the IMF says.

But international co-operation is needed. Concluding their analysis, the authors recommend collaborating to create "improved definitions, classifications and measurement techniques" for the digital economy.

> The total welfare from digital products includes consumer surplus, but consumption, as recorded in GDP, does not

"International guidelines and recommendations are necessary, but not sufficient. Resources are needed to improve compilation methods and disseminate additional indicators," they say.

The fund suggests improving the coverage of digital platforms and their linked services in the main classification systems, as well as creating new aggregated classifications for the wider digital sector.

"Endow national statistical offices with sufficient resources to measure digital products and to develop indicators of welfare effects of digitalisation," the authors say. They also recommend sharing data across borders, or at least improving access to statistical data.

L-R: Tunji Kazeem,chief risk officer, The Nigerian Stock Exchange (NSE) presenting a replica of the NSE glosing Gong to Vivien Shobo, chief executive officer, Agusto & Co., during a Closing Gong ceremony at The Exchange in Lagos, Nigeria

NNPC moves to expand retail footprints nationwide

Business a.m.

IN ITS BID TO ENSURE STEADY supply and distribution of petroleum products, the Nigerian National Petroleum Corporation (NNPC) says is working assiduously to expand its network of retail stations nationwide.

Maikanti Baru, group managing director of the corporation, disclosed this while receiving Governor Rauf Aregbesola at the NNPC Towers in Abuja, Thursday.

Baru's declaration came on the heels of advanced talks between the corporation and the Osun State Government on collaboration over establishing a state-of-the-art retail filling station that would improve the supply and distribution of petroleum products in the State and the environs.

According to the Baru, Osun State government has completed a modern 26-nozzle retail station and is planning to lease it out to the corporation.

"Our strategy for the NNPC Retail is to capture as much of the downstream retail market in the country as possible. A state like Osun is very central to our expansion drive. Having looked at the possibilities, we are committed to taking the discussions further," he said, adding "We have reached an advanced stage in our discussions. Next week, we are expected to further discussions on commercial terms of offer with the state Government's team."

He explained that the partnership would not only expand the downstream fuel distribution and retail in the state, it would also ensure adequate products availability as well as improve commercial return on investment.

Baru said, over the years, NNPC enjoyed tremendous support from Osun State as a neighboring state that hosts the corporation's System 2B pipeline segments connecting Mosimi Depot with Ibadan, Ore and Ilorin depots.

"I am happy to inform you that over the years, we hardly record any incident of pipeline vandalism or security breach along our System 2B pipeline network that cuts across Osun State. This is attributable to the efforts of the State Government and the law-abiding people of the state," he added.

He commended the governor for his patriotic support during the recent fuel challenges where he constituted a Special State Taskforce to monitor fuel distribution within and across the state, a move that cushioned the effects of the hiccups on Nigerians.

Responding, Governor Aregbesola said he was in the NNPC to commend the corporation for its interest in driving development in Osun State.

"We are here to discuss collaboration on fuel distribution and possible opportunities where NNPC can invest in my state. We are progressing with the talks on the mega station and we are satisfied with the discussions so far," Governor Aregbesola stated.

He said in order to assist the NNPC to ensure smooth distribution of petroleum products across the state, he has set up a taskforce on fuel distribution, working with the NNPC Depot in Ibadan and the marketers in the state.

"We have mandated them to do everything possible to assist the NNPC achieve its aim of ensuring smooth distribution of petroleum products across the state" he added.

While commending the corporation for getting around the recent fuel situation, Aregbesola said he was aware of the challenges faced by the corporation in its quest to ensure availability of petroleum products nationwide.

"We thank NNPC for its efforts. I am aware that you face lots of challenges. I hope the corporation will overcome those challenges, block all the leakages and ensure Nigerians don't undergo any stress before they get products," he concluded.

CIBN subsidiaries post profit to help see revenues rise 41% in 2017

Business a.m.

THE CHARTERED Institute of Bankers of Nigeria (CIBN) grew its internally generated revenue from N646.24million in 2016 to N910.75 million in 2017, representing a growth of 40.93 percent, in spite of the challenging economic environment in the country, according to the institute's outgoing president, Segun Ajibola.

He said the year closed with a net operating surplus (NOS) of N385.12 million last year from N231.83 in 2016, reflecting 66.12.percent increase as its subsidiaries reported profits in 2017 though it wasn't able to cover all the debts the subsidiaries recorded in 2016.

Ajibola disclosed this at the 2017 annual general meeting of the Institute held on Saturday in Lagos.

He said CIBN press, CIBN bookshop and CIBN Center for financial studies that have not been profitable before have been revamped for growth hence the profits being reported.

Ajibola also commended the Federal Government for introducing policies and initiatives to improve the country's economy, as through the Central Bank of Nigeria (CBN) in 2017, it initiated the Foreign Exchange Policy that stimulated the growth of Small and Medium Enterprises (SMEs).

"A Foreign Exchange Window that automatically combated foreign exchange scarcity that distorted trades in the sector was opened by CBN and also in order to facilitate access to finance, in 2017 the Federal Government also assented to the Secured Transactions in Movable Assets Bill and Credit Reporting Bill among others," Ajibola said.

He asserted that over 10,000 SMEs had been able to access funds using their Movable Assets and Credit Reporting Bill 2017 and the policies are proving effective, as the World Bank Ease-of-Doing-Business Report for 2018 placed Nigeria on 145th position out of 190 countries.

Speaking of the institute, he said building the banking workforce to better standard hasn't been smooth sailing as the institute is always looking to develop capacity of bankers.

He mentioned the Global Banking Education Standards Board (GBEStB) that was launched at the World Conference of Banking Institutes (WCBI) and hosted by the institute in 2017, with more than 20 countries participating as one body to grow capacity.

"The GBEStB is a voluntary and industry-led board aimed to develop internationally agreed standards for the education of professional bankers and it s our strategic intent which would ultimately enhance and sustain global standards of ethics and professionalism in banking worldwide.

The outgoing CIBN president also said the institute was cooperating with all relevant institutions and agencies to ensure adherence to ethics and professionalism as CIIBN accredited over 30 Tuition Centers and Educational Training Service Providers, and has a total of 124, 212 members nationwide at December 2017.

Stanbic IBTC's PMI stands two notches over CBN's, confirms improved business conditions

business a.m.

PRIVATE SECTOR BUSINESS conditions in Nigeria improved at an unparalleled rate in March, led by record growth in new orders, employment and stocks of purchases, according to Stanbic IBTC Bank Nigeria purchasers manager index (PMI) survey for the month.

The PMI, which is endorsed and adopted by the National Bureau of Statistics (NBS), indicated a purchasing managers' index reading of 58.8 points, which is a signal of improved business conditions on the previous month figure of 56 points.

The banks PMI reading of 58.8 percent is, however, higher than the CBN reading of 56.7 index points released last week.

Both readings indicate expansion in the manufacturing sector as readings above 50.0 signal an improvement in business conditions while readings below 50.0 show deterioration.

The bank's conducted survey indicated that price pressures sharpened in March, with both input and output charge inflation registering above their respective long-run averages.

The March survey showed that panel respondents frequently noted an upturn in demand across the domestic market, whilst new export orders also returned to growth in the latest survey.

"In March, the Stanbic IBTC Bank PMI hit a new record. The reading rose to 58.8 from 56.0 in Feb and 53.0 in Mar 17 due to a combination of substantial increases in new orders and consequently a rise in output levels.

"The positive momentum was broad based as it also resulted in an increase in employment levels as that subindex rose at a record pace to 56.1 from 54.0 in Feb and 50.1 a year ago," Ayomide Mejabi, economist at Stanbic IBTC Bank said:

Mejabi said the rise in employment appeared to be in response to the increase in new orders, adding that the availability of FX coupled with declining inflation expectations would continue to support Nigeria's economy.

> The rate of growth was unprecedented in March, with many firms reporting a strong upturn in domestic economic conditions

"The output prices PMI corroborates our benign inflation outlook as it rose at a moderate pace, from 53.9 in Feb to 54.2 in March. We still expect headline inflation to moderate to the 13.0 percent handle by the end of the year, despite marginal upward pressure which the increase in excise duties on alcoholic beverages and tobacco will exert. This category accounts for only 1 percent of the inflation basket," he said.

At 58.8, up from 56.0 in February, the PMI accelerated to a record high in March, signaling the fastest improvement in business conditions since the survey began in January 2014, according to Stanbic IBTC Nigeria in a statement, adding that the first quarter of 2018 indicated the strongest quarterly expansion on record.

It said inflow of new business received by private sector firms was a key component of the latest expansion.

"The rate of growth was unprecedented in March, with many firms reporting a strong upturn in domestic economic conditions. New order books have been improving continuously since the start of 2017.

Meanwhile, foreign demand returned to expansion in the latest survey," it noted.

Reflecting the increase in output requirements, the PMI reflected that firms hired additional staff at a record pace in March more than what has been recorded in every month since May last year.

The manufacturing purchasing managers' index (PMI) is an indicator of the economic health of the manufacturing sector. It is a familiar data released at the start of the calendar month in developed markets such as the ISM's in the US. It is based on the responses of manufacturers to set questions on core variables in their businesses.

Chairman, Technical Sub-Committee on 2018 Lagos State Security Summit, Mr. Yomi Zamba; Chairman, Organising Committee for the Summit, Mr. Opeyemi Agbaje; Executive Secretary/C.E.O, Lagos State Security Trust Fund (LSSTF), Dr. Abdurrazaq Balogun; Special Adviser to the Governor on Lagos Global, Prof. Ademola Abass; Commissioner for Information & Strategy, Mr. Kehinde Bamigbetan and Commander, Rapid Response Squad (RRS), ACP Olatunji Disu during a Press Conference on the 2018 Lagos State Security Summit, at the Bagauda Kaltho Press Centre, Alausa, Ikeja, Lagos, on Wednesday, April 4, 2018.

Microsoft urges Nigerian companies to comply with EU data protection regulation

Business a.m.

MULTINATIONAL TECHNOLOGY company, Microsoft, Friday advised businesses in Nigeria to pay attention to the European Union's General Data Protection Regulation (GDPR).

John Edokpolor, lead commercial attorney, Microsoft MEA Emerging Markets, who spoke at a media briefing in Lagos said that May 25 would be the deadline for compliance with the regulation.

In the GDPR (EU) 2016/679) the European Parliament, the Council of the European Union and the European Commission intend to strengthen and unify data protection for all individuals within the European Union.

The regulation will take effect from May 25. It replaces the Data Protection Directive, which has been in effect since 1995.

The new regulation became a law in April 2016, but given the significant changes some organisation will need to make to align with the regulation, a two-year transition period was included.

According to Edokpolor, failure to adhere to GDPR requirements can prevent trade and other dealings with EU businesses after the deadline.

"The new legislation is a milestone on a journey into a new era, where data is the fuel powering companies of all shapes and sizes, from all sectors. GDPR is a new European law designed to protect the privacy of citizens by setting new standards in terms of how personal data is handled.

"As the law affects any organisation with ties to Europe, it is relevant to businesses around the world," he said.

Edokpolor said that as companies increasingly embraced the cloud, they had an unprecedented ability to capture and store massive amounts of data.

He said that advancement in business intelligence technology had given organisations the ability to pull insights from data predictive in nature.

He advised that businesses should be a step ahead of customer expectations and needs, instead of merely reacting to them.

"This is a significant step forward and truly marks the beginning of a new era, one in which data becomes the electricity to power companies. An updated governance framework for data protection is a logical policy component of this new age," he pointed out, adding that building on the rules, innovation would unlock productivity, help companies to keep their customers delighted and fuel a new generation of disruptors.

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TOWARDS MORE EFFICIENT MARKETS

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EDITORIAL

Outrageous subsidy, time to deregulate downstream

THERE IS A NEW NAME for petroleum subsidy in Nigeria. It is the technical expression known as 'under-recovery on petrol import.' And there had to be a new name for what we all call subsidy. The reason for this is not far-fetched.

Long before this government came to power, during the much heated campaigns to win the 2015 elections, prominent persons within the now governing party, then in opposition, including President Muhammadu Buhari, promoted the view that there was nothing like petroleum subsidy and that the government talks about subsidy were only a ruse for corruption.

At the time, APC-in-opposition, had henchmen and women, as well as followers who were bent on making sure the message stuck, that there was no subsidy and hence, stopping the payment was the logical thing to do. We think it is alarming that about three years after coming to power, the government is still carrying on as if it did not make any promise regarding this petroleum subsidy matter. That it has not made any serious attempt to deeply analyse the subject of subsidy and the economics surrounding it with a view to keeping its promise to stop it totally, is rather unfortunate.

In the last dispensation, beneficiaries of the subsidy largesse were many and widely spread. Some of them flaunted their arrival to an exclusive club of people with direct access to the Nigerian treasury. Now, it might be proper to ask: Who are the current beneficiaries, because with an opaque title such as 'under recovery on petroleum import,' it would be difficult to really tell who has got their hands on the till nowadays.

But beyond having someone's hands on the till, it is our view that the subject matter of subsidy is due for a down-to-earth, thorough debate about its advantages and disadvantages. We feel that the issue of subsidy has been over politicised and has thus created distractions from the real issues that it conjures up. From what the now ruling party boasted was nonexistent, when it was in opposition, we are now learning that under-recovery on petroleum imports is now costing the country up to N1.4 trillion yearly. What this means to the lay man is that Nigeria is still paying huge amount on subsidy on petrol. We think this is a lot of money which can be better used by government to take care of key areas of health care, education and other such social areas that have greater chances of impacting on a larger number of citizens than the few car-owning city-types that subsidy tends to serve.

It is our view that subsidy or under-recovery on petroleum imports denies ordinary citizens, many of whom will never get to drive a car so as to use subsidised fuel and even get a ride in one so as to pay lower fares, the opportunity to participate as part of a collective enjoying the gift of being citizens of an oil rich country.

Yet again, tied to the whole talk about subsidy and whether or not to let it go, is the question of what to do with the downstream subsector of the petroleum industry. Government has a way of pretending to protect its people whenever this debate comes up, whereas it could just be an opportunity to safeguard and secure its electoral position in the scheme of things.

The whole idea about paying subsidy stems from the failure to really tackle the demon called regulation and control across different areas of the Nigerian economy. In regulating and controlling the downstream part of the petroleum industry, government exposes itself to a costly opportunity cost, using the money of the many to service the few, including itself and all the elites in its gangster group.

The Nigerian government needs to free up itself so as to enable it to concentrate on areas of serious need by citizens. It needs to make sure that it collects all the monies it needs from different sources, and block waste and leakages, that allows it to spend N1.4 trillion annually on subsidy that hardly touches the lives of majority of the citizens.

Spending N3.76 billion daily to keep the subsidy regime alive, money that could be better spent on education, on the health of less fortunate citizens, is the wrong way to spend tax payers money. Having been on this road for such a long time and leaving citizens still thirsty, we believe that government would take another good look at the need to deregulate the downstream sectors and free up money for better citizens care and welfare. d in circle type, has not brought real development to the people. Here are our reasons.

City development for economic expansion and growth has not really been a pursuit of any government. The Federal Government, after deciding to move to Abuja, has focused its attention on developing the capital, which it has done in a never-ending manner. The significant other city developments that Nigeria has witnessed have happened only with the creation of new states, the consequence of which have followed new state capitals, left to the respective new states to develop. This pattern of city development, which has been the lot of Nigeria since independence, points to the collective failure of our leaders since independence.

Every state in Nigeria, besides its capital city, has more than two other places that ought to be fully developed like the capital city. In Lagos, Rivers, Cross River, Kano, Kaduna, Bornu, Jigawa, Delta, Edo, Kwara, and the other 26 states, we are of the view that elected governors, when they come into office, should have a mandate to work to develop alternative cities, offering similar attributes like the state capitals and serving as alternative centres of complete living, without the need for everybody to concentrate on the capital of the state.

For instance, in Akwa-Ibom, Uyo should not be the only city of attraction. Eket, should be a city like Uyo. We think that governors owe the citizens a duty to use this concept of building new cities as a basis for economic expansion and development that offers inclusiveness and the opportunity for alternative city living. It is what would help stop the rot that is political leadership, where nobody leaves a legacy, and nobody is remembered for much else after leaving office, because what they actually do is the basic routine of governance.

Will Trump launch a currency war, too?

BENJAMIN J. COHEN

Benjamin J. Cohen is Professor of International Political Economy at the University of California, Santa Barbara, and is the author of Currency Power: Understanding Monetary Rivalry.

As part of its increasingly ambitious bid for global influence, China aims to develop a currency that could be worthy of a global superpower

LAST MONTH, DONALD TRUMP personally announced a series of import tariffs and other measures to restrict the flow of Chinese goods and capital into the United States. Clearly, Trump views China as a significant economic threat, so it may be only a matter of time before he sets his sights on the renminbi as well.

In recent weeks, the Trump administration has rolled out a series of trade and investment measures that put China squarely in its crosshairs. Clearly, Trump and his advisers view China as America's chief "economic enemy." The question now is whether they will follow up with an attack on the renminbi, China's increasingly popular currency.

So far, the US has imposed sweeping import tariffs of 25% on steel and 10% on aluminum, which Trump personally announced early last month. Since then, the administration has carved out exemptions for certain US allies, while using the tariffs as a bargaining chip to extract concessions from others.

China, for its part, is not a major supplier of steel or aluminum to the United States. But Chinese overcapacity has been putting downward pressure on steel and aluminum prices globally, to the detriment of US producers. So, the Trump administration's aim is to force China to reduce its own output sharply.

Even more dramatically, the Trump administration has unveiled plans to impose import tariffs on a wide range of Chinese goods, valued at up to $60 billion. It is also tightening restrictions on corporate acquisitions and investments by foreign firms; and it has signaled its intention to challenge China's forced technology transfers at the World Trade Organization.

Moreover, the administration is moving to bar Chinese companies from investing in sensitive US sectors such as semiconductors and 5G wireless-communications technologies. Trump has already blocked a $117 billion bid by Broadcom – a Singapore-based firm with close ties to China – to acquire the US tech giant Qualcomm.

Similarly, the Trump-appointed commissioner of the Federal Communications Commission, Ajit Pai, has agreed to treat Huawei, China's top telecommunications equipment maker, as a national security risk. And, under a proposed new rule, firms with that classification will no longer be able to supply equipment to companies building Internet infrastructure in the US.

To date, the Trump administration has not taken any direct action against the renminbi. But if it views Chinese exports and investments as a threat, it may be only a matter of time before it targets the Chinese currency, too.

Since the 2008 global financial crisis, China's government has gone to great lengths to promote the renminbi's international standing. It has eased regulations so that more trade-related transactions may be settled in renminbi, thus bypassing traditional invoicing currencies like the US dollar. It has established a network of renminbi clearing banks that spans financial centers around the world. It has cultivated active markets for renminbi deposits and renminbi-denominated bonds in Hong Kong and elsewhere. And it has reached currency-swap agreements with dozens of foreign central banks, in the hope that the renminbi will become a new global reserve asset.

Meanwhile, China achieved a major

milestone in 2015, when the International Monetary Fund agreed to include the renminbi in the basket of currencies that determines the value of its synthetic reserve asset, the Special Drawing Right (SDR). Previously, that privileged status had been granted only to the US dollar, the British pound, the Japanese yen, and the euro. Inclusion in the SDR currency basket thus provided a major boost to the renminbi's international standing, and encouraged China to go even further in promoting the currency. Most recently, China launched a new exchange for renminbi-denominated crude oil futures, which some observers see as a direct challenge to the dollar.

As part of its increasingly ambitious bid for global influence, China aims to develop a currency that could be worthy of a global superpower. The US has long benefited from the dollar's dominant position in financial markets and central-bank reserves, and China now wants to reap similar rewards. If the renminbi's rise comes at the expense of the dollar, that's too bad.

Before Trump, US policy for maintaining the dollar's primacy was largely passive, if not conciliatory. Even when it was clear that China was promoting the renminbi as an alternative to the dollar, the Obama administration did little to defend the greenback. In fact, the US actually supported the renminbi's entry into the SDR basket, despite widespread doubts about the currency's qualifications, because it wanted to encourage China to become a more reliable stakeholder in the existing monetary system.

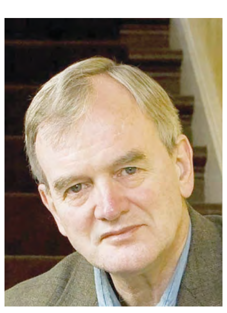
But then came Donald Trump, and all bets were off. Although its international standing has risen, China's currency is still a long way from major-league status. Trump, the self-proclaimed dealmaker, presumably knows this, and will be tempted to exploit the renminbi's vulnerabilities.

For example, if China chooses to resist Trump's demands for concessions on trade, the US could prohibit the renminbi's use in invoicing or settlements by US businesses transacting with Chinese partners. It could discourage, or establish new barriers to, investments in renminbi-denominated assets. Or it could offer swap agreements on favorable terms to any central bank that is prepared to abandon its agreement with China. The list of possible punitive actions is long.

Of course, a currency war alongside a trade war would be dangerous, and possibly disastrous. At a minimum, financial markets could be destabilized, and international lending could be disrupted. Unfortunately, a man who thinks that "trade wars are good, and easy to win" is unlikely to be deterred by these possibilities. We can only hope that cooler heads will prevail.

"Your reputation precedes you. In fact we signed with him instead an hour ago

An infrastructure plan that would actually work



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Detter, a former director at Sweden's Ministry of Industry

US PRESIDENT DONALD TRUMP'S plan to boost infrastructure spending through tax credits has received a cool reception from investors. His long-awaited proposal to upgrade and repair America's crumbling roads, airports, bridges, tunnels, and other infrastructure will come to nothing unless all sides are open to new thinking about how such projects are to be financed.

Currently, infrastructure investments are paid for either with taxes or through user charges such as tolls. But there is an alternative for unlocking public wealth at the local level: professional management of existing public assets.

This does not mean asset recycling or privatization by another name. If privatization is to increase the resources available for funding public infrastructure, assets must be sold for more than the present value of the profits they generate under public ownership.Local politicians and voters have understandably grown skeptical of franchising schemes that separate public funding from the provision of goods and services.

There are plenty of examples to show that taxpayers can lose out on poorly structured franchise deals. In 2008, the City of Chicago leased its parking meters to a private consortium for almost $1 billion less than what it would have received in revenues over the course of the 75-year lease. Even after a public backlash against rising parking fees, the city could no longer change its parking policies without compensating the franchise investors.

Such undue transfers of public wealth to the private sector are largely the result of governments' inability to manage commercial risk. Without effective oversight and accountability, financing schemes such as public-private partnerships too often award managerial responsibility to the private sector while foisting capital costs on taxpayers and end-users. It is not surprising that a public backlash would follow.

And yet local governments' vast commercial assets could generate a significant positive future cash flow if they were consolidated and professionally managed by an independent government-owned holding company. As we show in a new Citi GPS report , public commercial assets represent a potential goldmine; but they have been underutilized, owing to fragmented ownership arrangements, inaccurate or opaque accounting, and suboptimal and outdated governance structures.

According to conventional estimates, the book value of federally-owned commercial assets in the United States is almost equal to annual GDP – around $16 trillion. If those assets are under competent management, the market or fair value is likely to be even higher than the book value.

The total value of commercial assets owned by state and local governments is sure to be of the same magnitude, or larger. After all, local governments own and operate most airports and ports, as well as utilities such as water, sewerage, and electricity – all of which are in desperate need of funding. But real estate comprises the bulk of public commercial assets. By some estimates, publicly owned assets account for as much as one-quarter of the total market value of real estate in a city or county. At the same time, many localities need additional funding for affordable housing.

