



Federal Republic of Nigeria

MINISTRY OF MINES AND STEEL DEVELOPMENT

**NATIONAL MINERALS
AND
METALS POLICY**





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1.0 INTRODUCTION

An established and well managed solid minerals sub-sector will accelerate economic, social and political growth of Nigeria by provision of gainful employment and a rise in national income earnings far exceeding the petroleum sector. In addition, solid minerals will provide local raw materials for industries and bring vital infrastructure and wealth to rural areas.

Solid minerals have capacity to provide the all important launching pad for the development of other sectors of the economy as well as give sense and meaning to the oneness of the Nigerian state as minerals are located in all states of the Federation. This will douse the agitation for resource control. It is therefore vital that the nation explores this latent potential which has slumbered over the years.

Solid minerals contributed immensely to the economic development of Nigeria in the pre-independence years. During this period, Nigeria was known for the production of coal as an energy source for electricity, railways and also for export. Tin, Columbite, Lead and Zinc were exported. Nigeria was the largest producer of Columbite at one point. The earnings from solid minerals, were used to develop roads, education, hospitals and in fact develop the petroleum industry.

The decline of the solid minerals industry started with the discovery of oil to an extent that Nigeria became a mono product economy and vulnerable to international oil politics. The domineering role of oil did not allow past governments to attend to global challenges that evolved in the development of solid minerals.

The neglect of the minerals industry led to disorder in the minesfield with strong presence of illegal miners whose activities are characterized by inefficient mining, illegal trading of highly priced minerals, severe ecological degradation, spread of diseases and huge loss of revenue to the government through smuggling.

On the other hand, Mining continues to play a key role in the development

of Africa's economies. Countries like South Africa, Ghana and Tanzania, remain critically dependent on the earnings of solid minerals. As a result, countries introduced liberal reforms to meet intense competition to attract investment funds. Ghana for example undertook significant reforms both in legal and institutional frame-work and to the general organization of the sector. The result has been growth in mining investment. Tanzania is now a leading destination for exploration funds due to the deliberate government attention to the development of mining. Burkina Faso and Mali have also become strong mining countries.

Following the global economic recession of the late 1980s and early 1990s, developing countries started liberalising their external trade to improve balance of payment, increase economic growth through the provision of incentives to attract capital in-flow and investment.

The developing countries especially in Africa and Latin America turned to Solid Minerals exploration as a solution to sustained economic growth. Nigeria's economy which is largely dependent on a mono-product (petroleum) became vulnerable to fluctuations in oil prices with the attendant shocks on the economy. This informed the Federal Government's decision to diversify the nation's economic base from oil to the non-oil sectors including the development of solid minerals resources.

An internal analysis in reaction to the global economic recession led to key policy review which was completed and endorsed at the middle of the 1990s for implementation. The policy review led to a number of important actions including the creation of the Ministry of Solid Minerals Development in 1995.

Efforts had earlier been made towards the development of the sector which include the following:

- The New National Policy on Solid Minerals Development, 1998

- The enactment of the Minerals and Mining Act, 1999

- Development of the Seven Year Strategic Action Plan for Solid Minerals Development in Nigeria, (2002 2009);

Establishment of Nigerian Geological Survey Agency.

Establishment of Sustainable Management of Mineral Resources Project - a World Bank assisted programme.

Establishment of the Mining Cadastre Office to grant mining permits and licences

Establishment of the Mines Environment Compliance Department to ensure best International practice.

Establishment of the Artisanal and Small Scale Mining Department as a focussed department for small entrepreneurs and local content

Enactment of the Minerals and Mining Act 2007.

Previous policy decisions and instruments, although well meaning, have not produced the desired results and the outcomes for which they were developed. As a result, for the sector to develop beyond its low level, it became apparent that a reform of the policy is required. These decisions and instruments, developed in recent times have brought about significant change in perception and interest in the sector. However there is now a need to deepen the interests and develop further, the enabling environment for the sector to grow to the next level.

In addition, there is a constant need to respond to the changing environment in the global mining industry and to situate this within the context of MDG and Nigeria's development agenda especially National Economic Empowerment and Development Strategy (NEEDS) 1,(2004) and NEEDS 2,(2007).

1.1 PURPOSE

The demand for mineral commodities has risen over the last few years largely due to growth of the emerging economies of Asia.

The countries mineral potential are not fully exploited due to Government total reliance on petroleum as a source of revenue.

The main purpose of this new policy is to take full advantage of the increase International Community prices and the global resurgence of exploration activities.

The objectives of the policy include:

Achieve a substantial increase in GDP contribution by the minerals sector;

Generate quality Geoscience data;

Establish a transparent licencing regime;

Formalise artisanal and small scale mining operators;

Poverty eradication through ASM operations;

Employment generation;

Wealth creation through value addition;

Increase capacity of mineral based industries;

Attract private investment capital;

2.0 BACKGROUND TO THE NEW POLICY

The new World economic order and the resurgent of mineral commodity prices with worldwide increases in exploration activities necessitated the development of a policy framework that will ensure an efficient and effective utilisation of the Nation's mineral resources.

2.1 Population

The population of Nigeria is estimated at 140 million making it Africa's most populous and diverse country. It is one of the most densely populated countries in the world with an average population density of about 124 persons per sq. km. It has been claimed that one out of every five Africans is a Nigerian. The large population is basis for domestic demand for mineral resources, especially industrial minerals.

2.2 Political Context

Nigeria was governed through a succession of military governments until 1999. Following the return to democratic governance, the government has made tremendous efforts to kick-start the process of building a stable democratic system, revitalising the economy and reducing poverty.

The policy on development of solid mineral resources would take active cognisance of the three-tier governance structure, comprising Federal

Government, Thirty-six (36) States Government, and seven hundred and seventy-four (774) Local Government Areas (LGA). Recognition may also be given to the six geo-political zones sometimes used for administrative convenience.

This policy also recognises Nigeria's political importance in the Economic Community of West African States (ECOWAS) and the role that it plays in Africa through its leadership role in New Partnership for Africa's Development (NEPAD) as well as membership of other relevant international organisations especially the United Nations (UN) systems, and the World Bank group.

2.3 Socio - Economic Context

Nigeria is well endowed with huge potentials and resources. It is the 13th largest producer of oil in the world and the 5th largest in Organisation of Petroleum Exporting Countries (OPEC). When Nigeria's gas is fully exploited, it will become one of the top ten gas producers in the world. Since 1970 the income generated from oil has totalled more than US\$320 billion.

In Sub-Saharan Africa, Nigeria's economy is the largest. However Nigeria has a GDP of 3.5% per year, which is barely above a population growth of around 2.6%. An over-dependent economy on oil has left the other sectors of the economy, most notably solid minerals, agriculture and manufacturing, under-developed and impoverished. The contribution of solid minerals to the GDP has consistently been below 1% for more than a decade (Table 1).

Table 1 Contribution of mining to GDP (1988-1998)

YEAR	CONTRIBUTION	TOTAL GDP	% SHARE OF TOTAL GDP
1988	0.24	77.76	0.31
1989	0.25	83.46	0.30
1990	0.27	90.36	0.30
1991	0.27	94.36	0.29
1992	0.28	97.42	0.29
1993	0.30	100.03	0.30
1994	0.31	101.04	0.31
1995	0.31	103.30	0.30
1997	0.32	107.02	0.30
1998	0.33	111.05	0.30
Cumulative Annual Growth Rate	3.6%	4.0%	-0.4%

This low contribution is considered unacceptable by most experts on development, especially when seen against the background of recent phenomenal rise of the contribution of mining sector to the growth of many other countries in Africa.

2.4 Mining Investment Climate

Nigeria has a large domestic market. It is the largest market in sub-Saharan Africa and the potential stretches into the growing West African sub-region.