All told, this public wealth represents a substantial opportunity for investors, local governments, and society as a whole. If professionally managed, the yield from such a vast portfolio of commercial assets could fund not just critically needed infrastructure investments, but also any other public goods and services that are in demand.

The key is to consolidate each municipality's commercial-asset portfolio into independent, professionally managed Urban Wealth Funds (UWFs) that are protected from short-term political influences. A UWF would have the clout to interact on an equal footing with the private sector. And, it would have the means to channel the untapped value of the entire portfolio toward infrastructure investments and other public programs, which would then generate new returns.

In terms of governance structure and adherence to international transparency standards, a UWF would be comparable to a publicly listed company.

Its executives would have incentives to plan investments with a view to the decades-long lifespan of an asset, rather than gearing projects to political cycles measured in months or years.

Moreover, a UWF would have an independent balance sheet, allowing it to fund the maintenance costs that often account for four-fifths of a project's total expense. And because it would be funded by the returns on its own portfolio, it would not have to compete with other claimants for government budget outlays. At the same time, the government itself would have collateralizable assets to back its debt, rather than having to rely solely on future tax revenues.

A properly designed and managed UWF could act as both the financier and manager of commercially viable new projects in infrastructure and other services. Not only would it free taxpayers from having to provide additional funding; it would also enable local governments to double their total current spending on infrastructure and maintenance, assuming annual returns above 3.5%. Best of all, politicians across the political spectrum would be able to support such a proposal.

We already have the means to start upgrading and repairing the country's transportation, power, water, and communications infrastructure. We need only tap into the country's neglected stores of public wealth.

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CAREER

How to Get More Women to Work in Tech

Lucia Del Carpio

What made you decide to join your profession?' When people are asked this question, they often give answers such as: "I liked such-and-such subject in school", "I was inspired by so-and-so" or "It pays well". In most cases, there is an unspoken assumption: They also believed that they had a reasonably good shot at succeeding in this career.

According to the classic Roy model, individuals choose their occupation based on a rational decision process. They try to maximise their income, taking into account their skills and relative rewards in different sectors. It's all about optimisation: People go where they believe they will have the greatest comparative advantage.

In the case of women, assumptions that certain sectors do not welcome them may limit their willingness to join. Consider the coding profession in Peru, where women represent only 7 percent of the workforce. Is this underrepresentation strictly a matter of personal preference, or is it at least partially due to stereotypes and social norms that dissuade women from choosing this sector? Could some women shun a career simply because they don't believe they could thrive in it?

In two field experiments in Latin America, we observed that advertisements that included a female role model and also corrected misperceptions about women's ability to pursue a career in tech significantly increased the number of suitable female applicants to a software coding bootcamp.

A bias-correcting intervention

We partnered with a non-profit organisation that helps young women from low-income backgrounds become digital coders via an intensive five-month training programme. This international organisation was interested in increasing application rates.

In our first experiment, which took place in Peru, we created two versions of the programme registration webpage. Both included basic information about the training as well as the application form. However, in one version, we added a message to correct biased perceptions and beliefs about the role of women in tech. This short message had three core components:

1. It asserted that women can be successful in the tech field.

2. It emphasised that the training gave access to a network of women in the sector.

3. It told the story of a recent graduate (role model).

Though we did expect our intervention to have an impact, we were stunned by the results. Reassurance about career prospects more than doubled the number of applicants: 15 percent of women exposed to our bias-correcting message applied for training vs. only 7 percent of those who visited the basic webpage.

In addition, when we compared the top 50 candidates in each group, those from our treatment group garnered significantly higher scores on cognitive and tech-specific ability tests administered during the selection process.

What makes the needle move

We then ran a second experiment, this time in Mexico, to figure out which of the three components of our bias-correcting message resonated most with applicants. To do this, we created four versions of the training provider's registration webpage. The control one included the full message. In each of the three other versions, we skipped one component: One didn't mention how women can be successful in tech, one didn't emphasise the existence of a peer network and one didn't feature a role model.

Based on this second experiment, we concluded that the presence of a role model and the assertion that women can be successful in tech are most important. Their absence reduced applications by 23 and 18 percent, respectively, vs. the control group. (The version that didn't mention the peer network yielded about the same application rate as the control one.)

Deflecting self-segregation due to biases

By now most of us have heard that women earn 79 cents on the dollar compared to men. While it's true that women with full-time, year-round jobs make less money than their male counterparts, most of this gap isn't due to straight-up sexism by discriminatory employers. To a larger extent, it reflects the fact that women tend to work in lower-paid, female-dominated sectors.

Although not a panacea (and none exists), one way to lessen the gender wage gap, over time, would be to nudge more women towards better-paying careers. The tech industry is only one example. Not all women will be interested in such careers and that's fine. The idea is to ensure that gender norms and self-segregation biases do not unnecessarily steer away women, notably those who do show interest and aptitude, from certain careers.

Our results indicate that in a male-dominated sector, simple tweaks to the 'selling message' can significantly impact women's career decision making. HR departments, policymakers and schools may want to take note. Meanwhile, all of us should cultivate an awareness of how social identity cues and prescriptions can have subtle yet far-reaching consequences on women's behaviours.

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The Four Types of Dysfunctional Executives and How to Handle Them

Manfred Kets de Vries & Caroline Rook

According to a 2014 Harvard study, nearly half of adults in the United States have reported experiencing a psychiatric disorder at some point in their lives. In Asia, where mental health awareness is arguably less widespread, the numbers are nonetheless striking: One in four South Koreans report suffering from psychiatric issues; at least 13.7 percent of Indians have some form of mental illness, according to a government-sponsored study.

It would be unrealistic to assume that mental health sufferers don't bring their afflictions with them to the office. For leaders, it's quite the opposite: Over a long period of time, their responsibilities become too stressful, which can potentially trigger or aggravate pre-existing psychological issues. As leadership scholars and coaches, we have observed that when influential executives exhibit dysfunctional behavioural patterns, the disorder can become contagious. Teams and departments – and, if the issues go unaddressed, entire organisations – often internalise the dysfunction.

Most mental health issues present in organisations may not be serious enough to require clinical intervention. On the more minor end of the spectrum, non-medical professionals, such as coaches and even colleagues, can help contain the damage dysfunctional executives bring to themselves and those around them. Basic understanding and empathy can go a long way toward recalling leaders to their best selves.

Our recent working paper describes four types of toxic behavioural patterns common to leaders and some advisable means of addressing them.

The narcissistic leader

We all possess a certain amount of narcissism. In small doses, it can be a positive thing, providing a basis for self-confidence, self-expression and assertiveness. In order to get ahead, organisational leaders usually have to draw from their own well of narcissism. However, when they drink too deep – displaying delusions of grandeur along with selfish and entitled behaviours – the atmosphere around them can become toxic.

Narcissistic pathology often originates in dysfunctional parenting, which contributes to an insecure sense of self that may persist into adulthood. Narcissists have a bottomless hunger for validation that causes them to lash out at perceived slights, or at any refusal to comply with their unreasonable demands. Narcissists' sense of entitlement may give rise to a belief that ordinary rules don't apply to them.

Giving honest feedback to narcissists can be a challenge, due to their skill at deflecting unwelcome information. Team feedback, which is harder to ignore and deny, is more effective than one-on-one evaluations.

On the other hand, the narcissist's craving for accolades and advancement can be turned to your advantage. He or she will likely be receptive to peer pressure and the threat of career repercussions.

The key is to remember that beneath the narcissistic bluster, there lies a fragile ego that may feel threatened by even delicate criticism. When confronting a narcissist, be sure "to strike when the iron is cold", taking care not to push beyond what can be tolerated at that moment.

The bipolar leader

Bipolar leaders suffer from wild mood swings. In the manic state, they may exude infectious enthusiasm that elevates morale and motivation. But sooner or later, euphoria gives way to a deep, unshakable gloom as the depressive state comes in. Fatigue, pessimism and social withdrawal signal the onset of the downswing.

Workplace setbacks can plunge bipolar leaders into depression. Because they have fewer emotional resources for building resilience, bipolar leaders often live in fear of impending disaster. To prevent that imagined circumstance, they may cling to an illusion of control – which manifests as micromanagement in the office. But by taking on unnecessary responsibility, they unwittingly manufacture more stress for themselves and further degrade their emotional state.

Bipolar disorder can destroy the lives of sufferers, alienating them from family and friends, increasing their propensity for drug and alcohol abuse, and placing their careers in jeopardy. It is important to emphasise to them that their behaviours come at a heavy price. For them, doing nothing is not an option. Self-care will necessarily involve delegating decisions and tasks to others where possible, thus enabling a levelling-out of their untamed emotions. Depending on the severity of the disorder, they may also need to explore mood-balancing medication.

The psychopathic leader

Psychopaths are defined by their inability to empathise with others. They often maintain a socially pleasing demeanour, which serves only to mask their ruthlessness. Destructive and unethical behaviours that would shame the rest of us are the psychopath's stock-in-trade. Yet they are hypnotically convincing in projecting a façade of success – so much so that they find it easy to win followers. As a basis for comparison, consider a cult leader who lures in lost souls and exploits their devotion. We call executives who fit this pattern "seductive operational bullies" (SOBs).

Clinicians are uncertain about the root causes of psychopathy. Those with milder forms of the disorder, such as SOB executives, probably were not born with it. Abuse on the part of a trusted authority figure, or some other form of traumatic childhood disillusionment, can give rise to lifelong emotional detachment.

Confronting the psychopath can be especially challenging because they are adept they at manipulating others. Their lack of empathy prevents them from grasping how their actions affect those around them. Instead, they may bid for sympathy by feigning contrition and falsely attempting to convince colleagues that they've changed. The best chance of success will come from 360-degree feedback, encircling the psychopath with a reckoning that is difficult to escape. Even so, feedback should be followed by a rigorous monitoring process to ensure the change is not mere lip service.

The obsessive-compulsive leader

Obsessive-compulsive leaders often disguise their disorder as "perfectionism". Their attention to detail and insistence on high quality can be organisational assets. However, when nothing less than perfection (by the leader's highly idiosyncratic definition) is accepted, innovation grinds to a halt. The freedom to fail is a prerequisite for generating new ideas.

Work-life balance is often the first casualty of an obsessive-compulsive leadership style. Teams are pushed to their limit by the constant second-guessing and endless tinkering with minutiae.

Their inability to be flexible makes it hard for obsessive-compulsive leaders to build productive working relationships. They will likely earn a reputation among their colleagues for being stubborn, highly guarded and selfish.

To be fair, obsessive-compulsive leaders are as controlling of themselves as they are of others. Their abhorrence of mistakes compels hyper-meticulous analysis that burdens decision-making almost to the breaking point. From the outside, this can read as procrastination or lack of mental focus.

These leaders are often surprised to learn that their behaviour is negatively perceived. Corrective conversations with them can be productive, if they are encouraged to imagine what "good enough", rather than "perfect", would look like in their daily lives. They also may respond well to being reminded of everything they're missing out on socially and even in their family lives, because of their time- and energy-consuming perfectionism. Experimenting with different ways of dealing with people will be essential to developing their leadership skills.

> Those with milder forms of the disorder, such as SOB executives, probably were not born with it

Erasing the stigma

In many countries, the stigma around conversations about mental health in the workplace is beginning to lift. Organisations and teams should embrace this development by creating space within their work routines for issues to be raised before they grow into endemic problems.

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What U.S.-China 'Proxy Wars' Mean for Asia's Balancing Act

With tensions running high between China and the U.S., many fear an all-out trade war is in the making. But the likelihood of things boiling over is low, writes Wharton Dean Geoffrey Garrett in this opinion piece. Both countries have a lot to gain from their economic interdependence – and a lot to lose if they step up confrontation significantly. Instead, these tensions are more likely to continue playing out through "proxy wars" in Asia, as the two countries wrestle for influence.

With the temperature rising on U.S.-China relations, we should all hope that things don't boil over. The downside risks of a trade war between the world's two biggest economies are clear. I remain an optimist that the economic win-wins for both sides of the Sino-American relationship are so big that they keep the probability low of intense and protracted conflict (trade, investment, or military) between China and the U.S. — even with avowedly nationalist leaders like Donald Trump and Xi Jinping.

But I am worried about the U.S.-China "proxy wars" increasingly playing out in Asian countries. The grand strategy that has been so successful for Asia in recent decades — reinforce the benefits of the U.S. security umbrella while maximizing the economic benefits of China's rise — remains the right playbook. But this balancing act is feeling ever more like a high-wire act as both China and the U.S. turn up the heat on countries in region.

The kind of U.S.-China jaw-jaw we have seen in the past few weeks over trade, intellectual property, the future of technology and innovation — and over the past couple of years regarding the South China Sea — is not unusual. In fact, there have been numerous similar escalations over the past few decades, and not one has become a flash point triggering major conflict. Instead, both China and the U.S. have consistently managed down, rather than inflamed, their tensions.

This pattern of outbursts that dissipate is not only understandable, it is also helpful for China-U.S. relations — letting off steam to reduce pressure (to keep the hot water metaphor going). Leaders on both sides understand that they each will need to send signals of being tough on the other country from time to time, mostly for domestic purposes. But they share an understanding that these outbursts are not intended to trigger escalations that would do lasting damage to the relationship between China and the U.S. Both countries benefit so much from their ever-greater economic interdependence, even if they don't always like the terms of this interdependence.

So much for the history. Trump and Xi are clearly very different leaders from their predecessors. Everyone knows that Donald Trump wants to "make America great again." In his foreboding Destined for War, Graham Allison summarizes Xi Jinping's ambition as to "make China great again." Both leaders' focus very much begins at home, but their domestic aspirations have big international consequences.

Does this mean "this time will be different" when it comes to China-U.S. tensions? No … and yes.

No, in terms of bilateral China-U.S. relations. The two countries will inevitably continue to spar, but neither wants to inflict a body blow on the other because they would also be hurting themselves. China-U.S. is a positive sum, not a zero sum, relationship.

Yes, in terms of China and the U.S. in Asia. Instead of taking on each other directly, China and the U.S. are wrestling for influence in Asia. The giants don't want to fight each other, but they are willing and able to flex their muscles in the region.

This is making increasingly difficult the China-U.S. balancing act Asia has so successfully executed in the past few decades, creating unprecedented prosperity and stability in the region. Asian countries should not, and will not, definitively "choose" between China and the U.S. But different parts of Asia will shade more in one direction than the other, because the American and Chinese strategies for the region are very different.

Since at least Barack Obama's "pivot" to Asia in 2011, the U.S. approach to Asia has focused more on geopolitics than on geo-economics. Think increased U.S. military presence in Asia coupled with walking away from the Trans-Pacific Partnership.

China's approach is the exact opposite. Very much aware of heightened sensitivities regarding its assertions of sovereignty over Taiwan, Tibet and islands in the South and East China Seas, China is increasingly emphasizing geo-economics over geopolitics. Think the Asian Infrastructure Investment Bank and the One Belt, One Road Initiative over naval operations in contested waters.

The following two charts paint a graphic picture.

Since 2011, the U.S. has sold nearly $20B in military equipment to its closest allies and friends in Asia. Chinese armament sales have been both much smaller and concentrated in non-India South Asia.

Over the same period, trade with China has increased relative to trade with the U.S. in the vast bulk of Asian countries — against a backdrop in which China was already the largest trading partner for most of these countries.

dd to this, the more than $1 trillion of preferential loans and construction projects China is planning to invest in its One Belt, One Road Initiative: to build much needed infrastructure in emerging economies in Asia and beyond; to create export opportunities for Chinese infrastructure firms as the pace of domestic projects inevitably slows; and above all, to increase China's international influence in the process.

How will Asia react to this combination of American geopolitics and Chinese geo-economics? The New York Times recently tried to sum it by putting countries into three groups: "counteracting" China, "shifting toward China," and "playing both sides."

While it is overstated, there is real merit to this framework. Here are my friendly amendments to the Times's Asia map:

The U.S.'s core allies (Australia, Japan and Korea) are trying to get closer to America in terms of military, intelligence and communications (despite Trump's complaints that the allies expect too much and do too little). The Chinese market is extremely important to all three countries. But they do not need Chinese infrastructure investment nearly as much as emerging Asia. As a result, American geopolitics dominates Chinese geo-economics for these countries.

Most ASEAN countries led (in size) by Indonesia have little choice but to embrace Chinese geo-economics. For all of these emerging markets, world-class infrastructure is the key to realizing their full economic potential. Even if some ASEAN countries have concerns about China's regional aspirations, the incentives to welcome Chinese investment are overwhelming in the short to medium term.

Singapore is at the heart of ASEAN, but its position is much closer to those of Australia, Japan and Korea than to its southeastern neighbors. Real concerns about China's strategic ambitions, less need for Chinese investment, and longer and deeper ties with the U.S.

Vietnam and the Philippines are much more concerned about security challenges from China than is the rest of ASEAN. But they desperately need economic engagement with China, both trade and investment. As a result, their embrace of the American security umbrella will likely remain more muted — easy to understand given Vietnam's history, more perplexing given the Philippines' long military relationship with the U.S.

India is so big that charting a more independent path is the natural move. India needs the Chinese market, but issues such as water and Tibet along the long border it shares with China mean that Sino-Indian relations will inevitably be less than friendly. India has always been wary of the U.S. both economically and militarily, but massive Chinese investment in neighboring Pakistan and Bangladesh makes more collaboration with the U.S. inevitable — increasingly couched in terms of upgraded relationships with the other stable democracies in Asia, Australia and Japan (forming the "Quad" with the U.S.).

The differences in these trajectories are real. But it is important to reiterate that U.S. geopolitics-China geo-economics is a continuum, not a dichotomous either/or. Every Asian country continues to benefit from, and to expect, large-scale U.S. military presence in the region. Every Asian country continues to benefit from China's economic rise.

What has changed is that increased China-U.S. tensions are leading both major powers to turn up the heat on Asia. Neither great power can afford large-scale confrontation with the other. They are too co-dependent. But they seem to be increasingly comfortable with proxy wars in Asia. Don't expect a single united Asian response. Do expect China-U.S. balancing to become increasingly important, increasingly difficult, and increasingly divergent in Asia.

> Both countries benefit so much from their ever-greater economic interdependence, even if they don't always like the terms of this interdependence

Initial Coin Offerings: Can Regulators Curb the Risks?

Contd. from last edition

Jennifer Golbeck

TOP MANAGEMENT team live and work in Hong Kong, which country has jurisdiction over the business?

Even within a country, there's a question of competing jurisdictions as well. When a startup sells tokens in an ICO that can be exchanged for future products, is it selling a security since investors can hope to make money if the token goes up in value? That means securities laws kick in to be enforced by the U.S. Securities and Exchange Commission (SEC).

But what if the exchangeable tokens are commodities? Then the lead regulator is the U.S. Commodity Futures Trading Commission (CFTC). FinCEN, the Financial Crimes Enforcement Network, has also weighed in. It said a company with a virtual currency trading platform is a money transmitter and thus must comply with related rules.

No matter, the SEC has charged ahead. In recent months, it has stepped up its scrutiny of ICOs by issuing dozens of subpoenas, according to The Wall Street Journal. SEC chairman Jay Clayton has said that cryptocurrency and ICO markets have "substantially less investor protection" than traditional securities markets, with "correspondingly greater opportunities for fraud and manipulation."

In January, the SEC halted the ICO of AriseBank, calling it "allegedly fraudulent." AriseBank described itself as a decentralized bank and sold its AriseCoin cryptocurrency as tokens to investors to be used on future products and services. At one point, it also claimed that its accounts were FDIC insured.

Global Regulators Coordinate

Despite overlapping jurisdictions, regulators globally are collaborating just like they do on other cross-border issues like money laundering. The key is to find common ground first and then customize for local needs. "There are points of commonality across global regulators," Rick Levin, chairman of the fintech and regulation practice at law firm Polsinelli, told Knowledge@Wharton. "They all are striving to protect their citizens from nefarious schemes. They all want to promote capital formation and job creation, and they all want market integrity. So harmonization is something that can be strived towards … but also there's an appreciation that each country has separate lawmaking bodies."

Kavita Jain, director of emerging regulatory issues at the U.S. Financial Industry Regulatory Authority (FINRA), added that regulators want to be helpful. "As regulators, we want to support innovation because it provides consumers access to better, cheaper, faster services — sometimes access to services they may not have had in the past," she said in an interview. "It also has the potential to create efficiencies in the marketplace, but it has to be done within the guardrails of investor protection and market integrity. … We're trying to maintain that balance."

But Peter Van Valkenburgh, director of research at Coin Center, said the industry's view on regulation is mixed. "Some people think the government's taking a somewhat too draconian or conflicting approach that has been too hard for the industry to parse," he said in a Knowledge@Wharton interview. Others believe the industry has to "grow up and deal with it. This is regulation just like any other regulation." His opinion is that regulators have a mixed report card. The SEC, which he said has been labeled as being heavy handed on the industry, actually is "very sensible" by doing enforcements on a case-by-case basis.

In contrast, China and South Korea have banned ICOs outright. Van Valkenburgh said such a "sweeping, aggressive" approach is premature, especially when dealing with a fast-changing technology. "If the environment changes … maybe you [would] have missed out on a lot of potential innovation." By being "somewhat obstructionary," China could be ceding blockchain innovation to nations like Singapore, Japan and the West. In his view, Singapore's pro-innovation policy is working out well for ICOs and cryptocurrencies. "I wish we had such a clear path in the U.S., but it also means a clear path for bad policy as well."

Approach for Regulators

When developing rules for cryptocurrencies and ICOs, regulators must ask themselves three questions: What is the goal? Who is the target of the regulation? What is the method of enforcement? For example, the objective could be consumer protection, according to a European researcher. Other goals could be anti-money laundering or counter-terrorism. But when it comes to choosing the entity to be regulated, it is not that easy. "The blockchain is a transnational, multijurisdictional peer-to-peer network. There are many actors, established in many places."

The researcher calls these targets "regulatory access points" — bodies that are more practical for government authorities to regulate in the crypto and ICO ecosystem. For instance, one access point is the internet service provider (ISP). "They are in a position to comply with regulators," she said. They also can determine which networks are connected to the blockchain, look deep into blockchain packets or applications, and they can sometimes distinguish between lawful and illegal activity. Indeed, most bitcoin nodes are hosted on only 13 ISPs. "Even though we see blockchain as decentralized, there's a way to centralize it."

Another regulatory target could be miners. They are companies that validate blocks on the blockchain in return for compensation, usually in the form of cryptocurrency. To validate blocks, they perform complex calculations that use a lot of electricity. "When they are gathered in large mining pools, [we can] locate them through electricity consumption," the researcher said. They can be located because the electric utility might be run by the state. However, regulators risk unsettling the entire blockchain network and cause miners to flee to another country. Also, miners cannot distinguish between legal and unlawful activity, she said.

Authorities also could target intermediaries, such as cryptoasset exchanges, search engines, social networks and hardware manufacturers. With search engines, regulators could force them to stop listings that seem fraudulent. Social networks could be compelled to reject cryptocurrency or ICO ads. Hardware makers could be required to install "backdoors" into the system that regulators could access. The U.K.'s Investigatory Powers Act of 2016 allows such action, according to the researcher.

To be sure, there are drawbacks to targeting intermediaries as well. For example, South Korea has shifted anti-money laundering (AML) duties to banks from cryptoasset exchanges, the researcher said. "What does that mean from a competition and innovation perspective?" And then one could also argue the opposite: By removing AML compliance from crypto intermediaries, they are free to focus on innovation.