The government has created a favourable climate for business and industrial ventures. Administrative and bureaucratic procedures have been streamlined. The exchange control regulations have been liberalised to ensure a free flow of international finance. There is now unrestricted movement of investment capital. Government has now recognised its role as that of

administrator and regulator while allowing the private sector to be owner-operator.

2.5 Nigeria's mineral endowment

Nigeria is endowed with several mineral commodities which are widely distributed. The Country was once a major mineral producer, accounting for substantial production of Cassiterite (tin), Gold, Coal, Lead/Zinc Sulphides, Tantalite and Columbite.

The Geology of Nigeria is comparable to those of other countries where world class deposits have been found. There are over thirty-four mineral commodities spread across the entire Country.

Some of the known mineral resources include: Gold, Coal, Bitumen, Iron Ore, Tantalite/Columbite, Lead/Zinc Sulphides, Barytes, Cassiterite, Gemstones, Talc, Feldspar and Marble.

3.0 MISSION STATEMENT

To exploit the mineral endowments spread across the nation for the creation of wealth for all Nigerians, and generating employment, reducing poverty, promoting rural economy and significant contribution to our Gross Domestic Product.

4.0 VISION STATEMENT

To transform Nigeria's solid mineral sector into an irresistible destination for global capital, attracting foreign direct investment to grow the sector to optimum level.

5.0 POLICY THRUST

The mining industry is now a global industry, with many countries competing for exploration funds. The fierce international competition suggests that mining companies and their investment funds would only go

to those countries where the enabling environment would allow the private sector to flourish without hindrance.

The Federal Government is generally creating an enabling environment that will enable business to flourish. The enabling environment with respect to the mining sector inter alia includes the development of a new and modern legislative framework. The legislative framework will contain specific provisions that will enhance private sector leadership in the development of mining industry in the country.

The participation in ownership and management of mineral resources shall separate the distinctive role of the Federal Government as regulator/administrator from that of the private sector as operator and manager. Access to mineral rights should be transparent, flexible and with mobility of mineral rights. The access should be free from interference of government officials. A clear role for the Federal Government is in articulating policies and their implementation and the collection, collation, storage, dissemination, and archiving of geosciences information and knowledge both for wealth creation and public interest and patrimony

In addition, it is important to address the issues relating to the socio-economic well being of the people with both direct and indirect contact with the mining industry. The health and safety of the miners and the mining communities should be of paramount consideration in the progressive development of the sector. The social impact of migrant labour and industrial relations should also be considered in tandem with the expansion of the mining industry.

The act of mining is a wasting asset in direct economic and environmental terms. The challenge of generational equity posed by mining

shall be addressed and the damage to the environment shall be limited to the barest minimum. The knowledge and technology input for sound environmental management needs to be encouraged.

There is a need to develop a business climate and mineral development, which seeks to actively support policies, action, and strategies that are conducive to investment.

The policy thrust would address the neglect of the past, respond to the new and global developments in the sector and consider possible areas of future action. This include:

- Investment in geological surveys in order to provide and disseminate information and accurate geological data on Nigeria's mineral resources;

- Transparency in the granting of mining titles and permits;

- Proper regulation of mining and downstream activities;

- Ensuring compliance with environmental best practices;

- The promotion of small-scale mining activities and the formalization of informal mining activities;

- Development of legal and regulatory framework consistent with international best practices;

- Development of human capital in the solid minerals sector;

- Encouragement of the local production of minerals and;

- Stimulating foreign investment.

The need to encourage regional co-operation in the sharing of information, knowledge, capacity building and market promotion is important. A major need is the adoption of common standards and practices. The governance structure of the sector shall be transparent, friendly and have the interest of the host community. Government will seek to create an environment conducive to

economic growth and development, in which the mining industry can make effective use of its human and capital resources. Seek to create an enabling environment for states and Local Government Authorities to maximize the positive role the mining sector can play in promoting rural economy.

Encourage States and Local Governments to capitalize on the comparative advantage associated with mining activity in their area of jurisdiction and will support mutually beneficial partnership between the mining industry and States and local governments.

Ensure the effective organization and accessibility of public information about the minerals sector.

Seek to ensure the benefit streams to the communities who live on the land from which mineral resources are derived.

Government's long-term objective is for all mineral rights vested in the State to be utilized for the benefit of and on behalf of all the people of Nigeria by providing the enabling environment for private sector to run profitable mining operations in the country

Government will promote minerals development by applying the "use-it or lose it" principle.

6.0 BASIS FOR ACTION

The new minerals policy is anchored on the need to develop a private sector led Mining Industry with Government restricting its role to that of an administrator-regulator.

The basis for action in the rational and systematic development of the sector shall include the following:

The need to develop a business environment where the private sector will flourish as well as take leadership role in the

development of the sector.

The need for re-emphasis on the separation of roles of government as the Regulator and administrator from that of the private sector as the operator of mineral activities

The need for social equity and to improve the benefit streams to people living on the land where minerals are found.

The need to acquire, store and disseminate credible information and knowledge of the mineral endowment in Nigeria, to investors and the wider public.

The need for continual institutional integrity, transparency and accountability in the access to, and retention of mineral rights.

The need to ensure adequate supply of mineral resources for industrial development, wealth creation and for the maintenance of national security.

The need for sound environmental management and intergenerational equity for wasting assets.

The realisation of the importance of artisanal and small scale mining to sustainable livelihoods for many Nigerians.

The need to support the development of the industry through the provision of necessary infrastructure.

7.0 STRATEGY

The Solid Minerals sector focuses on the exploration, exploitation,

processing, utilisation and marketing of mineral resources of the country. The Ministry's main objective is the execution of its policy and to increase mineral production and value addition. ·

The key drivers to the attainment of the objectives are the technical Departments and Agency of the Ministry. The roles of the technical departments and Agency are as follows:

The Department of Mines Inspectorate (MI) - Enforcement of Mining laws and collection of revenues.

The Mines Environmental Compliance (MEC) - Enforcement of global environmental best practices in mining.

The Artisanal and Small Scale Mines (ASM) - formalization of the operation of ASM Miners and provision of extension services.

The Mining Cadastre Office (MCO) - Administration of Mineral titles.

The Nigerian Geological Survey Agency (NGSA) - Generation of basic Geosciences data for investors and general public.

The strategies to be adopted by the Departments and Agency are as follows;

7.1 MINES INSPECTORATE DEPARTMENT (MID)

The Mines Inspectorate Department shall have overall responsibility for operations including detailed Exploration, Evaluation, Mine development and production.

The Department ensures that work programmes by operators are commensurate with the level of activities envisaged.

The functions of the Mines Inspectorate Department also include:

general supervision of mining, quarrying and explosives matters to ensure safe mining operation and enhance high production of minerals and revenue generation;

The development of a database of all mining and quarrying operators;

Proper mine designs and development in accordance with best practices;

Preparation of mineral returns by operators as required by the Federal Government or as prescribed by regulations;

Supervision and enforcement of compliance by mineral title holders with all work programmes and safety regulations prescribed under the Minerals Act and any other law in force and ;

Production of records of all mineral production nationwide.

Specific Objectives

Government will:

Develop appropriate Mining Regulations to guide field activities;

Reposition the Mining Industry to realise the goals of improved revenue and job creation

Establish safe mining practice by operators;

Sanitize and organize the minesfield such that mining becomes one of the most attractive sectors in the nation's economy

Institute efficient, transparent and best mining practices;

Ensure that illegal mining and speculations in mineral titles are eliminated;

Establish a computerised database of all mining and Quarrying activities;

Create an interface between control departments and the MCO;

Improve capacity;

Ensure compliance with the minerals and Mining Act and its regulations;

Ensure compliance with Health and safety procedures;

Ensure that benefits from mineral resources are maximised in a sustained manner; and

Collaborate with security Agencies to rid the Country of all illegal mining activities;

7.2 MINES ENVIRONMENTAL COMPLIANCE DEPARTMENT (MEC)

The solid minerals industry must strive to maintain an acceptable environment standard within the sector. The industry shall operate in concert with the environment by adopting, operating, and maintaining procedures that are environmentally friendly.