Target Exchanges

Coin Center's Valkenburgh thinks cryptoasset exchanges are the "logical" targets for regulation. "Those exchanges will always be centralized," he said. "We might see a decentralization of crypto to crypto exchanges, but if there are dollars involved, there will be a chokepoint, if you will. I think that is a sensible place to do your AML regulation, to do your investor protection regulation." Also, the exchanges would be easier to keep track of than the many startups. "It's going to be whack-a-mole to a certain extent."

Monitoring the exchanges also is preferable to targeting the actual tech protocol or platform, such as regulating software development or network architecture of bitcoin or the Ethereum blockchain platform, said Valkenburgh. "Those plans would inevitably backfire. Alternative networks would appear, people would switch to those without backdoors, or that were not compromised in any way." What's more is that "these networks are made to avoid centralized control so it would be difficult to implement any meaningful policy through that layer," he added.

Similar disadvantages arise if authorities go after software developers, who could be required to program in "kill switches" or encryption "backdoors" for governments to use, the researcher said. If they balk at such regulation, developers could move to more friendly jurisdictions or work anonymously. Another wrinkle: Not all regulators like the idea of a "backdoor." She said the EU Security Commissioner believes it would weaken the overall security of the network within a blockchain context.

How about targeting the end users? For example, China has banned ICOs and encourages citizens to report on those who break the law. But the disadvantage is that the public might not understand what they are doing nor have the capacity to comprehend complex legislation, the researcher said. Also, the impact of shifting norms is an issue. "If a lot of people use it, it becomes much harder for regulators to enforce it," she said.

Instead of targeting a body to regulate, government could consider getting involved in decentralized networks. For example, they could participate in blockchain governance, software development, mining or running nodes. Also, they could create blockchains specifically designed to comply with regulatory constraints, or endorse projects that do so, the researcher said.

However, one conference participant argued that in a "world of decentralized applications … you have to go after the internet itself because there's nowhere else." Indeed, it is quite possible for intermediaries to continue to disappear, another participant said. "With decentralized exchanges, more anonymous cryptocurrencies are coming online. At which point you have to go to the end users or the infrastructure itself" — or the ISP.

One lawyer noted that regulators have been thinking about the blockchain in terms of its being a technology rather than viewing it through an industry lens. "Blockchain tokens can represent anything," he said. "They can be my health care records. In the U.S., it will have regulatory implications." Another lawyer said that the difficulty is that a decentralized system by its nature wants to avoid the law. "They provide an alternative," he said. But is the decentralized system better than the rule of law? "This is like an open question. Is this something we should protect or ensure it develops? Or regulate and fight it?"

Whatever the approach, it behooves regulators to make sure they don't over-police. One industry participant said that a federal pre-emption of state laws would be helpful. He said there are 53 states and territories that regulate money transfers and licensing of exchanges. "It's ridiculous and absurd — that's a high compliance burden," he added. Getting to the 53rd background check and money transmission license will have "no effect on your likelihood of protecting consumers or not. It's just red tape."

How Many ICOs Are Scams?

Consumer protection is high on the list of regulators' goals in overseeing the industry. Concerns are rising, especially since ICOs have exploded in popularity seemingly from nothing. Indeed, the cryptocurrency craze has been compared to the Dutch tulip bubble in the 17th century. But are most ICOs really scams?

One academic from a leading university examined around 1,500 ICOs and 1,800 tokens from 2011 to 2018. Based on his research, he said that at least 5% are frauds and scams, and the figure could go as high as 25%. Some red flags: There is no white paper explaining the business model, or if one exists, it is less technical than others, less polished and not professionally edited. The startup accepts credit cards and launched a website shortly before the offering with scant information about its founders.

Fraudulent ICOs also tend to engage in bad practices such as "bounty" programs, where they ask the community to talk up their ICO online and in social media in exchange for rewards. They also don't have an escrow account — a place to park investors' money until the offering is completed, after which funds are distributed to the startup in stages. Also, it's not a good sign if the startup doesn't have a codebase for the public to see.

What investors also don't seem to reward are startups with ICO advisors. Their presence means the startup's ICO is more likely to be listed on an exchange, perhaps due to the advisor's connections, but the offering is not likely to do well, the academic said. "There is a cottage industry of advisors on ICOs," he said. "They jump from ICO to ICO."

The good news is that the market seems to be able to discern good from bad actors, the academic said. More capital flows to startups whose white papers are more technical and which exhibit best practices like vesting and escrow. Those that do not promote dividend payouts and bounty programs get more money than those that do. Also, startups led by a team with more credentials and tech expertise are favored by investors.

"The most reassuring part of that is many of those you can spot with some major red flags," the academic said. "They are not as sophisticated yet." But of course, the danger is that as their expertise grows, so could their ability to dupe the public.

L-R: Tinuade Awe, executive director, regulation, The Nigerian Stock Exchange (NSE), presenting a replica of the closing gong to Jordi Borrut Bel, managing director/CEO, Nigerian Breweries Plc, during a closing gong ceremony at The Exchange recently

Higher oil production, telecoms rebound to push Nigeria growth outlook to 3% in 2018

business a.m.

HIGHER OIL PRODUCTION and the telecoms sector rebounding from recession are key drivers of Nigeria economic growth in 2018, according to analysts at Ecobank Research.

In an economic note Nigeria: Q2 2018 Economic Strategic Report – Gathering Steam released April 8, 2018 seen by business a.m., the analyst highlighted that the Nigerian economy would grow by 3 percent in 2018 up from their earlier forecast of 2.6 percent.

They said positive developments in the oil and telecoms sectors, together with stronger expansion in manufacturing and trade on the back of better FX liquidity as well as more accommodative monetary policy would bode well for the economy.

"We raise our 2018 growth forecasts for Nigeria's economy to 3 percent from 2.6 percent previously in 2018 (2017: 0.8%) ... Following significant rise in FX reserves and a supportive oil price outlook, we see a stable outlook for the exchange rate across all markets with the official rate holding steady at N305:USD1 over 2018," they said.

They contended that while they see an appreciation bias to the naira, in the light of the strength in oil prices, they see continued CBN reluctance at permitting exchange rate appreciation in a bid to preserve perceived gains in non-oil export competitiveness.

Accordingly they expect the naira to hold steady at N360/$ at the interbank/IE windows over most of 2018 with a slight weakening bias to N365/$ towards the end of 2018 as rising political risk premiums catalyze foreign portfolio exits from Nigeria's financial markets.

"Set against a largely stable currency backdrop, sizable base effects and softening domestic food prices, we project an extension of current disinflationary trends over the first half of 2018 and forecast average inflation to slow to 11.4 percent.

"Given our tamer inflation outlook and optimism on the current account, we are biased towards monetary policy easing and expect 100-200bp cut in the monetary policy rate to 12 percent over 2018," they opined.

The Ecobank Research analysts also see a dovish monetary policy bias and reduced fiscal borrowings at the short end of the yield curve as pointing to a subdued outlook for short-dated interest rates.

"The lower high yields at the front end of the NGN yield curve is likely to drive domestic pension funds towards increasing duration of NGN debt holdings, which points to downward pressure on bond yields. In all, we expect a flatter yield curve over most of 2018, a departure from the inversion in 2017," they said.

They equally project that a combination of softer oil prices and foreign portfolio outflows ahead of the 2019 elections as driving scope for a sell-off in longer dated paper.

"In Q2 2018, we think investors should increasingly worry about lower short term interest rates which implies either running long duration or moving down the credit curve to capture higher yields."

However they identified some key risks, triggers and pressure points for the economy in the year, including a likely steep declines in oil prices and resumption in militant attacks on oil installations posing downside risks to oil exports with adverse implications for economic growth, fiscal balances and the exchange rate

Another pressure point is the 2019 elections.

"Ahead of the February 2019 elections, we see increasing political risk premiums on NGN assets which would diminish foreign interest in Nigerian financial markets."

CBN muting on easing despite inflation trend defers growth prospect

business a.m.

The policy outcome of the last monetary policy meeting of the Central Bank of Nigeria (CBN) last week did not give any inkling on easing in the near term since committee members were cautious and reticent on the issue.

The committee noted that headline inflation had declined for 13 successive months to 14.3% y/y in February and that core and food price inflation had slowed by 133bps and 38bps respectively in February, but there was still more focus on curbing inflation rather than on growth.

Declining inflation has gathered momentum in the past three months with positive base effects at play and it is expected to remain so until the July inflation report by the National Bureau of Statistics (NBS).

However, the committee noted, "loosening will strengthen the outlook for growth by stimulating domestic aggregate demand through reduced cost of borrowing. This may, however, lead to a rise in consumer prices, generating exchange rate pressure on the currency in the process."

The committee also believes that loosening could worsen the current account balance through increased importation.

Why is the CBN afraid of inflation rather than stimulate growth?

> loosening will strengthen the outlook for growth by stimulating domestic aggregate demand through reduced cost of borrowing

Growth in all money and credit measures (other than net credit to government) on an annualised basis is running well below the provisional benchmarks for 2018, which would have advised the committee to lower rates and stimulate growth.

From members' submission, the committee is discouraging hopes of monetary easing on the basis of inflation.

Indeed there was no mention in the communique of the policy reference band of between 6 percent and 9 percent y/y for inflation. Instead the committee highlighted the stickiness of food price inflation and the "rather slow pace of its moderation".

On fiscal policy, the committee looked to the rapid passage of the 2018 budget to support growth and job creation, which in many analysts opinion is far less hopeful especially with the coming of the election and the especial focus on politics rather than on the economy.

Rather than look to government spending as a support for growth, the committee warned of election-related spending and called on the FGN to freeze the growth in aggregate expenditure.

Its data showed that net credit to government increased by 20.0 percent in February and 119.9 percent on an annualised basis, compared with the provisional benchmark for the year of 33.1 percent.

Historic data for the FGN's finances for 2017 from the CBN quarterlies show a deficit of N2.13 trillion, compared with the previous year's N2.19 trillion. The FGN's retained revenue totaled N2.77 trillion, and total expenditure N4.90 trillion. The revenue was again below target, and the deficit was also contained by the low level of capital spending (N540bn in H1 2017, according to the quarterlies).

Though the MPC's decision was largely in line with forecast, most analysts believe policy rate cut in 2018 is a matter of when since supportive external account condition – stable oil prices, rising current account surplus and external reserves – is good, which empirical studies have emphasized to be the major anchor of monetary policy.

Again, the benign outlook for consumer prices, which the CBN Governor has repeatedly highlighted to be a major policy consideration, supports rates cut.

With persistent deceleration of inflation rate, the case for easing will become more compelling in H2:2018 with most analysts even forecasting year-end inflation at 11.4 percent.

Nigeria inflation rate projected to drop to 13.49% in March

business a.m.

Nigeria's inflation rate is projected to drop to 13.49% in March 2018 from 14.33% recorded in the previous months, analysts at FSDH Research have predicted.

FSDH Research stated this in a report released Thursday, April 5, 2018. The report pointed out that the anticipated drop in the inflation rate is premised on the base effect of higher prices in the composite consumer price index (CCPI) in March 2017 than the current month.

The National Bureau of Statistics (NBS) is expected to release the inflation rate for the month of March on 16 April, based on the data release calendar on the website of the NBS.

The Statistical office in its consumer price index (CPI) report for February 2018, released in March 2018, said core inflation dropped from 15.13 percent in January to 14.33 percent in February, the lowest level in almost a year.

The FSDH report is in line with most analyst reports which predict further deceleration of inflation rate

The FAO Dairy Price Index appreciated by 3.26 percent in March as prices of butter, Whole Milk Powder (WMP) and cheese were on the increase. The increase was mainly supported by strong global import demand and lower than expected milk output.

The report noted that the appreciation recorded at the interbank market between the two months under review moderated the impact of the imported consumer good prices in the domestic market.

It also stated that the prices of most of the food items monitored by the firm in March 2018 recorded moderate appreciation, leading to 1.12% increase in our Food and Non-Alcoholic Index.

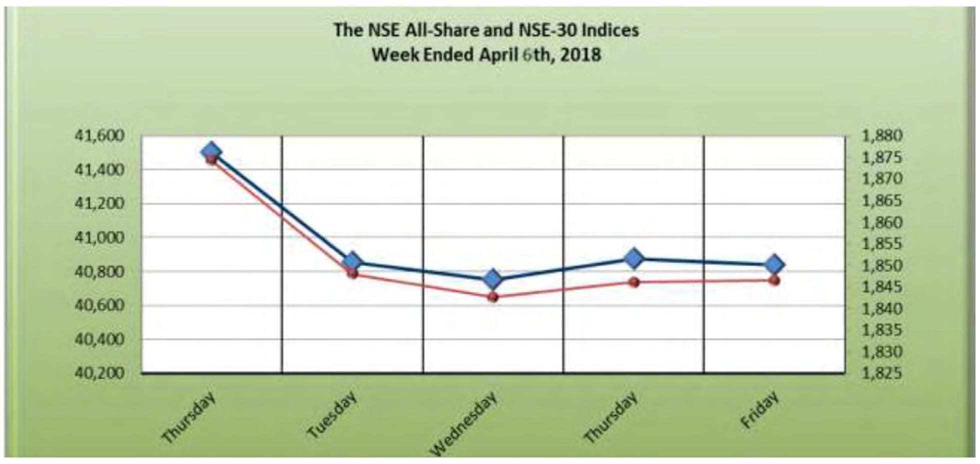
"The Index increased by 16.31 percent from 229.71 points recorded in March 2017. We also noticed an increase in the prices of Transport and Housing, Water, Electricity, Gas & Other Fuels divisions between February and March."

"We estimate that the increase in the CCPI in March would produce an inflation rate of 13.49 per cent lower than the 14.33 percent recorded in February," it added.

CAPITAL MARKET

Sustained sell-offs to offer attractive entry into medium, large caps

business a.m.



The sustained sell-offs witnessed in the past weeks at the Nigeria's equities market, which was a correction to the bullish run in the first two months of the year, has created attractive entry prices in medium to large caps with strong fundamentals, according to traders and analysts.

To this end, analysts are predicting a positive outlook on the market in the near term, which would be equally buoyed by release of strong FY:2017 earnings and expectation of impressive Q1:2018 results.

The bearish performance in the local bourse in the month of March was sustained in the first week of April as benchmark index, the Nigerian Stock Exchange All-Share Index (NSEASI) shed 1.6 percent to settle at 40,841.14 points, which further moderated year-to-date (YTD) return to 6.8 percent.

Consequent on this, market capitalization pared N239.6 billion to close at N14.8 trillion last Friday.

The drag on market performance last week could be largely attributed to sustained sell-offs in bellwethers - DANGCEM (-2.0%), ZENITH (-6.8%) and GUARANTY (-1.3%).

However, market activity level strengthened as average volume and value traded rose 14.6 percent and 59.6 percent to 440.9 million units and N6.6 billion respectively.

The most traded stocks by volume for the week were ZENITH (197.4m), ACCESS (180.1m) and UBA (166.2m) while GUARANTY (N5.6bn), ZENITH (N5.6bn) and NESTLE (N2.9bn) were the most traded stocks by value.

A review of the week indicates that the market kicked off on a negative note, paring gains from the previous session as the benchmark index fell 1.6 percent and 0.3 percent on the first two trading days.

Losses in DANGCEM, GUARANTY and ZENITH were the major drags to market performance. By Thursday, the bearish trend was halted against the backdrop of increased bargain hunting in DANGCEM, ETI and UBA, which lifted the benchmark index by 0.3 percent. The bears returned to the market at the close of the week, offsetting the previous day's gain, thus dragging performance down 8bps.

Across sectors, performance was equally bearish. The oil & gas index led laggards, down 2.8 percent following losses in MOBIL (-8.5%) and TOTAL (-5.0%). The industrial goods and banking indices followed suit, down 2.1 percent and 1.3 percent respectively as investors sold off positions in DANGCEM (-2.0%), WAPCO (-2.4%), ZENITH (-6.8%) and GUARANTY (-1.3%).

Similarly, sell pressures in NIGERIAN BREWERIES (-0.8%), INTBREW (-9.7%), WAPIC (-7.0%) and NEM (-1.8%) drove the Consumer Goods and Insurance indices down 1.1 percent and 0.1 percent respectively.

Investor sentiment weakened in the week as market breadth (advance/decline ratio) fell to 0.4x from 1.2x recorded the prior week following 19 stocks that advanced against 50 stocks that declined.

The best performing stocks were LASACO (+21.2%), MAYBAKER (+14.3%) and LAWUNION (+12.3%) while JAPAUL OIL (-23.7%), UNITY (-17.2%) and GLAXOSMITH (-14.7%) led the losers chart.

Meanwhile, a total turnover of 1.765 billion shares worth N26.562 billion in 20,265 deals were traded in week by investors on the floor of the Exchange in contrast to a total of 2.328 billion shares valued at N28.927 billion that exchanged hands the previous week in 25,530 deals.

The Financial services industry (measured by volume) led the activity chart with 1.468 billion shares valued at N18.707 billion traded in 12,850 deals; thus contributing 83.18 percent and 70.43 percent to the total equity turnover volume and value respectively.

The Conglomerates Industry followed with 127.882 million shares worth N623.871 million in 971 deals. The third place was occupied by consumer goods with a turnover of 69.868 million shares worth N6.189 billion in 2,930deals.

Trading in the Top Three Equities namely – Zenith International Bank Plc., Access Bank Plc. and United Bank for Africa Plc. (measured by volume) accounted for 543.758 million shares worth N9.739 billion in 3,533 deals, contributing 30.81 percent and 36.66 percent to the total equity turnover volume and value respectively.

Summary of price changes

Nineteen equities appreciated in price during the week, lower than forty in the previous week while Fifty-three depreciated, higher than forty equities in the previous week. 99 equities however remained unchanged, higher than 91 recorded in the preceding week.

Exchange traded products (ETPs)

During the week were a total of 125,282 units of Exchange Traded Products (ETPs) valued at N2.835 million were executed in 11 deals, compared with a total of 15,293 units valued at N254,840.00 that was transacted previously in 16 deals.

Bonds

A total of 4,457 units of Federal Government Bonds valued at N4.247 million were traded this week in 13 deals, compared with a total of 21,583 units valued at N22.868 million transacted last week in 16 deals.

Price adjustment

The price of Zenith Bank Plc. was adjusted on April 4, 2018 for a dividend of N2.45 as declared by the board of directors. The last close price was N29.80, hence the ex-div price N27.35.

Top 10 Price Gainers

Company	Open	Close	Gain (N)	% Change
LASACO ASSURANCE PLC.	0.33	0.40	0.07	21.21
MAY & BAKER NIGERIA PLC.	2.80	3.20	0.40	14.29
LAW UNION AND ROCK INS. PLC.	0.73	0.82	0.09	12.33
UNIC DIVERSIFIED HOLDINGS PLC.	0.18	0.20	0.02	11.11
AIICO INSURANCE PLC.	0.62	0.68	0.06	9.68
AFRICAN ALLIANCE INSURANCE COMPANY PLC	0.22	0.24	0.02	9.09
UNILEVER NIGERIA PLC.	55.00	59.80	4.80	8.73
ACCESS BANK PLC.	11.05	12.00	0.95	8.60
CAVERTON OFFSHORE SUPPORT GRP PLC	2.67	2.79	0.12	4.49
PRESTIGE ASSURANCE CO. PLC.	0.45	0.47	0.02	4.44

	WEEK CLOSE 29/03/2018	WEEK CLOSE 06/04/2018	WEEKLY CHANGE	WtD	MtD	QtD	YtD
				% Change			
NSE All-Share Index (ASI)	41,504.51	40,841.14	-663.37	**-1.60**	-1.60	-1.60	6.79
CG Index	1,659.25	1,638.83	-20.42	**-1.23**	-1.23	-1.23	8.00
Premium Index	2,950.23	2,907.24	-42.99	**-1.46**	-1.46	-1.46	13.38
NSE-Main Board Index	1,794.38	1,779.28	-15.10	**-0.84**	-0.84	-0.84	3.83
ASeM Index	988.53	978.72	-9.81	**-0.99**	-0.99	-0.99	-9.99
30 Index	1,874.27	1,846.47	-27.80	**-1.48**	-1.48	-1.48	5.71
Banking Index	520.57	513.67	-6.90	**-1.33**	-1.33	-1.33	8.04
Insurance Index	151.09	150.98	-0.11	**-0.07**	-0.07	-0.07	8.33
Consumer Goods Index	978.14	967.61	-10.53	**-1.08**	-1.08	-1.08	-0.87
Oil/Gas Index	346.91	337.31	-9.60	**-2.77**	-2.77	-2.77	2.00
Lotus II	2,698.99	2,660.85	-38.14	**-1.41**	-1.41	-1.41	3.92
Industrial Goods Index	2,192.12	2,146.20	-45.92	**-2.09**	-2.09	-2.09	8.64
Pension Index	1,584.56	1,571.86	-12.70	**-0.80**	-0.80	-0.80	13.92

Top 10 Price Decliners

Company	Open	Close	Loss (N)	% Chang
JAPAUL OIL & MARITIME SERVICES PLC	0.59	0.45	-0.14	-23.73
UNITY BANK PLC	1.22	1.01	-0.21	-17.21
JAIZ BANK PLC	0.81	0.68	-0.13	-16.05
GLAXO SMITHKLINE CONSUMER NIG. PLC.	34.00	29.00	-5.00	-14.71
WEMA BANK PLC.	0.99	0.85	-0.14	-14.14
DANGOTE FLOUR MILLS PLC	15.95	13.80	-2.15	-13.48
SOVEREIGN TRUST INSURANCE PLC	0.23	0.20	-0.03	-13.04
UNITY KAPITAL ASSURANCE PLC	0.26	0.23	-0.03	-11.54
STERLING BANK PLC.	1.75	1.58	-0.17	-9.71
INTERNATIONAL BREWERIES PLC.	54.40	49.15	-5.25	-9.65

NASD closes lower as USI depreciates 1.09%

Trading activities on the floor of the National Association of Securities Dealers (NASD) closed last week on a negative note.

The NASD OTC Market unlisted securities index (USI) went down by 1.09 percent, closing at 656.55 points against 663.82 points previous week.

Consequently, the total market capitalisation shed 1.09 percent in the eek, closing lower at N444.30 billion compared to N449.23 billion previous Friday.

FrieslandCampina WAMCO Nigeria Plc. was the biggest price loser during the week, losing N5 of its share value to close at N150 per share against the previous close of N155 per share.

Also, Acorn Petroleum Plc. lost 2k to finish at 19k per share in contrast to 21k per share of the last session.

Presco announces delay in submission of FY2017 audited reports

Presco Plc. has advised its esteemed shareholders and other stakeholders that it would be unable to submit its 2017 audited financial statements to The

Nigerian Stock Exchange (NSE) and the Securities & Exchange Commission (SEC) within the time frame required by the regulatory agencies.

"This was not anticipated as the company had expected to finalize the audit and publish its 2017 financial statements on/or before March 31, 2018," a statement on the notification read, adding that the delay is as a result of issues relating to biological assets valuation, and that both management and the external auditors are optimistic that the final financial statements of the company would be ready by Friday April 13, 2018.