The Mines Environmental Compliance Department is created to:

establish environmental procedures and requirements applicable to Mining Operations

review all plans, studies and reports required to be prepared by holders of mineral titles in respect of their environmental obligations under the Minerals and Mining Act.

monitor and enforce compliance by holders of mineral titles with all environmental requirements and obligations as required by law.

periodically audit the environmental requirements and obligations established by law, its regulations and by any other law in force.

collaborate with relevant agencies of Government with respect to social and environment issues involved in Mining Operations, Mine closure and reclamation of land.

Stipulate procedures for the reclamation and the restoration of land.

Maintain regular environmental audits to ensure the adoption of environmentally sound practices in all mining operations.

Specific Objectives:

The Government will:

Enforce compliance with environmental standards in the Mineral and Mining Act and its Regulation.

Develop realistic, transparent and stable environmental monitoring

schemes of mine sites.

Establish State Mineral Resources and Environmental Management Committees;

Develop the content of environmental protection and rehabilitation programme;

Establish an environmental protection and rehabilitation funds to guarantee environmental obligation of operators;

Ensure compliance with social, health and safety standards in the development of mining activities.

Ensure the adoption of environmentally sound mining technologies and practices in all phases of mining activities, especially appropriate technologies to mitigate environmental impacts, including those from small-scale mining operations.

Encourage public participation through dialogue with affected communities and other directly interested parties on the environmental aspects of different phases of mining activities.

Stipulate and monitor compliance with approved procedures for the reclamation and restoration of mined out sites and monitor the recovery of such areas.

Strengthen the SMREMC through the provision of adequate tools to facilitate its functions;

Monitor compliance with Community Development Agreements by industry operators;

Work with States and Local Governments to facilitate the production of statutory reports;

7.3 ARTISANAL AND SMALL-SCALE MINING DEPARTMENT (ASM)

The Artisanal and Small Scale Mining represents a large percentage of mining operations in Nigeria. A comprehensive policy for mineral resources development shall be put in place to support both the artisanal and small scale miners, including the reforms to target large scale operators.

The Artisanal and Small Scale Mining Department shall be strengthened to support the work of operators. These functions include:

Organizing, supporting and assisting small-scale mining operations;

Provision of extension services to mining cooperatives on exploration, exploitation, mineral processing entrepreneurial training, environmental management, health & safety issues etc;

Improving sustainable livelihood in ASM communities

Facilitating healthy relationship between ASM miners and the community.

Registration and administration of Mining Cooperatives and mineral buying centres

Preparation and rendering of records, reports and returns on ASM as required by the Minister or as prescribed by the Mining Regulations.

Specific Objectives

Government will:

facilitate access to funding for small-scale mining through appropriate

and targeted institutions.

encourage needs-driven research and ensure that information and technology is accessible to the small-scale mining sector.

encourage the provision of training facilities for small-scale miners.

make available information on mineral rights and mineral deposits available for development, particularly for the benefit of small-scale miners.

actively coordinate the promotion of small-scale mining activities and encourage development agencies to support the activities.

facilitate the mutually beneficial co-existence of big and small-scale mining operations.

7.4 MINING CADASTRE OFFICE (MCO)

The National Mining Cadastre System is a transparent and efficient way of granting mineral titles and permits. The Mining Cadastre Department will transform into the Mining Cadastre Office (MCO) to implement the National Mining Cadastre System. It shall be a body with delegated responsibility to administer mining titles with integrity, in a transparent manner and on a "first come first served" basis".

Objectivity that is based legally defined sets of regulations and procedure;

Non-discretionary; and

Transparency.

The Mining Cadastre Office shall carry out the following functions:

Consider applications for Mining Titles and Permits

Issues, suspends and may revoke Mining titles, subject to Federal Government's rules and regulations

Receive and dispose of applications for the transfer, renewal, modification, relinquishment of mineral titles or extension of area.

Maintain a chronological record of all applications for minerals titles in a priority order.

Maintain a register, and a general registry book

Specific Objectives

Government will:

strengthen the Mining Cadastre System through input of relevant technology and capacities;

expand the reach of the central mining cadastre office to zonal offices in Nigeria's six geopolitical zones;

improve the collaboration between the MCO and other departments and agencies to enhance service provision for the private sector.

7.5 NIGERIAN GEOLOGICAL SURVEY AGENCY (NGSA)

The Geological Surveys and similar geoscience institutions world wide are responsible for collecting, archiving, processing and making available data concerning that unique portion of the Earth's crust which forms the foundation of the national territory.

The institutions provide national geoscience information service available to the nation's public and private sectors, to governmental and non-governmental organisations, and to individuals within the population at large. Such information is fundamental to the sustainable development of national earth resources and the protection of its peoples from a wide variety of natural hazards.

Most Geological Surveys in the world including Nigeria's, were originally established to provide geological maps of their national territory and

to evaluate their national resource potentials.

It is now accepted that modern Geological Surveys should focus on the acquisition, management, storage, interpretation and communication of geoscience information to promote their country's resource potential and thus encourage investment in detailed mineral exploration from the private sector.

Specific Objectives

The Nigerian Geological Survey Agency will:

continue to provide geoscience information for economic, social and environmental development of the country;

utilize public funds to carry out regional mapping and mineral exploration to encourage further private funding, by investors, for detailed exploration and mine development;

provide baseline data to encourage exploration by the private sector for minerals;

be active in promoting the exploitation of industrial, non-metallic mineral resources, which has value in the national economy but may not generally attract large-scale foreign investment; and

provide services, such as mapping, analytical and testing to the private sector.

7.6 LEGISLATIVE FRAMEWORK

The Legislative Framework of this policy is embedded in the Minerals and Mining Act 2007. The important features of this framework are:

The clear separation of roles of the Government from that of the private sector.

Government shall restrict its roles to that of Administrator-regulator

while the Private Sector shall be the owner-operator in the mining industry;

The enactment of transparent laws, regulations, and guidelines for the regulation of the industry

The provision for the security of tenure for holders of mining leases and efficient administration of mineral titles through the setting up of Mining Cadastre Office

The creation of a favourable fiscal regime that will be beneficial both to the holders of the mining leases, the government and the communities living on the land where minerals are exploited

The setting up of institutional frameworks for the generation, storage and dissemination of geological and mining information.

The provision of transparency and access by the public to mining sector information.

The provision of clear safeguards for health and safety and intergenerational equity with respect to the environment

The provision of rules for succession and transferability of mining titles..

Fiscal Policy

In order to ensure efficient development of these resources, the Government has taken several steps and is implementing new reforms in the solid mineral sector to attract and encourage investors (local and foreign) to explore and develop these resources.

The fiscal policy will be simple and clear with minimal discretionary judgment or input from other Governmental agencies.

Characteristics of the Fiscal Policy

The Fiscal Regime comprises of a **Royalty and Tax System** is in accordance with International best practice.

Incentives Provided Under the Minerals and Mining Act, 2007

The Act offers a list of fiscal incentives that competes favourably with the best global standards.

These include the following:

Exemption from customs and import duties in respect of plant, machinery equipment, accessories imported exclusively for mining operations;

Expatriate quota and resident permits in respect of approved expatriate personnel;

Permission granted exporters of mineral products to retain part of their foreign exchange earning in a domiciliary account for the purpose of acquiring spare parts and other mining inputs;

Free transferability of funds

Specific Objectives

The basic principles underlying the fiscal policy for the mineral sector are to:

Obtain optimum benefit for the country from its mineral resources;

Promote economic growth and development and encourage private investment in the sector;

Improve Quality of life of the people;

Create direct and indirect employment .