"We undertake to submit the audited financial statements to the NSE and SEC and

publish same immediately following the above date," it said

Mum is the word on SON's cement review committee

Cement classification has been a topical issue in the Nigerian cement industry for so many reasons not alien to the peculiar business environment in the country. It was to differentiate the products by its grades for effective utilization by builders in the construction business; but various factors appear to stop its implementation, though some producers complied with the review. Ajose Sehindemi seeks to understand the motive for the reintroduction of the idea by the Standards Organisation of Nigeria (SON)

AFTER A HIATUS of three years, it was a thing of surprise when in December, 2017, Nigeria's standards watchdog, the Standards Organisation of Nigeria, under Osita Aboloma called for the review of industrial standards for cement production in the country as he cited increase in spate of building collapses as the motivating factor.

He convened a technical committee to ascertain the standard development process for cement production in line with global best practice with the committee made up of a cross section of all relevant organisations in the building construction industry; which was then given the mandate to identify the various time lines and principles that define the procedures and guidelines for cement production.

Aboloma, represented by Chinyere Ejiogwu, at the Technical Committee meeting for the review of the standard for cement (NIS444-1.2014), said cement standard is no doubt a very important one as about 80 per cent or more of the buildings and other infrastructural development of any nation and, indeed Nigeria, is carried out with cement as cement is a binder for all the components of any building project, and its poor application in the construction has been blamed for failures and collapse in the building and construction industry

He harped on the fact that standards can be reviewed after five years or at any time at the instance of the stakeholders or if found inadequate due to changes in technology, best methods and government policy. But for observers of the industry, questions have been asked if this was not another wild goose chase that would lead nowhere?

A few years ago when Joseph Odumodu, then director general of SON, called for an upgrade in cement composition and pigmentation policy as a result of incessant building collapse in the country, it led to a brickbat of sort between the top cement makers in the country till the matter was finally settled in court and SON ordered to maintain status quo antebellum.

The process of reviewing the cement standard by the SON was surrounded in controversy as professional bodies like Council for the Regulation of Engineering in Nigeria (COREN), the Nigerian Society of Engineers (NSE), some cement manufacturers, among other stakeholders, cried foul over the process, as they said they were not given ample time to properly dissect the review that was ordered to be conducted within a short space of time.

That ruling negated the supposed gains the review was meant to achieve as since then, everything about the upgrade seems to be distant memory, except for the packaging of some cement manufacturers in the country that followed through with the review.

Not much was heard again on the issue as the dusts of the 2015 elections in the country settled the matter. Did SON prevaricate on the issue? Was it not another policy reversal as is common in the country after so much publicity on it?

What does the present director general hope to achieve with what appears to be a sudden decision that appears not thoroughly thought through? Though the review appears to be noble, the attention it is not getting goes a long way to suggest that it's just a policy statement with feelers from the SON suggesting that the matter is one not to be talked about, as silence is the word anytime questions are asked about the so-called review.

Now, almost four months after the inauguration of the technical committee, the report and recommendation is yet to be seen in the public domain. A source at the standards body couldn't say categorically the stage of the committee's report, confirming that nobody wants to talk about it, as there is a deafening silence about it.

A top official when asked about the work of the committee, said a visit was needed by this reporter to meet with experts who will offer reasons for the review, because, as he said, there exists an extensive dossier on it and so cannot comment on the committee nor its findings; though, the result of whatever outcome of the committee will depend on how resourceful the office of the official is.

Will the report come out soon or is it now a private matter?

Manufacturers to get N400bn real sector facility, says CBN

GODWIN EMEFIELE, governor, Central Bank of Nigeria (CBN) says the bank will soon begin to disburse the N400 billion Real Sector Support Facility (RSSF) to operators in the manufacturing and agricultural sectors.

Emefiele, who spoke at The Guardian newspaper's presentation of Special Report on Financing the Economy in Lagos at the weekend, said the fund would be given to manufacturers at a single digit interest rate of nine percent.

The CBN boss said the strategic initiative targets projects in manufacturing and agriculture, given the mutual interdependence of both sectors for the complete industrialisation of agro-allied business as the apex bank's development finance strategy was aimed at diversifying the economy away from over- dependence on oil revenues and consistent with its development agenda.

He noted that globally, a well-functioning financial system is key for economic growth and development, adding that the level of credit in the domestic economy channeled to productive private sector is critically below the levels required to place the economy on the path of balanced, sustainable, and inclusive growths.

Frank Jacobs, MAN president

"Given the indispensability of finance, the entire international community — including the United Nations member states, multilateral institutions, civil society groups, and the private sector — have adopted the contemporary concept of financing for development to update the mechanisms and tools of financial flows in order to fund initiatives for economic growth and development." Emefiele said.

He explained that emphasis on financing economic growth and development is distinctively placed on inclusiveness, accessibility, human capital and factor productivity.

"In most cases, private funding in the form of bank credit is often considered an important determinant of the level of productive investment in an economy. Like many other emerging and developing countries, Nigeria has got its own peculiarities in the area of financing the economy. In addition to these peculiarities, the sheer size of our economy makes it impossible for neither the public sector nor the private sector to independently satisfy the financing requirements of the economy; hence, the need for an effective public private partnership and for each to play its individual roles," he said.

States seek economic growth through viable SMEs

For so long, it appears that all attempts to grow the small and medium enterprises (SMEs) sector, which will in turn impact positively on the economy, had been the mission of only the federal government and a few states. But the recent grants being provided by different states across the country to SMEs show that state governments appear to have realised the importance of SME development to the improvement of their economies and their internally generated revenue (IGR) base. AJOSE SEHINDEMI examines how some of the states are trying to develop through the SMEs.

THERE IS STRONG belief that if 60 percent out of the Small and Medium Enterprises that make up 90 percent of the economic ecosystem of the country are viable and in good productive situations, then the country's economy is bound to develop as unemployment and restiveness would be taken care of.

This is why the Nigerian government has been doing all that it can through the Central Bank of Nigeria (CBN), Bank of Industry (BoI), Bank of Agriculture (BoA), Nigeria Export and Import Bank (NEXIM) and other development finance institutions to provide funds to support SMEs.

CBN has been promoting its N220 billion fund for micro small and medium enterprises, aside various other grants it provides to states in the country. Godwin Emefiele, governor of CBN has repeatedly said vulnerable and weak industries will be able to access the fund in a matter of days as the apex bank has concluded arrangements to announce those to benefit from it. He also mentioned at a function in Lagos over the weekend that N400 billion has been provided for 478 large scale agricultural projects since 2010.

BoI also has various grants, which it offers mostly at nine percent interest. It also has a number of funds that entrepreneurs at all levels can access. There is the Cottage Agro Processing (CAP) Fund for small and medium agro processors; Nolly Fund for players in the Nollywood industry, as well as Fashion Fund for designers and other players in the value chain.

There is the Graduate Entrepreneurship Fund (GEF), which is meant for serving members of the National Youth Service Corps (NYSC). Interested persons are allowed to submit their business ideas, which are then reviewed by a team of experts. The NYSC members whose ideas are marketable and bankable are then selected, trained for four weeks and then given between N500,000 and N2 million.

Abdulfatah-Ahmed

Emefiele

Okechukwu Enelamah

The bank has a N5 billion Aliko Dangote Fund to finance SMEs at a single digit rate and has other matching and managed funds, including a fund for the automotive industry which, after passing through 122 business development experts, entrepreneurs can access.

Nexim Bank, BoA, Nerfund, African Development Bank (AFDB) have not been found wanting in assisting small businesses in the country to grow through availability of finance, which most business owners believe is their number one challenge. Many experts think otherwise in regard to that claim.

> So it was a thing of joy to most small business operators that in just one week, three states announced various grants to SMEs

Alaba Bamgbose, managing director and chief executive officer of BAM Oil in Lagos State, said the various interventions of government agencies have been life saving for most businesses in the country that were fortunate to have been able to access the funds. She said the difficulties involved notwithstanding, the benefits of the funds to a business concern struggling to cope under the harsh business climate in the country are more than the difficulties involved as she urged more of such grants to be made readily available to industries that need them under a fair selection process.

Though state governments in Nigeria have channels and investment arms through which they can grant finance to businesses, it has been difficult for SMEs to be financed as the states are either battling with inability to pay their workers salaries or the state governors poorly manage funds that are supposed to go a long way to helping SMEs.

So it was a thing of joy to most small business operators that in just one week, three states announced various grants to SMEs.

Kwara State took the lead as Abdulfatah Ahmed, the governor said SME's in the state have been provided N3.2bn to grow their business concern and improve the state economically.

He said the N250m revolving loan provided by the state government in 2012 to cooperative societies engaged in viable agriculture, transportation, trade, among others, had grown to N3.2bn and about 65, 000 small business owners had benefited from the affordable credit provided under the scheme so far.

He added that the impact of the intervention on job creation, economic growth and revenue generation was high.

Ahmed said, "Globally, the SMEs are recognised as one of the most effective catalysts for growth and development. The SMEs constitute a significant source of employment generation and are a source of internally generated revenue for the government through tax payments.

Niger State appears to have followed suit as the government on Saturday said it had disbursed N1 billion loan to improve the capacity of small scale businesses in the state.

Danjuma Sallau, the state commissioner for information and strategy said this in Minna during a reception organised in his honour by the Association of Small Scale Businesses Operators.

Sallau said government was doing everything possible to create enabling environment to enhance businesses, so as to uplift the standard of living of the people and added that, "very soon another N1 billion will be released to cushion the effect of economic hardship in doing business."

He advised small business operators to explore the opportunity created by government to improve their businesses.

Adamawa State's executive council, in line to revamp the state's economy through SME development, authorised the government to access N1 billion from the CBN to boost SMEs.

Iya Daware, commissioner for commerce, said the gesture was to boost small scale business in the state, and the decision also demonstrates the commitment of the administration to empower the people of the state.

According to him, apart from the giant strides in physical infrastructure, "we are now shifting to the human capital development in the state," he explained and gave the assurance that the funds would be distributed fairly to operators of small and medium scale businesses, to achieve the purpose it was meant for.

Lagos State has been supporting SMEs for long. It has a N25 billion Fund, and the Fund is divided into two categories; micro and small businesses.

Under the micro, businesses can access up to N500, 000 loans with an interest rate of five percent and a tenor of one year. For the small business category, businesses can get up to N5 million for a tenor of three years. The criteria for accessing the funds include: membership of a business organisation, which will recommend the business for the loan; Lagos State tax receipt for at least six months, and Lagos state residency card.

Technology transfer is in manufacturing, not a

Ajose Sehindemi

IFEANYICHUKWU AGWU, MANAGING DIRECTOR BKG Exhibitions Limited, has called on Nigeria's government to focus more on spare parts manufacturing in place of assembling, stating that manufacturing of spare parts in the country offer opportunity for real technology transfer.

Agwu said spare parts manufacturing involves precision and proper planning as compared to the coupling that takes place in assembling, adding that this will give rise to establishing of more Original Equipment Manufacturers and increase employment within the country.

He also called for a swift review of the ongoing auto policy to make it achieve the desired ends.

Agwu made these assertions on the sidelines of its forthcoming yearly Lagos International Motor Fair and Autoparts Expo in Nigeria.

He said the forthcoming edition of its fair is aimed at reviving activities in the sector with the objective of showcasing capacities and potentials yet to be tapped.

Agwu, who is also the chairman of the organising committee for the event, said the seemingly intractable lull in the sector is taking a lot of shine off the industry making it difficult for stakeholders to showcase the abundant opportunities in the sector.

He said it is no longer news that the automotive sector in Nigeria is passing through rough and tough times, but what should be on every stakeholders' mind is how do we unite to combat the challenges, one of which is using the platform of the event to bring the sector into the front burner of economic discourse in the country.

He emphasised the importance of the sector as it shows physically the state of the economy and it generates much revenue and creates enormous employment.

In his words: "No serious government toys with it. Auto sector was one of the key sectors that received bailout from the American government during the last global economic meltdown and it helped to revamp the economy. It is a sector that drives the economy; if it is badly affected, other sectors suffers. It is the artery 0f the economy. Government should parley seriously with the sector stakeholders to see how it could be made better."

Agwu said using the campaign of "One Expo; Continental Spread", the event aims at showcasing the importance of the Nigerian market as the hub of automotive business in Sub-Sahara Africa, and one

Emefiele: Local production boosted by CBN's strategic development

Ajose Sehindemi

Godwin Emefiele, governor of the Central Bank of Nigeria says the various intervention and policy responses of the bank to challenges faced in the economy has led to a cyclical upswing and consolidation of the recovery process. He added that the bank's development finance initiative has boosted local production.

Emefiele said though banks in the country have not done enough in revamping the economy, they will continue to act as catalyst to development as between 2016 and now, N60 billion, set aside from five per cent of banks' profit after tax, has been raised by them to support the development initiative of the government.

He said the disbursement of the N220 bn MSME grant to needy sectors of the economy will be announced in the coming days.

The apex bank governor said this over the weekend in Lagos at the presentation of Guardian Newspaper's special Report on 'Financing the Economy' and his investiture as the paper's special man of the year.

On the consolidation of the economy, he said: "There have been a steady growth in real GDP from a contraction of -1.5 percent in 2016, to an expansion of 0.8 percent in 2017. A fall in headline inflation, from a peak of 18.7 percent in January 2017 to 14.3 per cent in February 2018. Stabilisation and convergence of the exchange rate around ₦360/US$1 today, from about ₦525/US$1 in February 2017.

"Increased forex supply with over US$20 billion inflow to the Import and Export (I&E) window, since inception in April 2017. Strong recovery of external reserves from just over US$23 billion in October 2016 to over US$46.7 billion as of March 29, 2018. Improvements in the capital market metrics. Improvement in the World Bank's "doing business indicators with Nigeria progressing 24 notches".

He said Nigeria remains significantly below its potential and he believes that a properly functioning financial system that channels credits to critical high impact productive real sector is a significant part of the reason and it is imperative that all realise that they have got a role to play as there is the need for a well-coordinated and effective public private partnership if the desired balanced economic growth and development on a sustainable and inclusive level must be achieved.

There has been a significant boost in local production, due to the bank's strategic development finance initiatives supported by the dogged implementation of its FX restriction on certain items, and have also recorded spectacular improvements in domestic production of most of these items which as a result, many local manufacturers are reporting major boosts to their revenues and profits.

He cited Psaltry International Limited (PIL), an agro-allied manufacturing company based in Oyo state, that produces starch which before the policy, had few customers and plenty of backlogged inventory, but today, PIL boasts over 50 multinational clients including Nestle and Unilever and the company has saved Nigeria $7 million in foreign exchange drawdown over the two years of the policy.

"This policy has even freed Nigeria from a perennially embarrassing import: toothpicks. Baton Nigeria has also taken advantage of the policy and is now producing high-quality, competitive toothpicks that is 25 per cent cheaper than their Chinese competition.

"As most of you may know, Unilever moved its blue band production facility to Ghana some years ago, which means that we have to import this product from that country, with scarce FX. But as part of the gains from our policy and in line with an agreement we reached with Unilever, the company has rescinded this decision and late last year, I personally commissioned a brand new state-of-the art Blue Band Factory in Agbara, Ogun State".

Despite N89bn turnover, finance cost puts UACN 61% behind in profit

Oluwaseun Afolabi

UAC Nigeria PLC, the conglomerate with a name once likened to an alternate government in Nigeria, in its audited financial statement for the year ended December 2017, recorded a 61 percent year-on-year drop in profit before tax (PBT) even though it came home with sales of N89 billion.

The drop in profit resulted from repayment of charges from capital borrowing which amounted to N4.3 billion as against N1.4 billion recorded in the the previous year.

The good sales figure and a low net profit margin of 3.64 percent generally mean UAC may have lost a little grip on cost during the period under review. But with a decrease in gross profit margin of 18 percent compared to the 20 percent of 2015, it means that aside from the high finance cost, there is an increase in costs of one or more components of cost of goods sold, which the firm cannot pass on to its customers due to competition.

Considering UACN's declared dividend of 65 kobo per share for 2017 is a reduced figure compared to the 98 kobo in 2016, analysts are advising UACN to employ cost control, whether by further spreading the loan repayment or putting more efforts to further increase their sales to be able to properly accommodate its operating and financing cost.

Abdul Bello, GMD, UACN Plc

> The drop in profit resulted from repayment of charges from capital borrowing which amounted to N4.3 billion as against N1.4 billion recorded in the the previous year

...ssembly plant

that is highly rewarding for investments.

"We are going to add more pep to promoting the spare parts sub-sector. This is informed by the determination of the organizers to champion the development and thriving of auto parts sub-sector as leeway to fast-tracking the development of Nigeria's automotive industry",he added.

With the exhibition slated for May 7 to 12 in Lagos, Agwu said it will be an opportunity to show the strength and ruggedness of players in the sector.

"In this edition as we have been doing for sometimes now, we will champion the auto-parts section to make Nigeria become the hub of the business in Africa. We want to make it a strong point of real taking off of a realizable auto policy.

"Organizing the event has been very challenging, we are only trying to find a way to push it as a key event for the sector and we cannot but use the event to draw the necessary attention on the sector. Government should bail the automobile companies operating in the country. It is a sector that affects virtually everything. It occupies prime position in the economy. If it is not done now it will in the very near future affect a whole lot in the life of the people and economy," he asserted.

MTN, Huawei to connect rural Nigeria with voice, broadband services

business a.m.

MTN NIGERIA and Huawei have completed the commercial deployment of RuralStar 2.0 solution aimed at providing low-cost long-distance voice and mobile broadband services for remote local rural areas.

The RuralStar 2.0 solution would help link previously unconnected communities.

Voice and data traffic of new deployed RuralStar 2.0 sites exceed expectation, revealing the enormous telecommunication demand in rural Nigeria.

Nigeria has a population of 180 million and more than half of them live in rural villages, which are typically scattered around vast grasslands or forests. Additionally mobile signal coverage is poor and many people cannot enjoy the convenience of modern mobile communication with villagers having to walk lengthy distances to nearby towns to make a call.

"Everyone has the right to access the Internet. We are glad to see RuralStar improves villagers' living standard," Cao Ming, vice president of Huawei Wireless Network Product Line.

He said RuralStar is set out to create a healthy business ecosystem and connect the unconnected in emerging markets.

"Huawei will work with the industry to eliminate the digital divide in emerging markets so that more people can enjoy the convenience brought by wireless communications and mobile Internet," he said.

MTN and Huawei jointly innovated and introduced Huawei's RuralStar 2.0 solution to reduces the total cost of ownership by 50 percent for a given target coverage area in contrast with traditional site solutions.

Using low-band non line of sight wireless long term evolution

> Everyone has the right to access the Internet. We are glad to see RuralStar improves villagers' living standard

(NLOS LTE) relay, it allows site deployment locations to change from high towers to low poles with a height of only 12 metres. This reduces the site infrastructure construction cost by 70 percent.

In addition, low-band LTE relay allows for the single-hop transmission distance of up to 40 km, and therefore can be used as a substitute for microwave transmission and costly traditional satellite narrowband transmission.

RuralStar 2.0 uses low power consumption equipment enabling pure solar energy for the power supply

UK recruiters use technology to offer 'pre-emptive' jobs

As AI allows groups to identify someone who is about to begin a formal job hunt

UK RECRUITERS are developing technology, including artificial intelligence that allows them to offer people jobs before they even start to look, mindful that if they do not keep innovating, their own business models face redundancy.

Hays, one of the biggest recruiters in the world and the largest in Britain by market capitalisation, has set up a partnership with business network LinkedIn that allows it to access some of the company's data, such as when a user adds a skill or profile picture.

With this sort of information, AI can identify someone who is about to begin a formal job hunt, allowing the company to pre-emptively contact them with relevant roles, said Alistair Cox, Hays chief executive.

"Data and artificial intelligence can give you some pretty accurate insights as to whether an individual would be receptive to a job that you've got on your books," said Mr Cox. "[It's part of] a race to get very strong candidates in front of your client before the competition."

Hays is just one of the large global recruiters, several of which are headquartered in the UK, investing in technology in an effort to match jobseekers and roles more swiftly and efficiently.

What we want is a consultant not having to trawl through hundreds of candidates to identify the one that's right for the job

Steve Ingham, PageGroup chief

One of its main rivals, PageGroup, has created an "innovations group" to find ways of improving the hiring process by making it more digital. That includes making it easier and quicker for candidates to find roles online themselves or for recruiters to single out individuals best suited for a role that has become vacant.

"What we want is a consultant not having to trawl through hundreds of candidates to identify the one that's right for the job," said Steve Ingham, PageGroup's chief executive.

Technology is already replacing some of the more mundane tasks that headhunters typically undertake, such as screening CVs and manually sifting through candidates to draw up a shortlist. Other developments include recruitment chatbots, a trend towards video CVs and using AI to profile job applicants.

But there is also the risk that the technology recruiters are adopting could cannibalise their own business, by automating their role as intermediaries and the swaths of jobs they would typically find candidates for.

"Technology is having a disruptive impact on the recruitment sector — and having an immediate effect today," said Rahim Karim, support services analyst at Liberum.

"That effect is most strongly felt in the blue-collar sector where perhaps the disparity in skills between candidates is a lot less acute," he added. "[But] it will hurt across the board at the lower levels of…white collar [jobs] as well."

Indeed, in December, shares in Hays and PageGroup, both recruiters for white-collar jobs, slipped more than 5 per cent after Deutsche Bank said that recruitment companies were overvalued, citing "structural pressure on gross margins, driven by improved procurement and technology".

By its nature, the £32.2bn sector tends to focus on the short term, with quarterly results driven by the immediate impact of economic and regulatory changes. At the same time, many UK recruiters have expanded overseas, while uncertainty about the UK post-Brexit has weighed on domestic business.

Collaboration with technology start-ups is now common. "Better to be working with them than fighting against it," says Mr Cox.

Among blue-collar recruiters, there has been consolidation. Netherlands-based human resources consultancy Randstad bought online recruiter Monster in 2016 and Zurich-based Adecco Group acquired jobs website Vettery in February.

Technology has also offered opportunities to small newcomers such as recruiters specialising in a particular sector. For example, where recruitment companies once had to build their own database of candidates, it is now much easier to find people on networks such as LinkedIn.

But recruiters also argue that the art of job matching will never be fully replaced by science. Technology will free up consultants to be more productive, giving them more time to offer clients tailored advice and develop a wider understanding of the market, they say.

"What will happen is recruiters will actually end up being much more like business consultants rather than doing desktop research," said Albert Ellis, chief executive of Harvey Nash, a recruiter that specialises in technology.

Still, the automation of jobs remains an impending threat. A recent report by McKinsey forecast that between 400m and 800m people could be displaced by automation by 2030.

"The sheer volume of recruitment will go down in lots of sectors," said Mr Ellis, adding that executive recruitment companies will be the most protected because board members are unlikely to be replaced by robots.

Recruiters, however, are confident they can adapt by focusing on skilled jobs and on the opportunities technology will bring.

"It's hard to see businesses getting a big return on investment in technology yet," said Giles Daubeney, deputy chief executive of recruiter Robert Walters. "But at some point that will tip."

Facebook vows to verify political ads, fight election meddling after Cambridge data scandal

FACEBOOK, SOCIAL media giant, said it will require advertisers who want to run either political ads or so-called "issue ads," that may not endorse a specific candidate or party but which discuss political topics, to verify themselves.

Facebook said it is working to strengthen its system ahead of this year's U.S. midterm elections and other elections around the world, including Nigeria's 2019.

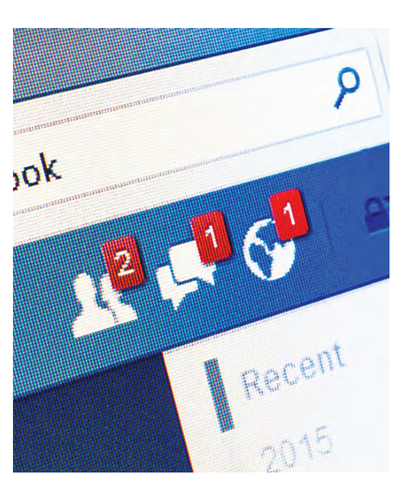
The company has already requested political ads to verify who is paying for them and where the advertiser is located.

In addition, Facebook said it would also require the administrators of pages with a "large number" of followers to verify their identities and addresses. The company did not specify what number of followers would trigger the requirement.

The moves are intended to clamp down on fake pages and accounts such as those used to disrupt the 2016 presidential elections in the U.S. and elsewhere.

In a Friday post on Facebook, Zuckerberg said that the tech company will soon hire thousands of new employees to prove that anyone wanting to run a politically-oriented ad has shown two things – (1) They are who they say they are; (2) They are not faking their location:

"[F]rom now on, every advertiser who wants to run political or issue ads will need to be verified. To get verified, advertisers will need to confirm their identity and location. Any advertiser who doesn't pass will be prohibited from running political or issue ads. We will also label them and advertisers will have to show you who paid for them. We're starting this in the US and expanding to the rest of the world in the coming months."



Zuckerberg also insists that more transparency will occur with ads, and any user should be able to see what other campaigns an advertiser is running.

Further, anyone who sets up or manages a "large page" must undergo the verification process as well.

US trade threats raise risks for China's industrial tech ambitions

business a.m.

WASHINGTON'S PROPOSED duties on hi-tech Chinese imports could dent Beijing's plans to move up the industrial chain, analysts say

With trade tensions soaring, Washington is now targeting Beijing's "Made in China 2025" initiative, an innovation-driven strategy to turn the country into a modern industrial powerhouse.

US President Donald Trump Thursday brandished tariffs on an extra US$100 billion worth of Chinese imports, on top of previously announced duties, to punish China for its intellectual property "theft", including forced technology transfers.

China ready to defend its interests 'at any cost' in trade war after Donald Trump threatens extra tariffs on US$100bn of imports

Washington's punitive measures are centred on China's hi-tech sectors, including 25 per cent tariffs on Chinese industrial, medical, aerospace, communications, and transport products.

Analysts said the spectre of these measures, along with the potential for further action such as limits on Chinese investment in the United States or US investment in China, could drag on the "Made in China 2025" initiative.

The US has accused China of forced technology transfers. Photo: Shutterstock

Julian Evans-Pritchard, senior China economist with British market research firm Capital Economics, said China was already facing challenges in its goal to be a global technology leader, but this would be more difficult "without access to foreign investment and foreign technology".

While China had strived to move up in the value chain, it was still largely "a country that assembles products rather than innovates and develops the IP behind them", Evans-Pritchard said.

"Even in the areas where it's put a lot of resources into developing its own ability to innovate and be a market leader, for example high-speed rail … it has still struggled to turn that domestic dominance into an ability to export that technology overseas," he said.

Vincent Chan, head of China

> Electronics have always relied on the global market, so if the global market becomes a problem, it could affect China's 2025 initiative

equity research at Credit Suisse, said tariffs – and other restrictions – would dampen the Chinese tech sector's investment in industry and technology, holding back innovation.

Chan said that both overseas and domestic manufacturers would be less likely to open new factories in China, and would veer away from new technology in the longer-term.

"Electronics have always relied on the global market, so if the global market becomes a problem, it could affect China's 2025 initiative," he said. "Continuous interaction between the domestic and overseas markets has always been a very important precondition for the success of Chinese technology companies."

China is striving to move up the industrial value chain. Photo:

Thomas Yau

Jon Cowley, partner for trade at law firm Baker McKenzie, said that if the tariffs took effect, it would raise costs for affected US importers and make Chinese exporters less competitive.

"The trade tensions have prompted many companies to closely examine their supply chains and explore the feasibility of alternative sourcing locations and distribution channels," Cowley said.

Moody's Investors Service said China's economic growth could take a hit if tighter foreign investment controls blocked companies using technology transfers to advance their products and services.

But China could benefit in the longer term if it moved in the direction the US had been pushing by relaxing the ruling Communist Party's control over markets and allowing for greater productivity growth.

"We are increasingly seeing this shift towards the party wanting to maintain strong control over economic outcomes, and shore up the state sector, which is a negative trend in the long-run," Evans-Pritchard said. "If US tariffs were used as a tool to reverse some of that, and shift the trend in a better direction, maybe it's actually a good thing."

Facebook's privacy push stumbles over rollout of facial recognition technology in Europe

business a.m.

FACEBOOK'S MOVE to roll out previously banned facial recognition technology in Europe just when new privacy rules are coming into force is causing an uproar.

Amid an international uproar over alleged mishandling of personal data that affected as many as 87 million Facebook users worldwide, European and U.S. privacy experts are raising concerns that the social network's rollout of facial recognition across the 28-member bloc may not comply with new EU data protection standards that come into force on May 25.

The technology, which reviews uploaded photos to automatically identify individuals' faces on the social network, was barred in Europe in 2011 after local regulators claimed Facebook had not obtained people's consent for their images to be included in such widespread scans of online images. Facebook now uses the technology outside of the EU, including in the United States.

As part of Europe's pending privacy overhaul, the social networking giant said it would ask Europeans to opt in to use the technology, and it has started running tests with a small percentage of its EU users.

Those plans, according to some privacy campaigners and lawyers,

do not comply with the region's strict privacy standards because the images on Facebook of people who have not opted into the technology may be analyzed without their explicit consent — a strict requirement under the Continent's new privacy standards known as the General Data Protection Regulation, or GDPR. Failure to comply with these rules may result in fines of up to €20 million or 4 percent of a company's global revenue, whichever is greater.

"We'll get the right level of consent to use facial recognition going forward" — Stephen Deadman, Facebook's global deputy chief privacy officer

"Facebook is, by design, running facial recognition on people who have explicitly not given their consent," said Simon McGarr, director of Data Compliance Europe, a consultancy that advises companies about how to abide with Europe's privacy rules, in Dublin. "They have no legal basis for doing that."

A group of U.S. consumer groups also filed a complaint on Friday with the Federal Trade Commission, the American agency in charge of consumers' privacy rights, against Facebook's use of its facial recognition technology, accusing the tech giant of failing to gain people's consent before scanning people's digital images.

"This automated, deceptive, and unnecessary identification of individuals undermines user privacy, ignores the privacy settings of Facebook users, and is contrary to law in many parts of the world," the U.S. complaint said.

Facebook rejected claims that it did not comply with European and U.S. privacy standards, adding that all photos on Facebook were already processed by the company to comply with its terms of service, including the removal of explicit imagery like child pornography from the social network.

The company said only photos of people who had opted into its facial recognition technology would then be scanned — a process, according to Facebook, that would help to protect users from their photos being misused on the digital platform without their knowledge.

"We'll get the right level of consent to use facial recognition going forward," Stephen Deadman, Facebook's global deputy chief privacy officer, said in an interview last month in reference to the technology's pending rollout in Europe.

The renewed focus on Facebook's privacy standards comes days before Zuckerberg, the company's 33-year-old chief executive, will testify to U.S. lawmakers about the company's role in how data from almost 90 million of its users was illegally obtained by Cambridge Analytica, a London-based data firm that worked for Donald Trump's 2016 U.S. presidential campaign. Both companies deny any wrongdoing.

Zuckerberg said Facebook would extend the privacy controls available under Europe's new data protection rules, including the ability for individuals to remove their consent on how companies use their data whenever they chose, across the company's global network of 2.2 billion users. Under Facebook's current privacy setting, its non-EU users can already opt out of the facial recognition technology.

"We need to figure out what makes sense in different markets with the different laws and different places," Facebook's chief executive said in reference to Europe's privacy standards. "But — let me repeat this — we'll make all controls and settings the same everywhere, not just in Europe."

"Facial recognition must be strictly limited to those users who have opted in to that technology" — Johannes Caspar, Hamburg's data protection commissioner

Much will now depend on the privacy regulator in Ireland, which oversees the data protection rights for the company's non-American users because Facebook's international headquarters are in the low-tax country.

The regulator said it was working with its counterparts in France, Germany and the United Kingdom where Facebook is testing its facial recognition technology. Authorities have asked Facebook whether it would need to scan all of its European users faces as part of the company's plans. Until those questions were answered, it was unclear if the company would be able to use the technology across the bloc.

"The issue of compliance of this feature with the GDPR is therefore not settled at this point," said Graham Doyle, a spokesman for Irish privacy watchdog.

Other European regulators are similarly keeping a close eye on Facebook's plans ahead of the company's expected rollout of facial recognition technology by the end of May, when Europe's new privacy standards come into full force.

"Facial recognition must be strictly limited to those users who have opted in to that technology," Johannes Caspar, Hamburg's data protection commissioner, said in an email. "We expect Facebook to take all necessary safeguards and be transparent to users and supervisors."

US farmers in precarious position as trade war fears escalate

business a.m.

AMERICAN FARMERS watched warily last week, as a tit-for-tat trade fight between the world's top two economic superpowers played out, threatening lucrative agricultural exports including soybeans.

If China follows through on its plan to impose a 25 percent tariff on soybeans, it would make global suppliers like Brazil even more attractive to Chinese buyers. It would also encourage those suppliers to add more acres of soybeans, and then negatively impact the price American farmers can get for their crop.

"Growing trade disputes have placed farmers and ranchers in a precarious position," Zippy Duvall, a Georgia farmer and president of the American Farm Bureau Federation said in a statement Friday. "We have bills to pay and debts we must settle, and cannot afford to lose any market, much less one as important as China's."

Earlier in the week, the Chinese announced retaliatory tariffs of up to 25 percent on 106 American goods, including soybeans, cotton, corn, sorghum, wheat and beef. It came on the heels of the Trump administration proposing duties on more than 1,300 imported products in China's machinery, electronics, aerospace and robotics sectors.

President Donald Trump then suggested an additional $100 billion in tariffs could come on top of what already was announced, and aBeijing official responded that China too was prepared to add more tariffs on U.S. goods. On Saturday, Trump insisted that the U.S.-China trade imbalance was not sustainable.

"A trade war is not good for us," said Art Barnaby, an agricultural economics professor at Kansas State University.

"There's a lot of uncertainty as to where this is going to end up."

The lion's share of the U.S. agribusiness trade to China involves soybeans, which are grown in many farm states where Trump received strong support during the 2016 presidential election. Top soybean growing states include Iowa, Illinois, Minnesota, Nebraska, Indiana, Missouri, Ohio and the Dakotas.

The U.S. sold approximately 33 million tons of soybeans in 2017 to China, or just over one-third of the beans imported by the Asian country. By comparison, Brazil shipped more than 50 million tons of soybeans last year to China and represented nearly 55 percent of the total imports.

China buys roughly half of U.S. soybean exports, or about $14 billion annually, and roughly one in three rows of soybeans grown on the nation's farms goes to the world's second-largest economy, according to the American Soybean Association.

Overall, U.S. agricultural exports to China represent almost $20 billion annually for American farmers.

Experts say that if China cuts agricultural exports, it could impact a wide swath of the farm economy — from small to large farmers. It could reduce profits for farmers and make them more willing to delay large purchases, such as new machinery, and encourage them to cut back in other places.

"In farming communities, that pain will filter down to other businesses so it's not just agriculture that will get hit. It's going to be everything from the local co-op to local law firms"

There's already been volatility in the futures markets tied to the tariff threat on soybeans. Other potential impacts could be shipments turned back from Chinese ports or purchases canceled.

The world's second largest economy is also the top buyer of U.S. sorghum, which it uses to feed livestock, but an anti-dumping investigation is expected to curtail purchases this year.

Economists say China's tariffs could create a situation where global agricultural sellers such as the European Union and South America could take share away from the United States in key agricultural commodities sold to China.

For example, if China diversifies suppliers and buys less from the U.S., countries such as Brazil may have an incentive to expand soybean acreage.

China's planned tariffs on U.S. agriculture come as the nation's farm belt are already struggling after years of low crop prices. Some farmers are considering exiting the business. In February, the U.S. Department of Agriculture predicted net farm income in 2018 would fall to lowest level in nominal terms since 2006.

"The reality is the farm economy is already hurting, so making the U.S. a residual supplier of grains and meat to China will just lower farm incomes further," said Dan Kowalski, vice president of the Knowledge Exchange division at Denver-based CoBank, a major agricultural and rural lender.

"In farming communities, that pain will filter down to other businesses so it's not just agriculture that will get hit. It's going to be everything from the local co-op to local law firms," he added.

Meantime, the Trump administration is looking at ways to cushion the blow for farmers.

"It's not probably very smart in these kind of things to lay all your cards on the table about what you're going to do," USDA Secretary Sonny Perdue said Thursday during remarks at an event in Kentucky.

> Growing trade disputes have placed farmers and ranchers in a precarious position,

That said, Perdue indicated that the president authorized him "to use the authorities we have within current appropriations — the Commodity Credit Corporation and others — to develop a plan once we see what the impact of these tariffs will be."

Perdue didn't elaborate, but some agricultural experts suggest it would be a mistake for the administration to resort to subsidies. For one, they said it could lead to retaliation by other agricultural exporters, even if it helps in the short term.

"Subsidies are just a patchwork and not sustainable," said Luis Ribera, an agricultural economist at Texas A&M University in College Station. "They usually disrupt markets and harm producers in the long run."

At the same time, experts point out that the White House has time to decide before the new round of tariffs on some 1,300 Chinese goods — or about $50 billion worth of products — goes into effect, since there will be a 30-day comment period for business interests and other parties. Also, that will be followed by a period up to 180 days, where the president can decide before taking the next step to formalize the duties against the Chinese.

"If the rhetoric continues to amp up, the impact could be significant in the medium and longer term," said CoBank's 'Kowalski. "You're talking about price impact, obvious trade impacts of less product being sent overseas and ripples throughout the supply chain."

In early March, Trump unveiled a 25 percent duty on steel imports and 10 percent charge on aluminum imports, essentially targeting suppliers such as China. That ultimately led to China's Finance Ministry to unveil retaliatory tariffs on up to 128 kinds of U.S. goods, including pork, nuts, wine and fruit.

Effective Monday, duties of up to 25 percent went into effect on 128 U.S. products, including pork, wine, nuts and fruit.

One in 4 hogs in the U.S. are sold overseas, and the Chinese are the world's top consumers of pork. At about $1.1 billion, mainland China and Hong Kong together are the third-largest market for U.S. pork based on value. Last year, China was the second-largest volume market for the American pork industry after Mexico.

Most of the soybeans shipped to China are used for soy protein to feed roughly 700 million pigs in the country, or to make cooking oil. China doesn't grow enough soybeans to fill its domestic demand, but the crop it does produce is mostly for human consumption.

"It is unsettling to see American-produced beef listed as a target for retaliation," said Kent Bacus, director of international trade and market access for the National Cattlemen's Beef Association. "This is a battle between two governments, and the unfortunate casualties will be America's cattlemen and women and our consumers in China."

Bacus added that the cattle association backs "trade enforcement, but endless retaliation is not a good path forward for either side."

China took delivery just last year of the first shipments of American beef in 14 years. China had shut its market to American beef producers after a case of so-called mad cow disease was detected in the U.S. in late 2003.

As for wheat, the industry is also worried about the impact of the escalating trade dispute.

"This will definitely be a big hit to the U.S. wheat market," said Chandler Goule, CEO of the National Association of Wheat Growers. "Putting a 25 percent tariff on all U.S. wheat going into China is going to significantly reduce our availability to that market."

The U.S. wheat industry last year sold 61 million bushels of the commodity to China, or about $450 million worth of the product. China ranks as the fourth-largest buyer of American wheat.

Cotton growers, too, expressed concern this past week about China's threat to impose a 25 percent tariff. China also ranks as the second-largest buyer of American cotton, with one out of every five bales headed there.

UK technology start-ups hit all-time high

THE NUMBER of new technology companies launched in the UK last year rose by almost 60 percent according to analysis conducted by the accounting and audit firm, RSM.

RSM study of Companies House data suggests a total of 10,016 software development and programming businesses were incorporated in the UK for the first time during 2017; that represents a 59 per cent increase on the 6,300 companies set up in 2016.

This indicates Britain's technology start-up sector is booming.

While there are some signs that the British drive to greater entrepreneurialism is slowing – Companies House says there were fewer new businesses launched last year than in 2016 – new research suggests more new technology firms than ever before are now plying their trade.

Moreover, while London continues to dominate the tech sector, playing host to more than 40 percent of the start-ups in the industry last year, it is far from the only area of the UK in which entrepreneurs have been active.

RSM said the Companies House data revealed growth in technology company incorporations in every region in the UK last year.

In London, new technology company incorporations reached 4,238 last year, a jump of 76 per cent. The broader South-East region saw 1,296 start-ups, a 40 per cent rise on 2016, while the North West was the UK's third busiest region for technology business launches, with 707 new firms incorporating, 29 per cent up on the previous year.

David Blacher, head of RSM's technology, media and telecoms team, said the buoyant picture for technology start-ups represented the coming together of a range of different factors that provide a supportive environment for entrepreneurs in the sector, despite fears that Brexit might prompt retrenchment.

"These figures show very clearly that despite the fears of a post-referendum slowdown, the UK technology sector is incredibly vibrant and growing at a remarkable rate," Blacher said.

"There are a number of reasons for this. The UK's universities are playing a key role in developing and nurturing exceptional talent. The country - and London particularly - is also continuing to attract the world's brightest and best. Entrepreneurs are able to gain good access to finance, either through traditional sources of debt at relatively cheap rates, or from venture capitalists and private equity funds."

DisCos' woes

They won't go away. Maybe efficient service delivery would help

Bukola Odufade

IN A TWIST of ironic fate, the eleven electricity distribution companies, which came into being in Nigeria following the privatisation of power generation and distribution in the value chain, four years ago, appear caught up in the spell that consumed the legacy companies, and which the sale of the assets to core investors was intended to solve.

Wrapped up in a spell that refuses to go away, the problems include inadequate investments, lack of maintenance of power infrastructure, outdated power plants, low revenues, high losses, power theft and non-cost reflective tariffs. Neither do they appear to be going away anytime soon.

The most distressing of these problems, according to the DisCos is the lack of a cost reflective tariff. This prevents them from collecting and remitting revenue to the rest of the electricity supply chain.

However, many analysts and observers of the power situation in the country, think that before DisCos can succeed in their demand for cost reflective tariff they must deliver efficient services to their customers. And this, they say, the DisCos have failed to do.

Odion Omofoman, an energy expert and the chief executive officer of New Hampshire Capital Limited, told business a.m. in an interview that apart from DisCos suffering from non-cost reflective tariff, they have not really improved on their service delivery and are still not being cost efficient enough.

He points to the fact that distribution infrastructure, including transformers and feeder lines, are not handled properly and maintained. "If a transformer serving a particular area is faulty the DisCos might not attend to the problem quickly," he said, adding that DisCos can't make money in those kinds of situations because, "when people don't consume power, they won't pay for it," he said.

Nigerian electricity consumers have for decades written off their monopolist power suppliers as inefficient and had looked to privatisation to provide a different mindset in service delivery, especially given their experiences with other private sector organisations. In the last four years, many say they have been disappointment because they haven't seen any difference from what they went through in the hands of the legacy companies – National Electric Power Authority (NEPA) and Power Holding Company of Nigeria (PHCN). Analysts such as Omofoman say under such circumstances customers and bound to offer resistance and would find an increase in tariff absurd because they are not getting what they are paying for.

As if non-cost reflective tariff was not enough problem for the DisCos, they are forced to reject generated power from the country's transmission company, Transmission Company of Nigeria (TCN) because existing distribution infrastructure is limited and obsolete.

Omofoman gave another example of some DisCos who only recently implemented a customer enumeration programme, including Ikeja Electricity Distribution Company (IKEDC), Ibadan Electricity Distribution Company (IBEDC) and Abuja Electric Distribution Company, saying this ought to have been done much, much earlier.

"Customers' enumeration is very critical in the sense that you must know how many customers you are serving and the type of customers you are serving, in order to appropriately bill them," he said.

It begs the question, he said, rhetorically asking: "On what basis were they charging the customers, since there are various types of customers, including low voltage customers, medium voltage customers and so on?"

The corollary of this is that it affects revenue requirements and collections, since the number and type of customers were not known in the first instance.

Despite the fact that the DisCos were relatively inexperienced prior to taking over the distribution networks, which were in really bad shape, they still have to bear a large portion of the blame, say experts familiar with the situation.

Omofoman said that part of the problem is the inexperience of DisCos because they didn't really understand the operations of the distribution networks.

"A lot of investors, in my view, didn't really understand the state of the networks they were buying into and, unfortunately, didn't try to give the right people the free hand to operate; so over time, the inexperience built up to what we are seeing today. They literally learnt on the job but at the same time, it cost them credibility," he said.

The lack of investment into the assets acquired during privatisation is also seen as another major problem plaguing the DisCos. Omofoman described this as another reason responsible for the huge revenue gap that the DisCos are facing, noting that without investments it is going to be difficult for them to improve revenues.

One finger of blame is being pointed in the direction of government, which sold the assets to the DisCos. That blame rests on the face that it owes DisCos a lot of money in unpaid electricity supplied to its different agencies. This huge debt is said to be affecting their ability to operate efficiently.

Besides the debt, DisCos blame government for its inability and unwillingness to set an appropriate tariff, which would enable the DisCos earn more revenue. For many players in the electricity space in Nigeria, this problem rest squarely in the lack of a political will by government, which is happening as it trumps politics over economics wisdom in dealing with a matter that is purely economics.

DisCos also give this as reason for the low level of capital funding in the distribution networks.

With government lacking the will to move on this crucial matter of tariff, the DisCos would vote to set tariffs as they see fit. Otherwise, they want the government to at least review and set the tariff to reflect current macro economic realities in the country. Government has been thinking about this for at least three years and it is yet to make up its mind.

Tariff reviews typically take place in form of minor and major reviews. The minor reviews usually take place in six month intervals, while the major review comes up every five years. The minor reviews are supposed to reflect the macro-economic environment under which business is being done. The electricity regulatory body, Nigerian Electricity Regulatory Commission (NERC) introduced the Multi-Year Tariff Order (MYTO) framework, a framework for electricity pricing and is charged with the responsibility of reviewing the tariffs. None has been done since 2016, when the tariff was pegged at N31 per kilowatts. Some experts say maybe the macro-economic environment has not changed an awful lot to wake up NERC from its slumber. Or that it is playing politics against the common sense of economics which, as a regulator, it ought to be considering.

The electricity tariff is overdue for a review, many say and the macro economic factors like foreign exchange rate, inflation and cost of financing are supposed to be factors under consideration for such a review.

"The current tariff has not been adjusted to reflect that," Omofoman said. According to him, when the last tariff was adjustment in 2016, the exchange rate of the naira had not moved from N305 to the dollar. It was just N197 to the dollar.

> The most distressing of these problems, according to the DisCos is the lack of a cost reflective tariff

The DisCos are bearing the brunt of this huge shortfall because "the DisCos are being billed at N305 but we are being charged at N197. So there is a large shortfall," he noted.

He stated that the tariff was due for a major review where adjustments to customers' class would have to be made, with consideration for power generation and other factors.

People with expert knowledge in energy investment such as Omofoman believe that if all the challenges DisCos face are resolved today, they would still experience a natural shortfall.