Establish efficient management of the sector.

7.7 CAPACITY BUILDING

The global increase in demand for solid mineral commodities has necessitated the need for quality and adequate manpower to the sector.

Government recognises the need to continuously develop skill in the mining sector.

In order to meet with demand for professionals in the sector, Government established the NIMG to produce the required manpower to effectively manage the sector.

Specific Objectives

Government will:

Develop appropriate curriculum for Mining and Geosciences studies;

Facilitate the development of indigenous technical and professional manpower required in the mineral resources sector;

Collaborate with relevant national and International institution on Research and Process development;

7.8 The National Institute of Mining and Geosciences

The idea of a National Institute of Mining and Geosciences as a major manpower development and research institution was first mooted in the 1970s as part of the Third National Development Plan (1975-1980). It was not taken beyond the drawing board due to challenges of funds and policy inconsistency.

Following the review of Mining and Exploration Policy during the 1970s, a decision was made to establish two institutes:

The Nigerian Mining Institute; and

The National Mineral and Metallurgical Laboratory.

The Mining Institute, Jos subsequently absorbed the school of Mines was established to train Mining Engineers for the Solid Minerals Sector and also co-operate and collaborate with the University Community in the areas of research and training in the geosciences. It was also to provide for the public and private sectors, laboratory services for rock and mineral identification and mineral beneficiation.

A recent report of an Inter-ministerial Committee has proposed a blue print for the Accelerated development of the Institute including a change of

name to the **National Institute of Mining and Geosciences** to reflect the present status of the institute.

7.9 PRIVATISATION

Government is divesting its interest from direct mining activities to actualize its new role as administrator-regulator of the sector. In this regard, Government has privatized state-owned Corporations.

7.10 PROMOTION AND MARKETING OF MINERALS

Government recognizes that the transformation of the country into the preferred mining destination for global capital requires the promotion of the Country's mineral endowments and the existence of more investors friendly fiscal, legal and regulatory framework.

Specific Objectives

Government will:

- provide and implement policies that will meet global best practices and be attractive to investment capital.

- create an enabling environment for private sector investment and ensure an orderly and vigorous exploitation of solid mineral resources. This will create wealth, generate employment, enhance professionalism, bring about value reorientation, stimulate capacity building and enhance revenue generation through the provision of input materials for local industries and exports.

- generate additional knowledge in geo-sciences, promote artisanal small-scale mining operations for wealth creation, poverty reduction, promote security, enhance institutional capacity building in the ministry and its agencies.

- free the sector from illegal mining activities.

- sustain the development of indigenous expertise in the sector through the setting up of a Solid Mineral Technology Development Fund, (SMTDF).

encourage the involvement of investors in the sector.

Identify barriers, economic and otherwise, to mineral exports and appropriate strategies for their removal will be devised.

Government will deal with transfer pricing through application and enforcement of laws to encourage and support market development by producers.

Government will encourage and support market development by producers;

Government will develop such strategies aimed at exposing the opportunities within Nigeria's mining sector;

Government will make the mining sector more responsive to the needs of all stakeholders.

7.11 RESEARCH AND DEVELOPMENT

Research and development efforts will be needs-driven and directed to develop

solutions in exploration, mining, processing and environmental management.

Co-operation between the various mining and mineral processing research and development institutions will be encouraged to make best use of facilities, promote collaborative efforts and technology transfer.

7.11.1 Beneficiation

Government recognizes the importance of beneficiation in adding value to commodities produced in the country. In addition to adding value, beneficiation will allow the commodities to meet appropriate standards for use where the natural products do not meet the requirements for specified use.

- Government is committed to promoting investment in mineral beneficiation activities through ensuring competitive and stable costs of public services and goods.

- Government will continue to support research with a view to developing new or improved beneficiation techniques and to developing new applications for locally produced mineral products.
- The Ministry and other Science and Technology Agencies will endeavour to establish joint-venture research and training programs with universities and the private sector in order to produce the necessary skilled manpower required for mineral beneficiation developments.