According to him, service delivery on the DisCos' end is the only thing that can save the sector, and in order to increase their revenue collection efficiency, government has to provide an enabling environment for DisCos to operate.

He advised DisCos to improve on their service delivery because everything relies on them, and to ensure that consumers are happy to pay the rates that are charged. He said that even if the tariff is increased to N100 per kilowatts, people might still not pay if they don't have power.

Solving these two critical issues would mean that 80 percent of the electricity market issues are solved, he added.

Nigeria's oil drilling slows in March as rig counts down by 4

Bukola Odufade

DRILLING ACTIVITIES measured by the number of active rigs deployed for exploration and production appear to have slowed down in Nigeria, according to data for the month of March released by Baker Hughes, a leading oil and gas services.

In its rig counts report, Baker Hughes listed Nigeria as down on its rig counts by four to 12 for the month. The drop suggests a possible decline in production activities for the month, but no data has been seen by business a.m. to support such an assertion.

The country had witnessed a three year high in February, hitting 16 rig counts, and production output of 1.732 million barrels per day, according to the Organisation of Petroleum Exporting Countries (OPEC) monthly oil report.

The country's rig count is still relatively low in comparison with March 2017 rig count, which stood at 49. But as oil price hovers in the $65 per barrel range, expert were expecting rigs deployed for drilling to be on the rise.

OPEC had earlier announced that its total output fell by 170,000 barrels per day and this was reflected in the number of rigs deployed by its member states.

Saudi Arabia, its largest producer recorded a decline of four, it stood at 117 rigs in February and fell to 113 rigs in March.

Venezuela, another OPEC member followed in third place as it dropped three rigs in March falling to 44 from 47 active rigs in February. Angola, second largest oil producer in Africa after Nigeria and fellow OPEC member, saw its rig counts dropped from four to three in the month under review.

However, these losses were offset by gains in Iraq, Ecuador and Algeria, where BakerHughes recorded an increase of two active rigs to close the month of March at 60, eight and 55 respectively.

Other member states recorded no changes to their rig counts for the period under review. Kuwait rig counts remained 54 in March, U.A.E 53, Qatar 9 and Gabon at three active rigs.

Downstream petroleum

To deregulate or not to deregulate

The call for full deregulation of the downstream sub-sector of the Nigerian petroleum industry has been a ceaseless one, but is Africa's largest oil producer ready for complete deregulation? BUKOLA ODUFADE writes

OUT OF all the refined petroleum products, petrol is the only product not deregulated in the Nigerian market and the reason for this is fairly obvious to all Nigerians. It is regarded as the lifeline of the Nigerian economy and has an immediate effect on all parts of the economy. Rumours of shortage of petrol supply send people into purchasing frenzy, leading to hike in transport fares, foodstuffs and other services.

The Nigerian government, in order to ease the burden of petrol price, decided to embark on price modulation rather than deregulation in the case of petrol. Modulation refers to the practice where the government moves the price in accordance with the current global crude prices as well as some other economic factors.

Most countries have some form of subsidy on petrol. Angola, an OPEC member like Nigeria, and a large crude oil producer in Africa competing with her for number one position on the continent, subsidizes petrol for its citizens. Egypt, Ghana and South Africa all have one form of control other the other over petrol prices. India deregulated their petroleum industry, but they have sufficient refining capacity and the government can intervene when the price is "getting out of hand".

Developed countries like U.S, U.K and Canada that have no fuel subsidies, have very large refining capacity, so much so that Nigeria buys refined petroleum products from them.

Many believe Nigeria stands to gain immensely from deregulation in the long run, but that it needs to make sure certain conditions are in place. When analysts talk about the positive effects of deregulation, which includes attracting new investments, fuel crises coming to a halt, and so on, all of that is in the long run. But like John Maynard Keynes, the famous economist said, "in the long run, we are all dead."

On the other hand, the adverse effects in the short run would be immense and Odion Omofoman, an energy expert and C.E.O of New Hamsphire Capital Ltd described it as suicidal, because of the country lacks adequate refinery capacity.

Significant local refining capacity needs to be available before deregulating completely in order to prevent bigger and uncontrollable problems.

"We don't have significant local production. Deregulation will open us up to the international vagaries of the market; people think that when you deregulate, prices come down, it doesn't work that way," he said.

A major factor in the deregulation debate is the naira to dollar exchange rate. International fuel prices don't vary for different countries, but other costs, which are also priced in dollars, like international shipping and insurance costs, vary. All these are factored into the landing cost of petrol; and there are other domestic costs included.

They include marketers' margins, transport costs, storage costs, port charges, government taxes and levies. So Nigerians would have to bear the burden of all charges reflected at the pump price of petrol, if full deregulation is embarked on.

However, most of these costs would be bypassed if the economy was refining enough crude to meet its needs, for example, most of the international costs priced in dollars, like shipping costs, would not exist and even the refined product to be purchased can be done in local currency.

Out of these international costs, the biggest and most important variable is the international market price of petrol, which is a reflection of the price of crude. Crude price increase is, therefore, a win-lose situation for Nigeria, because on one hand, she wins because her earnings from crude sales are high; but loses because she imports over 80 percent of its fuel needs from abroad.

Also, if crude prices go up, petrol prices increases, and if crude prices go down, petrol prices still increase because foreign exchange will be scarce, Omofoman explained.

He described the current predicament of subsidy payment that the country is in as lose-lose situation because it either subsidizes and NNPC under-recovers or it deregulates and spends the money saved on subsidy on solving social woes created by the deregulation.

"We are screaming that recurrent expenditure in the budget is so high, it would also double if you deregulate. Imagine how much petrol would be if dollar hits ₦500 again, nobody can buy it," he mused.

Making a comparison between complete deregulation and floating the naira, he said: "It is almost like when we tried floating the naira, and when it hit N520, we all had sense, and realized we couldn't survive."

It is another way to kill an economy that is import dependent, he noted.

Also, on the issue of supposed savings from subsidy payments, he said the revenue earned from crude sales is disbursed by FAAC and nothing except in excess crude account, so if there is no subsidy, the money saved from not having to pay subsidy goes to FAAC and FAAC shares the money to the tiers of government, the various states and FCT.

The higher allocation to states does not mean that more capital projects would be undertaken because the government increased petrol price from ₦97 to ₦145, two years ago and no significant increase in capital projects has occurred since then.

There are those who strongly believe that the failure to deregulate the downstream sector of the economy is a big problem. Egie Akpata, director at Union Capital Markets Limited strongly believes that money being spent on subsidy is not actually benefiting everyone, particularly the less privileged, who are always used as defence to keep the downstream unregulated.

"There are policies that should have been done that would significantly change the trajectory of how our economy is doing – simple things like deregulating the downstream petroleum sector and removing the drain on government resources, and fixing the power sector, fixing the tariffs, just basic fixes that can be done that are slowing the economy down.

> It is almost like when we tried floating the naira, and when it hit N520, we all had sense, and realized we couldn't survive

"So number one for me would be downstream petroleum deregulation, because of the cost to the government. There is no benefit, just no advantage; it is similar to the deregulation of the telecoms industry. Government should get out of downstream and that would save hundreds of billions of naira every year and would create tens of thousands of jobs and bring the whole downstream back to life. The money saved can be used for other things that only the government can spend on, like education, health, security and the rest," Akpata told business a.m. in an interview.

However, Omofoman said that more transparency is required on the part of Nigerian National Petroleum Corporation (NNPC) and adds that the under-recovery process is what needs to be managed.

The over-reliance on petrol as the energy source for the economy needs to be addressed and solving these three key challenges, especially refinery capacity would go a long way to prepare the economy for complete deregulation.

Having a proper and efficient mass transit system is another factor that can aid complete deregulation because people won't depend so much on individual cars and small buses to move around. It is still one of the major reasons why queues at fuel stations keep recurring.

The other one is electricity, because people need electricity to go about their daily businesses and since power supply is irregular they resort to generators, which are powered with petrol and diesel.

ExxonMobil's Udom Inoyo

People management, a handy tool

Bukola Odufade

A LONGTIME ADVOCATE for human capital development, Udom Uko Inoyo, the newly appointed Executive Vice-Chairman of the board of Mobil Producing Nigeria Unlimited (MPNU) and Esso Exploration and Production Nigeria Limited (EEPNL), is a veteran in the area of human resource management.

Inoyo hails from Akwa Ibom state, a state that is famous for Eket, where a larger part of Mobil's oil exploration activities in Nigeria takes place. He has experience spanning over two decades in human resource management, with his last position being in-country Human Resources Manager before transiting to Executive Director, a natural stepping stone for him to his most recent elevation to vice chairman.

As a HR expert steeped in people management, Inoyo will be following in the footstep of Mary Barra, the CEO of General Motors, who before she mounted the exalted office to lead the giant automaker, was vice president of global human resources. Barra's performance and the anticipated performance of Inoyo in his new role leading ExxonMobil's businesses in Nigeria, would definitely put to rest some experts' view that the HR career path is not the 'right one' to a position of organisation leadership.

Udom Inoyo

In truth, many other HR managers have done so and excelled at it, and Inoyo is expected to continue in this trend of excelling, giving his pedigree.

Possession of strong communication and problem solving skills is what makes one excel at human resource management, but adding leadership qualities to the mix, a leader is born.

A H.R. expert like Inoyo, who possesses leadership qualities, would have been identified long ago, given the global oil major's succession planning history, to be a right fit the vice chairmanship position, especially having risen to the position of executive director of the company. The remit of the executive director would obviously include successful leadership and management of the organisation, according to the strategic direction set by the board.

> Possession of strong communication and problem solving skills is what makes one excel at human resource management

This means that he is bringing his knowledge of recognizing and attracting the best minds in the industry into his current role, and since getting the best ideas out of these minds is what leaders do best, his experience of "people skills" and the management thereof will come in handy.

As a former H.R manager, who spent most of his time dealing with and solving personnel related issues and crises, where they occurred, stepping into the vice chairman's role would feel like a natural fit because as he leads the global oil giants businesses in Nigeria, part of the responsibilities would involve dealing with different issues that would arise in the course of the day-to-day running of an organisation; and his sharpened problem solving skills would be useful.

Also, H.R. managers tend to be forward thinkers, especially in this fast-changing world, where trends are rapidly evolving. Inoyo would have a lot to ride on, given all his experience and achievement leading people over the years. As a forward thinking HR expert, Inoyo is futuristic, something any organisation needs to continue to be a major player in its industry and in the local and global economy.

An alumnus of University of Calabar, he holds bachelor's degrees in both Political Science (1981) and Law (1987) and was called to the bar in 1988. He is also an alumnus of the Lagos Business School and Thunderbird School of Global Management, Arizona, United States.

Before his second degree in law, he started his professional career as an Administrative Officer in Cross River and Akwa Ibom state liaison offices in Lagos State, where he worked from 1982 to 1989.

He then joined Mobil Producing Nigeria Unlimited in 1989 as an employee relations coordinator. He moved up the corporate ladder gradually but strategically as he became the Compensation and Benefits Advisor Europe, Africa and Middle East, Centre of expertise in Belgium in 2000. In this position, he was handling the national salary programmes for 10 African and four European countries.

He then moved back to Nigeria the next year, and he was appointed as the in-country Human Resources manager for all ExxonMobil subsidiaries in Nigeria. He was managing over 5,000 employees of three ExxonMobil subsidiaries and third party contractors.

Also, an area of much interest to him is the state of the educational system in Nigeria. He is outspoken on the increasing mismatch skills the country is facing, which he blamed on the Nigerian educational system. He believes that the quality of people employable is at a very low level. He was quoted in an interview with CNBC Africa as saying: "We need to go back and understand the challenges of our entire education spectrum."

Renewable energy

Developing economies dominate investment trends

Bukola Odufade

DEVELOPING ECONOMIES outshone their developed counterparts for the third year in a row as they continue to dominate the investment trends in renewable energy.

They accounted for a record 63 percent of global investments in renewable energy in 2017, up from 54 percent in 2016, according to renewable energy investment report 2018.

The report titled, Global Trends in Renewable Energy Investment 2018, revealed that emerging economies attracted $177.1 billion of new investments last year, up 20 percent from 2016.

But developed economies saw investments slide 18 percent to $102.8 billion, their lowest aggregate since 2016.

The jointly prepared report by U.N Environment, the Frankfurt school-UNEP Collaborating Centre and Bloomberg New Energy Finance, showed that the 'big three' emerging economies, China, India and Brazil accounted for just over half of global investment in renewables, excluding large hydro, last year, with China alone representing 45 percent, up from 35 percent in 2016.

In Africa, Egypt recorded the highest investments in renewable energy for 2017 at $2.6 billion, while U.A.E attracted the highest capital funding in the Middle East. Rwanda also saw growth in its renewable energy space as investments stood at $400 million for 2017.

> In Africa, Egypt recorded the highest investments in renewable energy for 2017

The report also showed that solar and wind energy were still the dominant renewables in 2017, with both responsible for 97 percent of the investment, while biomass and waste, geothermal, small hydro and marine made up the remaining three percent.

This was possible because of the falling cost of solar P.Vs and declining generating for wind energy.

While the renewable space saw $265 billion invested in new capacity, Bloomberg New Energy Finance estimated that just $103 billion was invested in new fossil fuel capacity last year.

The factor responsible for this increase is that economies are introducing innovative ways to efficiently make use of clean energy as opposed to fossil fuel usage.

Countries introduced and are still introducing favourable policies and other support mechanisms such as power purchase agreements to stabilize returns and limit risks for project developers, while indirectly promoting the availability of finance.

Power purchase agreements for renewable energy alone totalled 5.4 giga watts in 2017, a 27 percent increase over 2016. It was the highest annual figure on record.

Investors in renewable power projects still rely on government policies to provide them with confidence about the prices they are supposed to receive for the electricity generated.

Also, many countries are moving to auctions as a way of allocating new renewable energy capacity at usually low tariffs that has been subject to an auction bidding process and creating transparency in costs.

The other way of getting security about the electricity price received is via a power purchase agreement (PPA), either with a utility or with a corporate buyer. This fixes the tariff for the project over a particular time period, which could be as short as one or two years or as long as 15 to 20 years.

Another instrument used in financing renewable projects were green bonds. The report said its issuance reached a record of $163.1 billion meaning it jumped to 67 percent in 2017.

The reason why green bonds were so appealing last year was because non-financial corporations were issuing green bonds and the asset-backed securities were issued on small-scale solar systems.

Renewable energy also contributed 12.1 percent to the global energy mix, the report noted.

Sugar, sugar everywhere

Plummeting price uninteresting for world producers

Stories by: Temitayo Ayetoto

WHILE BIG consumers of sugar are having a swell time with the global price meltdown of the commodity, the largest sugar producing firms are barely having reasons to smile as profits get increasingly decimated, and losses accumulate alongside the strife to stay afloat in the face of strong competition.

With the price depression weighing hard on Südzucker, the world's biggest producer with over 4.2 million metric tonnes, it sadly sees over 100 million euros operating loss in its sugar segment between 2018 and 2019, even as its rivals also fight on.

For Nordzucker, the world's sixth largest producer with about 2.5 million metric tonnes, the current price level has made it really difficult for sugar companies to continue production at break-even, according to reports seen by *business a.m.*

Since late 2011, the sugar market has been on a downward trend as a result of a global production surplus. Generally, rising production usually sends prices lower as it opens a possibility of either an equilibrium or an overwhelming demand.

Australia-based analyst, Green Pool, had forecast a smaller global surplus of 5.95 million tonnes for 2018 and 2019 following a huge surplus of 11.51 million tonnes in the current season. It expected the EU's white sugar exports to grow to 3.50 million tonnes in 2017 and 2018, up from 1.38 million tonnes in the prior season.

After the European Union lifted the ban on sugar beet production in 2017, which boosted output and paved way for the region to become a net exporter for the first time in over a decade, the rise in production appears wrongly timed as sugar has continued to decline on health-conscious trading bloc, throwing supplies onto a world market already awash with the sweetener.

Stefan Uhlenbrock, an analyst at F.O. Licht said: "Everyone can produce as much as they want and initially everyone only looked at the cost side of the equation and tried to reduce production costs by processing more beets and producing more sugar. But this leaves out of consideration that prices must collapse if all key players do the same and raise output massively – and this is the situation right now. Over time this will result in a survival only of the fittest."

Sugar prices had already been underpinned by production quotas and import tariffs under the last regime and were often far above world market levels. Consequently, the need to compete in a global export market has largely closed the gap. The European Commission reported an average price for white sugar during January of €374 a tonne, down €26 from December and the lowest level in records dating back to 2006. "That gives you an idea of the speed at which the European market is converging with the world market. With London sugar prices at around €280, it is likely that the EU price has fallen further since January," said Francois Thaury, sugar analyst at Agritel.

UK's producers also appear to be sharing similar fate as domestic consumers have begun to struggle with the government's sugar tax which came into effect last Friday. The levy targeted at manufacturers of soft drinks stipulates that contents that contain 5gram of sugar per 100ml will be surcharged 18 pounds per litre, while drinks with more than 8gram of sugar per 100ml will suffer 24 pounds per litre sanction.

Sugar prices had already been underpinned by production quotas and import tariffs under the last regime and were often far above world market levels

The soft drinks levy is the latest in a number of health taxes around the world as governments grapple with the rising costs of obesity-related illnesses. For food and drinks producers, the shift in political mood has meant formulation changes and strategic shifts, as they worry about which sector is likely to be hit next.

In response, many of the soft drinks producers have cut sugar levels in some of the most popular brands, including Irn Bru, Ribena and Fanta. According to the UK Treasury, more than 50 percent of manufacturers have cut sugar from their recipes.

For instance, a standard can of regular Coke, currently costing around 70 pence in the UK, would be slapped with an 8 pence increase, while the same amount of Sprite (6.6g per 100ml) would go up by 6 pence. The cost of a 1.75ml bottle of coke would increase from roughly £1.25 to £1.49. Scottish favourite Irn Bru, containing 10.5g per 100ml will face a similar increase to Coke along with Red Bull 11g per 100ml, Dr Pepper 10.3g per 100ml and Old Jamaica Ginger Beer 15.2g per 100ml.

The sugar tax further means consumers will pay an average of 8p more for a 330ml can of Coca Cola or Pepsi. Accordingly, most supermarkets labelled soft drinks have been altered for their sugar levels to stay below the levy's threshold.

Manufacturers may however not bear the brunt in reality as the tax effect would likely be passed on to customers and shops.

Although the Associated British Foods (ABF), parent of British Sugar, has been somewhat protected by diversification. The company's other businesses include the fashion chain, Primark.

"Around 16% of ABF's profits came from sugar so clearly it's not the driving force. For sugar, they've been very clear, saying that removal of quotas causing a weaker sugar price is going to have an impact," said George Salmon, analyst at Hargreaves Lansdown.

While sugar glut is independently sufficient to drive lower prices, weak global consumption could strongly impact poor outcomes currently being experienced by producers.

If the consumption outlook of sugar becomes positive against what it is now, chances of surge in prices will follow, according to a report of Futures Knowledge, which suggests an unlikely chance for consumption to soar in the near future.

Historically, the commodity shows significant relationship with inflation rates and in fact considered an inflation-hedging tool. "This means that in inflationary environments, you can expect sugar to perform fairly, at least, relative to other agricultural commodities, although there are bound to be disparities at times."

In a different conversation, the increasing demand for clean ethanol has been seen as a likely driver of oil prices in future. The effect of ethanol market on the sugar market appears mainly in the demand for sugar byproducts converted into ethanol. It is believed that as demand for sugar-based ethanol grows, sugar prices might also go up.

Moreover, the ethanol market indirectly establishes a growing relationship between oil prices and sugar price, according to FK. "As oil prices go up, the demand outlook for alternative fuels, the class to which ethanol belongs, become positive, thereby driving prices up. So it means that as more of sugar is employed in the ethanol industry, sugar prices will become susceptible to factors that move oil prices," it said.

$1m FAPA fund focuses on fertiliser financing for smallholder farmers

THE FUND for African Private Sector Assistance (FAPA) has earmarked $1million to help smallholder farmers surmount the financing challenge in fertilizer affordability and accessibility.

The fertiliser support was listed among a total of $2,480,000 catalyst projects aimed at stimulating the growth of Africa's small and medium enterprises,

The donation approved in a joint effort of the African Development Bank, the Government of Japan and the Government of Austria is expected to strengthen the participation of Africa's SMEs in financial markets and the agriculture sector.

"These three projects are well aligned with FAPA's core mandate of supporting private-sector development in Africa, a key strategic priority of the African Development Bank. They augur well for job creation in Africa," said Olivier Eweck, director of the syndication, co-financing and technical solutions department at the African Development Bank.

Leveraging investments for fertilizer utilization amongst smallholder farmers in Africa, he said, was pivotal to improving and incentivising fertilizer use among smallholder farmers in Africa.

Other projects to be undertaken include the $980,000 Regional Financial Market Development Support Project devoted to the modernization of the regulatory framework to increase competitiveness and strengthen the capacity of the regulator on new products. This will encompass securitization, Diaspora bonds and green bonds.

"The grant will facilitate SMEs' access to stock market funding and train commercial stakeholders to enhance professionalism. PADMAFIR is part of a long-term and ongoing multi-stakeholder partnership to develop the Regional Financial Market (stock exchange) of the West African Monetary Union (WAMU)," the statement said.

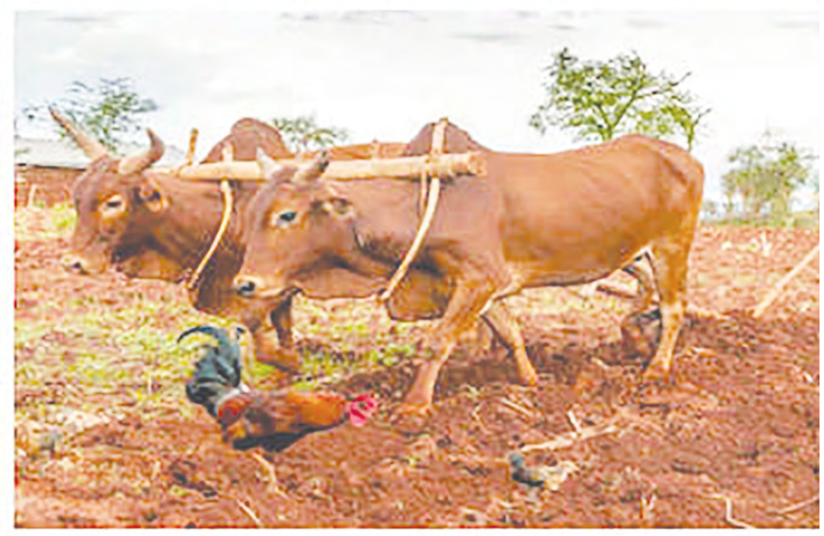
Also $500,000 has been dedicated in the form of investment to promotion of factoring in Africa. The fund would be deployed to finance the capacity-building of emerging factoring firms and the development of a sustainable knowledge and learning platform.

The platform will provide capital to SMEs by financing their receivables while the African Export-Import Bank (Afreximbank) will contribute US $450,000 towards technical assistance.

FAPA has received donor contributions exceeding US $85 million and helped finance over 80 technical assistance projects in SME development in Africa.

Higher grains, dairy prices provide strong push to FAO price index

Stories by: Temitayo Ayetoto



THE FOOD and Agricultural Organisation, FAO has said higher increases in grains and dairy prices gave a strong push to its price index which rose for the second consecutive time in March.

The FAO Food Price Index (FFPI) averaged 172.8 points in March 2018, 1.1 percent or 1.8 points higher than the February figure.

The March index is 0.7 percent up on the figure for March 2017, indicating an increasing spate of food price inflation.

The latest increase is chiefly anchored by stronger international prices for grains and dairy products and a slight increase for meat. Sugar and vegetable oils on the contrary have decreased. The declines were offset by increases for maize, wheat and most dairy products.

Worldwide cereal production hit a record level in 2017, rising by 33 million tonnes from 2016, to nearly 2,646 million tonnes, according to FAO's latest estimate in the Cereal Supply and Demand Brief.

The Cereal Price Index continued on its upward path, averaging 2.7 percent higher than in February and 12.1 percent above its March 2017 value.

Wheat prices rose mostly on weather worries, including prolonged dryness in the United States of America and cold wet conditions in parts of Europe.

The organisation however looks forward to world maize and wheat production declining based on early forecasts.

According to a research that assessed the impact of global temperature change on crop yield, the production of wheat will decline as temperatures increase, with the demand simultaneously increasing by 60 percent by the middle of the 21st century.

Corn prices have increased as wet weather in Argentina reduces yield potential there, while Asian purchases are reported to have kept international rice prices firm.

The FAO Dairy Price Index rose 3.3 percent to average 197.4 points in March, although the figure is only slightly above that of a year ago.

FAO analysts said lower than expected milk production in New Zealand, together with continued strong global import demand led to increased butter, cheese and whole milk powder prices, while skimmed milk powder prices suffered from overhanging global stocks and rising production.

The FAO Meat Price Index, at 169.8 for March, was little unchanged from February but three percent up on March 2017. Within the category, sheep meat values increased through strong import demand from China, pig meat was up slightly as supplies tightened in Europe while poultry meat values remained stable. However, cattle meat product prices eased due to subdued demand and the prospect of increased supplies from New Zealand.

> The latest increase is chiefly anchored by stronger international prices for grains and dairy products and a slight increase for meat

A marginal drop in the FAO Vegetable Oil Price Index led to an index of 156.8 points in March, a marginal fall from the multi-month low in February. While there were modest falls for soy, rape and sunflower oils, this was balanced by higher prices of palm oil, which is the world's most widely traded vegetable oil.

The Organisation predicts that palm oil prices will continue to firm, despite seasonal production increases, as robust international demand is leading to stock drawdowns in Malaysia and Indonesia. This is supported by the EU's prospective resumption of palm oil-based biodiesel imports from Indonesia plus rising mineral oil prices.

The FAO Sugar Price Index fell 3.4 percent month-on-month to average nearly 186 points in March 2018. This represents a 27.5 percent drop from a year earlier, reflecting falling sugar prices in line with substantial export availability.

The weaker Brazilian Real and a relaxation of export rules by India until the end of the season have contributed to the oversupply.

Aluminium rebounds on Rusal sanctions, others slip

Aluminium rebounded over the weekend after the United States imposed sanctions on allies of Russian President, Vladimir Putin and their companies, including Rusal, one of the world's biggest aluminium producers, a news service report said.

The U.S. sanctions hit 24 Russians and a range of companies in one of Washington's most aggressive moves to punish Moscow for what it called a range of "malign activity".

"Rusal is a significant producer and essentially what this risks doing is making that material very tough for consumers in the West to buy," said Oliver Nugent, commodities strategist at ING in Amsterdam.

"There are so many legal questions: How does the brand get accepted by traders and can it get shipped to consumers? China, usually the guys who will take anything, don't import aluminium."

Benchmark aluminium on the London Metal Exchange closed up 1.6 percent at $2,042 a tonne, bouncing from negative territory after the sanctions were announced.

Metals pared losses after the dollar reversed direction and went into the red as a report showed the U.S. economy in March created the fewest jobs in six months and as investors worried about trade wars.

Weighing on metals was news that China warned it was fully prepared to respond with a fierce counter strike of fresh measures if the United States follows through on President Donald Trump's threat to slap tariffs on an additional $100 billion in Chinese goods.

FG, agric firm prepare 110 Borno women for yam cropping

ABOUT 110 WOMEN farmers have received training in modern yam farming techniques in Maiduguri, Bornu State, to promote yam cultivation in the desert-prone areas of the state.

The training was designed by the Federal Ministry of Agriculture and Rural Development, a Borno -based agricultural firm, LADISGLO, and Kadiri Rahis, a lawmaker representing Maiduguri constituency in the House of Representatives.

Musa Umar, the director of agriculture in the ministry, explained that the training was organised to educate the women farmers on modern skills that would develop their enterprising skills and increase commercial yam production.

Umar said the state was rich with fertile land, good for yam production despite the growing menace of desert encroachment. "Studies have indicated that 11 local government areas of the state are good for yam cultivation despite certain challenges such as low volume of rainfall and desert encroachment," he said.

According to him, the ministry in conjunction with the lawmaker and LADISGLO, had also equipped 240 youths and women in agricultural business to advance their entrepreneurial skills.

Al-Amin Umara, who represented the lawmaker, said that the gesture was part of the preparations toward the forthcoming cropping season.

One of the recipients, Zara Abba, applauded the project sponsors and said the training and equipment would really help to encourage women farmers' agricultural production and socio-economic well-being.

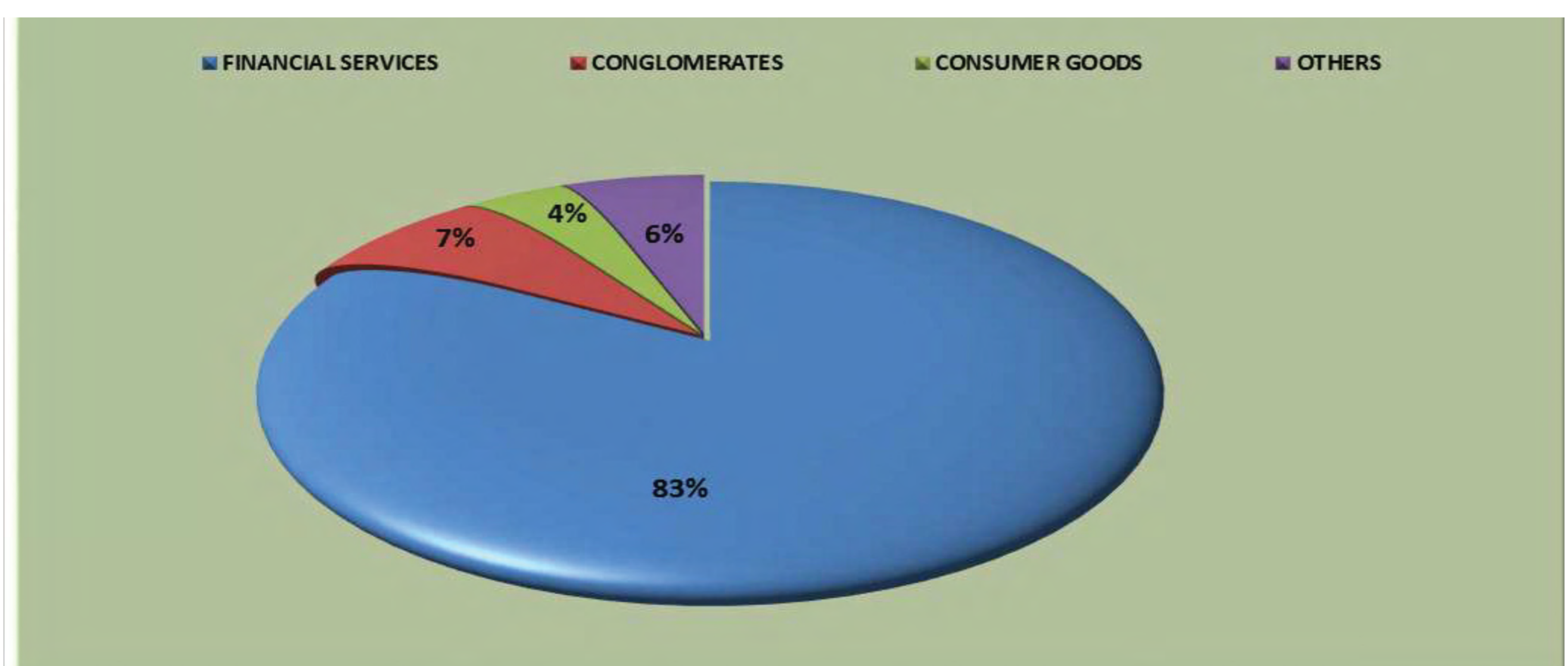
The Nigerian Stock Exchange

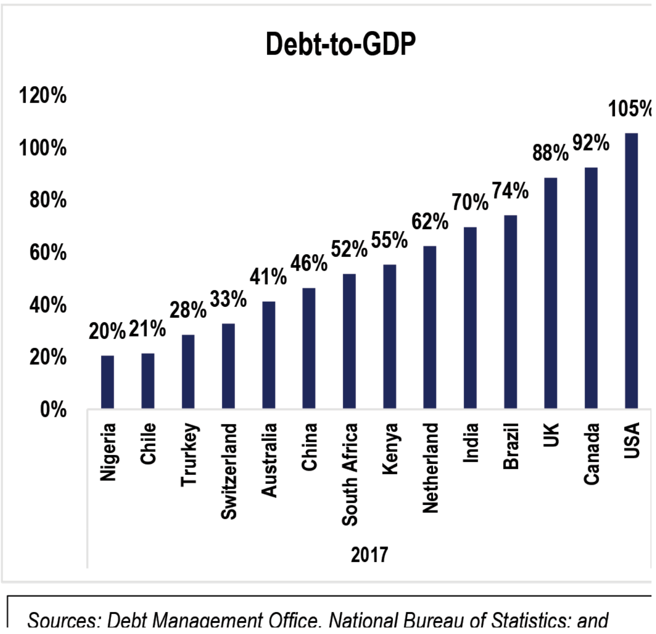
Official Price List April 6, 2018

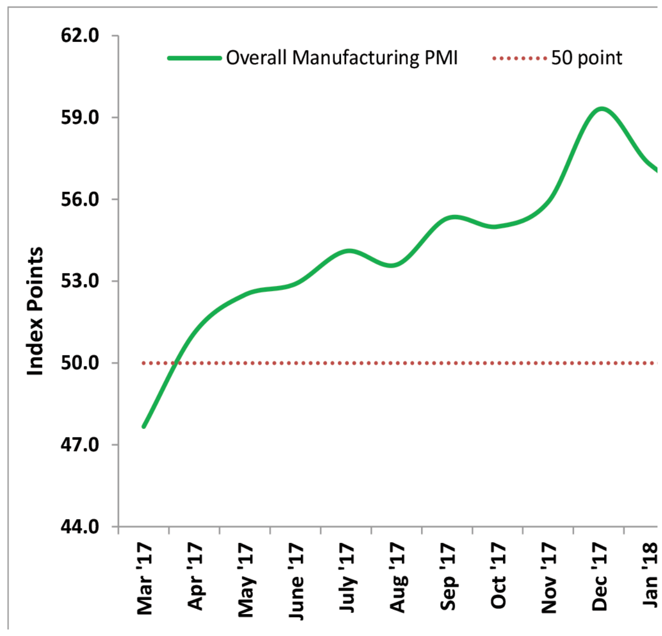
Ticker	Previous Close	Open Price	High Price	Low Price	Close Price	Absolute Change Price	Change Percent	Number of Trades	Daily Volume	Daily Value
ABCTRANS	0.48	-	-	-	0.48	-	0.0%	2	47,088	21,660
ACCESS	11.90	11.95	12.45	11.95	12.00	0.10	0.8%	290	103,698,596	1,257,763,303
AFRIPRUD	4.03	3.90	4.09	4.09	4.09	0.06	1.5%	55	2,551,444	10,431,520
AGLEVENT	0.67	-	-	-	0.67	-	0.0%	6	3,734	2,537
AIICO	0.65	0.66	0.68	0.66	0.68	0.03	4.6%	42	2,027,825	1,367,553
AIRSERVICE	4.90	4.70	-	-	4.90	-	0.0%	7	34,950	157,325
BERGER	9.85	-	-	-	9.85	-	0.0%	9	14,694	138,228
BETAGLAS	75.70	-	-	-	75.70	-	0.0%	2	20,510	1,475,695
BOCGAS	4.60	-	-	-	4.60	-	0.0%	2	1,326	6,150
CADBURY	14.50	14.50	14.50	14.50	14.50	-	0.0%	21	362,280	5,246,402
CAP	38.75	-	-	-	38.75	-	0.0%	15	26,640	986,680
CCNN	18.70	17.80	17.80	17.80	17.80	(0.90)	-4.8%	36	777,655	13,721,559
CHAMPION	2.40	2.28	2.28	2.28	2.28	(0.12)	-5.0%	27	613,162	1,430,027
CONOIL	33.45	31.80	-	-	33.45	-	0.0%	18	20,922	645,843
CONTINSURE	1.79	1.79	1.79	1.79	1.79	-	0.0%	12	607,318	1,081,713
CORNERST	0.37	-	-	-	0.37	-	0.0%	1	200	72
CUSTODIAN	4.96	-	-	-	4.96	-	0.0%	26	192,897	961,744
CUTIX	2.81	-	-	-	2.81	-	0.0%	9	65,556	176,171
CWG	2.54	-	-	-	2.54	-	0.0%	-	-	-
DANGCEM	255.00	255.00	255.00	254.90	254.90	(0.10)	0.0%	30	301,454	76,865,345
DANGFLOUR	13.75	13.75	13.80	13.70	13.80	0.05	0.4%	218	3,056,475	41,967,000
DANGSUGAR	20.75	21.00	21.70	21.00	21.45	0.70	3.4%	157	4,986,363	105,312,601
DIAMONDBNK	1.93	2.00	1.93	1.92	1.92	(0.01)	-0.5%	65	3,851,536	7,415,314
EQUITYASUR	0.31	0.30	0.31	0.30	0.31	-	0.0%	11	1,339,275	403,783
ETERNA	6.29	-	-	-	6.29	-	0.0%	16	172,047	1,059,382
ETI	17.00	-	-	-	17.00	-	0.0%	32	229,835	4,007,195
ETRANZACT	4.75	-	-	-	4.75	-	0.0%	-	-	-
FBNH	12.20	12.25	12.25	12.15	12.15	(0.05)	-0.4%	259	14,807,836	180,519,106
FCMB	2.40	2.31	2.38	2.31	2.35	(0.05)	-2.1%	142	2,692,928	6,329,626
FIDELITYBK	2.68	2.65	2.65	2.55	2.60	(0.08)	-3.0%	116	7,429,890	19,125,711
FIDSON	5.70	5.42	5.68	5.42	5.68	(0.02)	-0.4%	23	1,514,085	8,223,182
FLOURMILL	36.80	36.50	36.50	36.50	36.50	(0.30)	-0.8%	46	230,769	8,373,309
FO	41.90	40.00	40.00	40.00	40.00	(1.90)	-4.5%	40	99,395	3,977,272
GLAXOSMITH	31.50	29.95	29.95	28.95	29.00	(2.50)	-7.9%	203	2,197,457	63,895,186
GUARANTY	44.10	44.10	44.10	44.10	44.10	-	0.0%	163	35,592,863	1,569,637,258
GUINNESS	104.00	-	-	-	104.00	-	0.0%	51	181,552	18,674,173
HMARKINS	0.32	0.33	0.34	0.34	0.34	0.02	6.3%	11	653,000	221,970
HONYFLOUR	2.30	2.41	2.41	2.41	2.41	0.11	4.8%	39	1,181,172	2,846,010
INTBREW	51.70	49.15	49.15	49.15	49.15	(2.55)	-4.9%	16	107,204	5,269,126
INTENEGINS	0.48	-	-	-	0.48	-	0.0%	-	-	-
JAIZBANK	0.68	-	-	-	0.68	-	0.0%	12	283,140	184,041
JBERGER	24.70	-	-	-	24.70	-	0.0%	7	35,851	907,939
LASACO	0.38	0.39	0.40	0.38	0.40	0.02	5.3%	49	11,393,015	4,402,907
LEARNAFRCA	0.97	-	-	-	0.97	-	0.0%	3	52,300	52,823
LINKASSURE	0.84	0.82	0.82	0.82	0.82	(0.02)	-2.4%	9	562,567	462,881
LIVESTOCK	0.86	0.89	0.89	0.89	0.89	0.03	3.5%	23	678,860	602,747
MANSARD	2.40	2.28	-	-	2.40	-	0.0%	5	33,150	75,060
MAYBAKER	2.92	3.06	3.20	3.00	3.20	0.28	9.6%	78	1,910,951	5,900,969
MBENEFIT	0.34	-	-	-	0.34	-	0.0%	6	122,530	40,435
MEDVIEWAIR	2.14	-	-	-	2.14	-	0.0%	-	-	-
MEYER	0.68	-	-	-	0.68	-	0.0%	1	5,000	3,250
MOBIL	183.00	176.00	180.00	170.00	170.00	(13.00)	-7.1%	45	218,107	38,206,669
MORISON	0.55	-	-	-	0.55	-	0.0%	-	-	-
MULTIVERSE	0.20	-	-	-	0.20	-	0.0%	1	4,000	800
NAHCO	3.92	4.11	-	-	3.92	-	0.0%	23	136,500	550,540
NASCON	21.20	21.20	21.20	21.20	21.20	-	0.0%	37	318,422	6,791,885
NB	128.30	128.60	129.40	128.30	129.00	0.70	0.5%	112	2,147,105	276,990,141
NEIMETH	0.82	-	-	-	0.82	-	0.0%	-	-	-

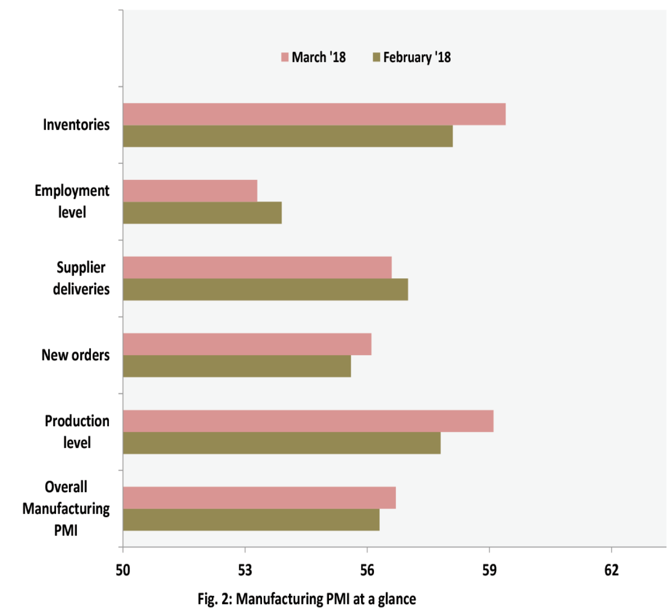
MARKET DATA

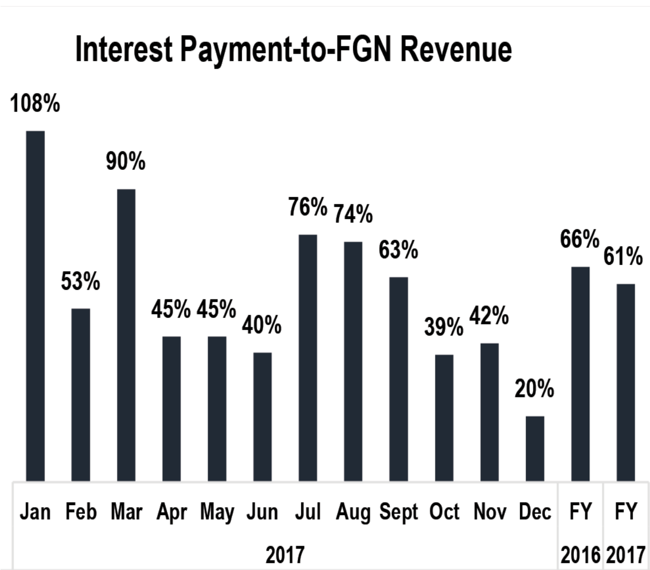
Ticker	Previous Close	Open Price	High Price	Low Price	Close Price	Absolute Change Price	Change Percent	Number of Trades	Daily Volume	Daily Value
NEM	2.70	2.70	2.70	2.70	2.70	-	0.0%	31	1,242,706	3,357,727
NESTLE	1,380.00	1,380.00	1,385.00	1,380.00	1,385.00	5.00	0.4%	31	211,042	291,437,158
NIGERINS	0.34	-	-	-	0.34	-	0.0%	2	1,230	406
NPFMCRFBK	2.02	-	-	-	2.02	-	0.0%	9	145,646	281,579
OANDO	5.99	5.99	5.99	5.99	5.99	-	0.0%	27	371,596	2,225,860
OKOMUOIL	72.70	-	-	-	72.70	-	0.0%	26	202,992	14,625,159
PHARMDEKO	2.25	-	-	-	2.25	-	0.0%	2	100	236
PORTPAINT	2.10	-	-	-	2.10	-	0.0%	3	3,163	6,959
PRESCO	72.00	72.00	72.00	72.00	72.00	-	0.0%	19	177,642	12,779,149
PZ	23.45	-	-	-	23.45	-	0.0%	35	81,847	1,825,704
REDSTAREX	6.00	-	-	-	6.00	-	0.0%	5	44,434	265,078
RTBRISCOE	0.48	-	-	-	0.48	-	0.0%	-	-	-
SEPLAT	665.10	-	-	-	665.10	-	0.0%	4	2,100	1,404,630
SKYEBANK	0.71	0.74	0.71	0.71	0.71	-	0.0%	25	2,323,996	1,650,637
STACO	0.48	-	-	-	0.48	-	0.0%	-	-	-
STANBIC	49.00	48.00	48.00	48.00	48.00	(1.00)	-2.0%	41	1,979,270	95,170,550
STERLNBANK	1.66	1.58	1.59	1.58	1.58	(0.08)	-4.8%	1,585	23,810,789	37,851,657
TOTAL	249.00	236.60	236.60	236.60	236.60	(12.40)	-5.0%	10	67,524	16,002,761
TRANSCORP	1.73	1.71	1.80	1.71	1.78	0.05	2.9%	126	13,754,889	24,260,772
TRANSEXPR	0.90	-	-	-	0.90	-	0.0%	-	-	-
TRIPPLEG	0.88	-	-	-	0.88	-	0.0%	-	-	-
UACN	17.30	-	-	-	17.30	-	0.0%	52	310,374	5,409,469
UAC-PROP	3.00	3.05	3.05	3.05	3.05	0.05	1.7%	10	263,209	800,063
UBA	11.90	11.95	11.95	11.85	11.90	-	0.0%	291	49,315,898	586,975,433
UBN	6.65	6.50	6.65	6.50	6.65	-	0.0%	33	386,588	2,556,540
UCAP	3.42	3.42	3.45	3.40	3.42	-	0.0%	113	5,353,712	18,325,731
UNIC	0.20	-	-	-	0.20	-	0.0%	4	51,680	10,336
UNILEVER	55.00	57.50	59.80	59.80	59.80	4.80	8.7%	43	257,555	14,521,339
UNIONDAC	0.50	-	-	-	0.50	-	0.0%	-	-	-
UNIONDICON	13.45	-	-	-	13.45	-	0.0%	-	-	-
UNITYBNK	1.06	1.01	1.01	1.01	1.01	(0.05)	-4.7%	11	420,200	424,402
UNIVINSURE	0.50	-	-	-	0.50	-	0.0%	-	-	-
UPDCREIT	10.00	-	-	-	10.00	-	0.0%	-	-	-
UPL	2.18	-	-	-	2.18	-	0.0%	15	208,572	458,672
VANLEER	9.10	-	-	-	9.10	-	0.0%	-	-	-
VITAFOAM	3.14	-	-	-	3.14	-	0.0%	9	52,760	158,836
WAPCO	44.00	46.00	44.60	44.20	44.20	0.20	0.5%	91	1,214,571	53,833,487
WAPIC	0.53	0.55	0.53	0.53	0.53	-	0.0%	48	3,313,540	1,756,576
WEMABANK	0.88	0.84	0.85	0.84	0.85	(0.03)	-3.4%	50	1,149,710	979,555
ZENITHBANK	27.50	27.90	27.50	26.80	27.30	(0.20)	-0.7%	438	31,445,969	855,246,314

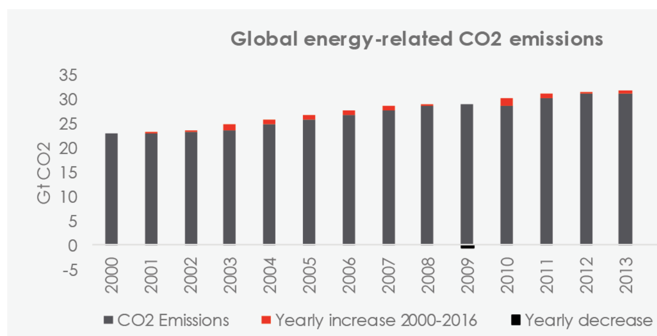












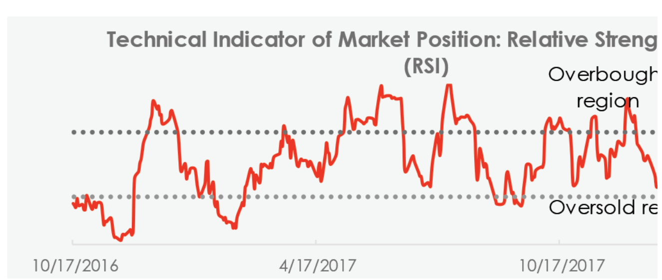
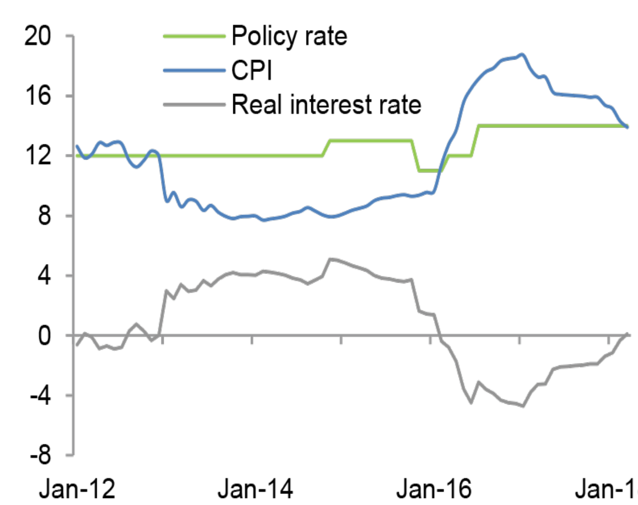


Chart 1: Monetary Policy & Inflation Rates (%)



Source: CBN, NBS

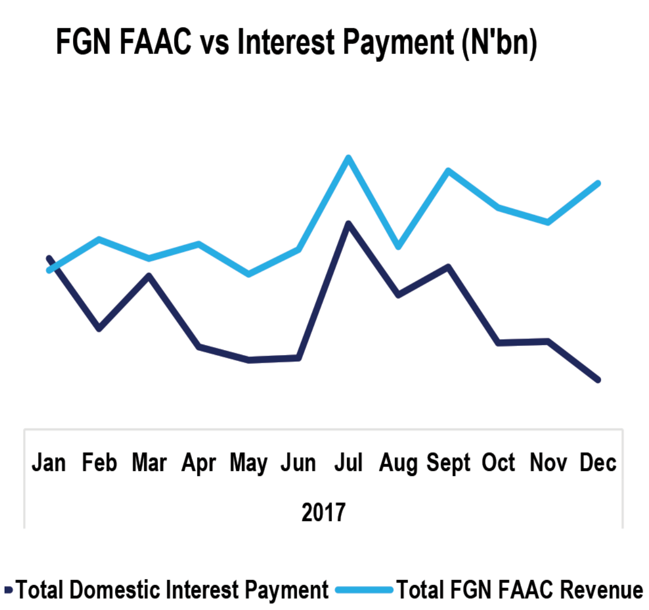
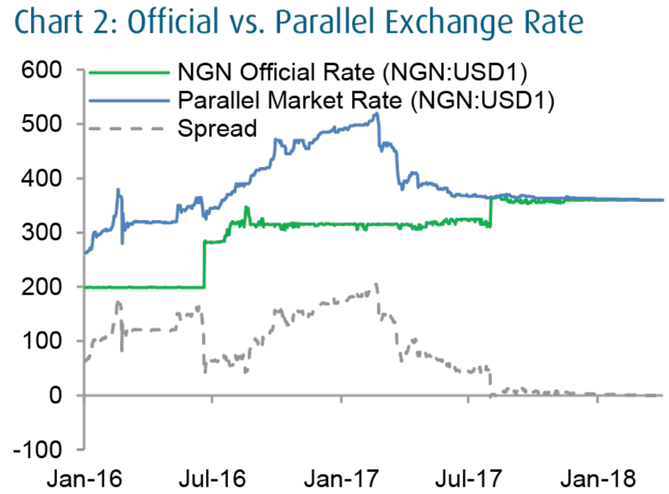
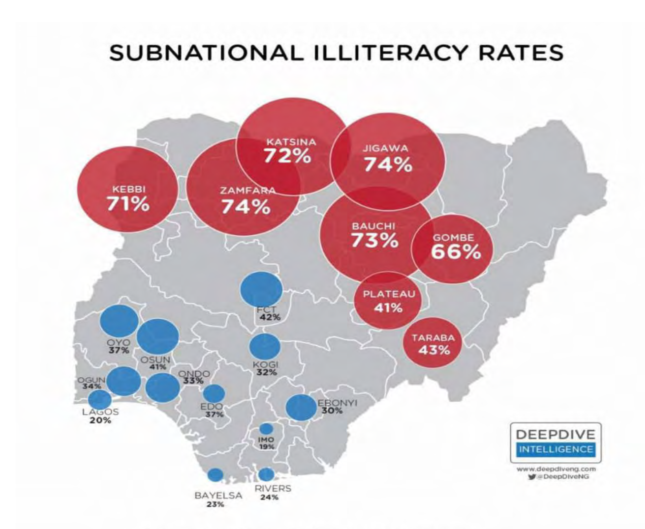
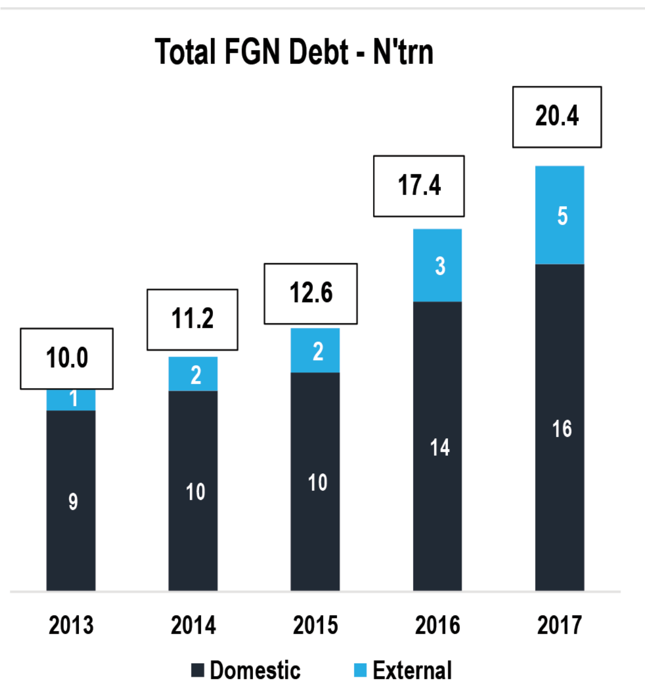


Chart 2: Official vs. Parallel Exchange Rate



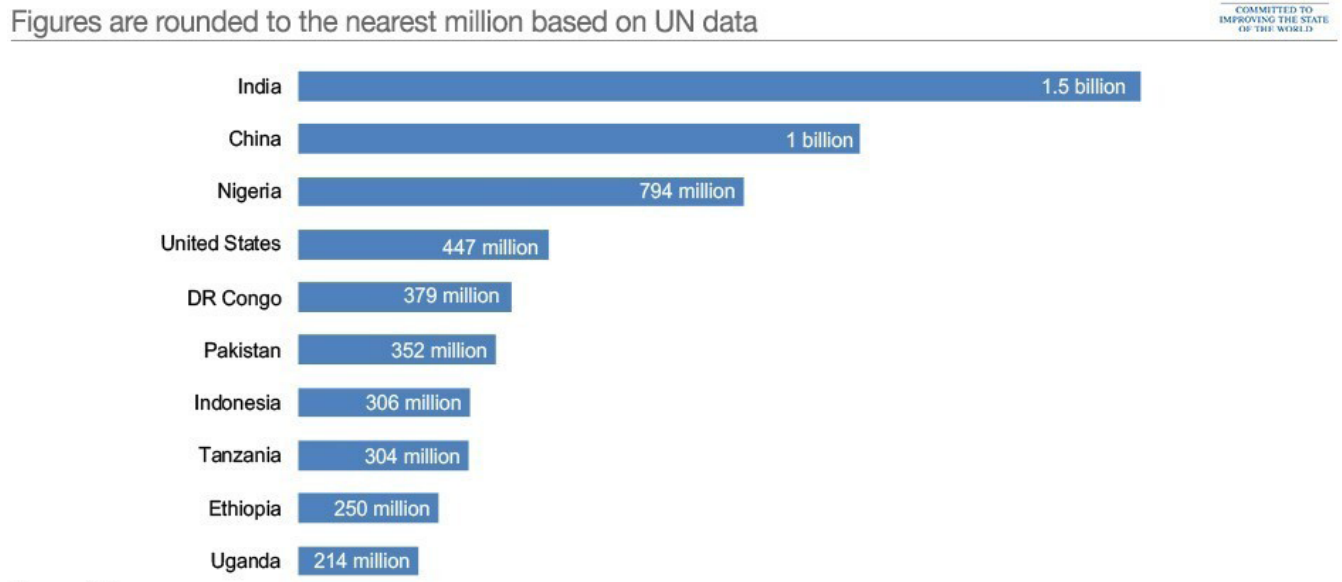
Source: Bloomberg and Ecobank Research





These will be the world's biggest countries by population in 2100

Figures are rounded to the nearest million based on UN data



Source: UN

COMMODITIES DATA

Contract	Month	Open	High	Low	Last	Change	Time
Grains							
Wheat	May 18	461-4	472-6	459-2	472-2s	+7-4	04/06/18
Corn	May 18	382-0	390-0	382-0	388-4s	-1-0	04/06/18
Soybeans	May 18	1003-0	1037-2	1003-0	1033-6s	+2-4	04/06/18
Soybean Meal	May 18	379.0	387.3	375.5	386.3s	+2.7	04/06/18
Soybean Oil	May 18	31.63	31.77	31.46	31.53s	-0.25	04/06/18
Oats	May 18	231-0	234-4	230-2	233-2s	+0-4	04/06/18
Rough Rice	May 18	12.360	12.505	12.330	12.495s	+0.105	04/06/18
Hard Red Wheat	May 18	496-4	507-2	491-2	506-6s	+8-2	04/06/18
Spring Wheat	May 18	589-6	608-2	585-0	607-2s	+17-4	04/06/18
Softs							
Cotton #2	May 18	82.00	83.46	81.80	82.54s	-0.03	04/06/18
Orange Juice	May 18	137.25	138.50	136.15	137.45s	-0.30	04/06/18
Coffee	May 18	117.60	118.05	116.80	117.45s	-0.10	04/06/18
Sugar #11	May 18	12.36	12.42	12.28	12.34s	-0.01	04/06/18
Cocoa	May 18	2508	2516	2440	2453s	-55	04/06/18
Lumber	May 18	538.50	540.40	530.00	536.20s	-0.20	04/06/18
Sugar #16	May 18	24.81	24.85	24.62	24.62s	+0.12	04/06/18
Meats							
Live Cattle	Apr 18	114.000	114.150	111.950	112.225s	-2.075	04/06/18
Feeder Cattle	Apr 18	136.900	137.150	134.550	135.325s	-2.150	04/06/18
Lean Hogs	May 18	65.300	65.900	64.325	64.475s	-1.375	04/06/18
Class III Milk	Apr 18	14.35	14.49	14.35	14.41s	+0.03	04/06/18
Energies							
Crude Oil WTI	May 18	63.70	63.79	61.81	62.06s	-1.48	04/06/18
ULSD NY Harbor	May 18	1.9853	1.9911	1.9482	1.9578s	-0.0187	04/06/18
Gasoline RBOB	May 18	1.9880	1.9902	1.9383	1.9547s	-0.0269	04/06/18
Natural Gas	May 18	2.680	2.717	2.675	2.701s	+0.026	04/06/18
Crude Oil Brent (F)	Jun 18	68.59	68.62	66.86	67.11s	-1.22	04/06/18
Ethanol Futures	May 18	1.421	1.439	1.408	1.434s	+0.012	04/06/18
Metals							
Gold	Jun 18	1329.7	1339.1	1322.6	1336.1s	+7.6	04/06/18
Silver	May 18	16.355	16.475	16.240	16.362s	+0.007	04/06/18
High Grade Copper	May 18	3.0685	3.0685	3.0245	3.0585s	-0.0160	04/06/18
Platinum	Jul 18	915.6	920.6	910.3	917.5s	+2.2	04/06/18
Palladium	Jun 18	903.50	909.35	890.85	895.15s	-4.95	04/06/18
Indices							
S&P 500 E-Mini	Jun 18	2663.00	2664.00	2584.50	2605.75s	-56.00	04/06/18
Nasdaq 100 E-Mini	Jun 18	6608.00	6611.25	6408.50	6454.75s	-145.50	04/06/18
Dow Indu 30 E-Mini	Jun 18	24483	24506	23700	23926s	-542	04/06/18
Russell 2000 E-Mini	Jun 18	1545.60	1547.10	1502.30	1515.40s	-28.30	04/06/18
S&P Midcap E-Mini	Jun 18	1892.60	1893.30	1839.50	1854.10s	-38.60	04/06/18
S&P 500 VIX	May 18	18.750	20.450	18.670	19.525s	+0.850	04/06/18
S&P GSCI	Apr 18	445.55	448.75	442.50	443.15s	-5.30	04/06/18
Financials							
T-Bond	Jun 18	144-28	146-04	144-26	146-01s	+1-04	04/06/18
Ultra T-Bond	Jun 18	157-22	159-13	157-21	159-08s	+1-17	04/06/18
10-Year T-Note	Jun 18	120-180	121-020	120-175	121-005s	+0-145	04/06/18
Ultra 10-Year T-Note	Jun 18	128-285	129-190	128-275	129-165s	+0-200	04/06/18
5-Year T-Note	Jun 18	114-047	114-140	114-042	114-125s	+0-080	04/06/18
2-Year T-Note	Jun 18	106-080	106-110	106-077	106-105s	+0-025	04/06/18
30-Day Fed Funds	Jun 18	98.2050	98.2200	98.2000	98.2200s	+0.0150	04/06/18
Eurodollar	Jun 18	97.6800	97.6900	97.6600	97.6800s	+0.0050	04/06/18
Currencies							
U.S. Dollar Index	Jun 18	90.070	90.295	89.745	89.782s	-0.372	04/06/18
Bitcoin Cboe Futures	May 18	6790	6880	6480	6610s	-165	04/06/18
Bitcoin CME Futures	Apr 18	6760	6890	6485	6630s	-130	04/06/18
British Pound	Jun 18	1.4041	1.4146	1.4024	1.4126s	+0.0082	04/06/18
Canadian Dollar	Jun 18	0.78530	0.78670	0.78255	0.78355s	-0.00145	04/06/18
Japanese Yen	Jun 18	0.935000	0.940750	0.934750		+0.005100	04/06/18
Swiss Franc	Jun 18	1.04390	1.05000	1.04220	1.04910s	+0.00500	04/06/18
Euro FX	Jun 18	1.23030	1.23540	1.22765	1.23485s	+0.00480	04/06/18
Australian Dollar	Jun 18	0.76860	0.77000	0.76580	0.76700s	-0.00130	04/06/18
Mexican Peso	Jun 18	0.054350	0.054410	0.053920		-0.000450	04/06/18
New Zealand Dollar	Jun 18	0.72720	0.72800	0.72410	0.72670s	-0.00020	04/06/18
South African Rand	Jun 18	0.082525	0.082675	0.081925		-0.000550	04/06/18
Brazilian Real	Jun 18	0.29625	0.29730	0.29460	0.29475s	-0.00335	04/06/18
Russian Ruble	Jun 18	0.017180	0.017180	0.017050		-0.000130	04/06/18

business a.m.
TOWARDS MORE EFFICIENT MARKETS

Agriculture, Africa's link to global value chain

OLUKAYODE OYELEYE

Dr. Oyeleye, a journalist, policy analyst, consultant and veterinarian writes from Abuja

THE WORLD WILL be better off when Africa takes its true place in the global economy. In that bid, Africa must unlock the hidden potential in agriculture to jumpstart a robust industrial development. Economists of renown, in time and space, have established a consensus that industrial and agricultural developments are not alternatives, but are rather complementary and mutually supporting when inputs and outputs are considered. A lethargic growth in agriculture is therefore a hindrance to industrial development.

It might be argued, with some validity, though, that Africa was largely exempted from the turmoil of food crisis that rocked the globe between 2007 and 2008. This exemption was not a feat, but rather a symptom of Africa's non-participation in global agricultural economy. Perhaps no other authority could present this scenario more succinctly than the June 2017 edition of the global Food Outlook, a publication of the Food and Agriculture Organisation (FAO).

The Food Outlook, in all its geographical representation of global food imports and exports, covering major commodity categories, left the whole of Africa nearly completely blank. In its assessment of seven categories of major globally traded commodities, including wheat; coarse grains; rice; oil crops, oils and meals; meat and meat products; milk and milk products as well as fish and fisheries products, only two countries in North Africa and three Sub-Saharan countries were involved in transactions in five of the seven categories, and as importers.

> The only category of commodity in which Africa seems to make a good showing, although treated separately, has a market that is ardently contested by some other countries

The only category of commodity in which Africa seems to make a good showing, although treated separately, has a market that is ardently contested by some other countries, essentially in the African Caribbean Pacific (ACP) bloc. According to the Food Outlook, exports from the three largest ACP banana suppliers –Cameroon, Côte d'Ivoire and Dominican Republic – have substantially expanded since the introduction of duty and quota-free access to the European market in 2008. The share of Dominican Republic means the two African countries are not the only dominant countries.

Under the Economic Partnership Agreement (EPA), the ACP countries enjoy quota-free and duty-free access to the EU banana market. Although Ghana reportedly commenced large-scale production of organic bananas in 2014, and now exports some 50 000 to 60 000 tonnes of the produce each year, primarily to the EU, they are faced with fierce competition from Latin America.

Organic banana production has expanded in response to growing consumer demand in developed markets, particularly the US, the UK and Germany. This has benefitted newer exporters focusing on organic banana production, such as Peru. Rough estimates indicate that organic banana exports amounted to some 800 000 tonnes in 2016, with the largest producers for export as the Dominican Republic and Peru, which together account for about 85 per cent of total trade volume. Colombia, one of the largest exporters of standard Cavendish bananas, is also reported to operate a small but growing production of organic bananas.

To become notable in the global market, therefore, African agriculture must not only improve in primary production, it must raise its stakes in value-adding activities that help promote its products in the market, locally and internationally. A lack of economies of scale and efficient transport networks, as well as a higher exposure to natural disasters, result in lower yields and higher production costs, intensifying vulnerability in the export market. But Africa needs to rise up to the challenge.

At the Brisbane Summit in November 2014, the Group of Twenty (G-20) Leaders concluded that trade and competition are powerful drivers of growth, increased living standards and job creation. They also acknowledged that one important way for countries to connect to the global economy and develop is through global value chains (GVCs). They stated that "we need policies that take full advantage of global value chains and encourage greater participation and value addition by developing countries."

In 2013, six of the ten fastest growing economies in the world were in Africa. With an average annual growth in gross domestic product (GDP) of 5 per cent in recent years, the IMF projected in 2014, this situation is likely to continue. With the help of investments from sources around the globe, agribusiness began booming in the early 2000s, and it is projected to become a US $1 trillion industry in the region by 2030.

As posited by experts, in no other region is the potential for poverty reduction through the agricultural sector greater than in sub-Saharan Africa, where 70 per cent of the people live in rural areas and 90 per cent of the rural population depends on agriculture as the main source of income.

Many transnational agribusiness companies have become involved in a number of aspects of food production in sub-Saharan Africa, including the agricultural input sector, farming, the food processing industry and the transportation and distribution of food.

Economists at the World Bank are of the opinion that soaring grain prices and global food inflation have strengthened investor interest in African agriculture, especially because Africa has the land availability and space for farm production to grow significantly.

Africa's estimated 600 million hectares of uncultivated arable land, or roughly 60 per cent of the global total, is a big asset that needs to be put into productive use.

This will require all ramifications of state-of-the art technologies and techniques to boost productivity and meet the prevailing conditions in the global agricultural value chain. Across Africa, intense extraction of resources from the sub-soil has not generated inclusive growth – whether bitumen, coal, copper, diamond, gold or petroleum.

As we turn to a de-industrialising Africa, it is pertinent to examine what prospects are ahead if the continent is to be back on the path to industrialisation as a way of boosting the economies in leaps and bounds.

A recent report from the Centre for Global Development (CGD) expressed reservations on the readiness of Africa to be a manufacturing haven in the foreseeable future. Anchoring its arguments on comparative disadvantage of uncompetitive labour cost, CGD expressed misgiving as to whether African countries can break into global manufacturing in a substantial way. CGD reported a finding that labour is more costly for firms that are located in Sub-Saharan Africa. Can this logjam be turned around soon? Can Africa become part of the league of industrialised nations with improved GDP? How will the African Continental Free Trade Area (AfCFTA) agreement recently signed by 44 of the 55 member nations of the African Union translate to trade, not just in primary products, but also in industrial goods produced within the continent? And how will AfCFTA benefit agriculture in the entire value chains?

How is Africa prepared to unlock its potential and boost its economic fortune through trade by reversing the intra-continental trend as revealed in the current decline?

With the intra-African trade in manufacturing slowing from 18 per cent in 2005 to about 15 per cent between 2010 and 2015, what prospects for Africa in the global value chain?

We are thus faced with the task of creating favourable continental trade, providing a platform for intra-continental and global exports as well as creating millions of on-farm and off-farm agricultural jobs and those emanating from outside agriculture.

For Nigeria, looking inwards with the productive utilisation of the enormous land resources of an estimated 34 million hectares of arable land is a good springboard for a switch to the green economy that the country's post-oil economy desperately needs. With the dampening of the hydrocarbon markets, Nigeria needs to lead the way in agricultural export to the global food market, beginning within the continent. Other countries in Africa would follow.

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