Specific Objectives

Government will:

Establish a greater degree of co-operation and co-ordination between the relevant Ministries, Departments and . Agencies in respect of mineral beneficiation.

Promote incentives and benefits for projects that support further local downstream beneficiation.

Promote investment in mineral beneficiation activities through ensuring competitive and stable costs of public services and goods, such as electricity and transport.

Continue to support research with a view to developing new or improved beneficiation techniques and to developing new applications for locally produced mineral products.

Support the establishment of joint-venture research and training programs among government institutions, universities and the private sector in order to produce the necessary skilled and productive manpower required for mineral beneficiation developments.

Review policies and regulations that constrain the downstream development, for example in the local jewellery manufacturing industry.

8.0 IMPLEMENTATION/ACTION PLAN

8.1 MINES INSPECTORATE DEPARTMENT

Document list of all operating and non-operating Mines and Quarries.

Document list of all Commercial Explosive vendors, Magazines and locations.

Document mineral production and utilization of major mining and quarrying companies.

Implementation of enhanced revenue generation mechanism through proper assessment of mineral production.

Digitize map locations of all operators and prepare maps indicating mine locations and status.

Synchronise with Mining Cadastre Office for Real time record of Title Holders.

Prepare a computer based Mining Information System (MIS).

8.2 MINES ENVIRONMENTAL COMPLIANCE DEPARTMENT

Establishment of State Mineral Resources and Environmental Committee;

Monitor and enforce compliance on Environment of all Mines and Quarries;

Review all plans, studies and reports required for Mining Environments;

Produce Abandoned Mines Information System;

Reclamation and rehabilitation works of abandoned mine sites

Produce Mines Environmental Regulations;

Produce Mines Environmental Guidelines;

Monitor production and implementation of community development agreement (CDA) between operators and host communities;

Ensure implementation of Environmental Protection and Rehabilitation Programme;

Establish the Environmental Protection and Rehabilitation Fund;

8.3 ARTISANAL AND SMALL-SCALE MINING DEPARTMENT (ASM)

Registration and administration of Mineral Buying Centers (MBC)

and Artisanal and Small-scale Mining (ASM) Operators;
Setting up of International marketing platform for gemstones in Nigeria;
Extension Services for ASM operators;
Facilitating financing assistance and equipment leasing for ASM operators;
Ensuring sustainable livelihood in ASM Communities;

8.4 FINANCE AND ADMINISTRATION DEPARTMENT

Capacity building general;
Staff Promotions/Welfare;
Movement to Permanent Headquarters Building;
Procurement of Ministry's capital Project;
Due Process Applications;
Implementation and Monitoring. Establishing & Sustaining a proactive workforce and increasing general efficiency in service delivery through capacity building, equipment provision, IT updates etc;and
Budget Monitoring.

8.5 MINING CADASTRE OFFICE (MCO)

Establishment of an operational Computer based Mining Cadastre for the country.
Completion of Cartographic Network and the establishment of National Geodetic network.

8.6 NIGERIAN GEOLOGICAL SURVEY AGENCY (NGSA)

Regional Mapping of 1:50,000

Map Compilation: Periodic preparation of Geological, Structural, Fracture and Tectonic maps.

Airborne Geophysical Survey;

Ground follow-up Geophysical Survey of anomalous areas nationwide;
Geophysical exploration for lead and zinc mineralization.

Study of the effect of waste dump sites on groundwater pollution in Urban Cities.

Geotechnical mapping of Urban Centers for land use

National Gravity Network Programme;

Airborne Electromagnetic Survey of the country

Nationwide Drilling Programme to delineate grades and estimate resource sizes of identified mineral occurrences.

Development of Mineral Resources data base based on geophysical information.

Airborne Gravity Survey.

Radon mapping of Nigeria.

National Geochemical mapping programme

Nationwide Assessment of Gemstones, semiprecious and precious stones. Modelling of ore resources in Nigeria.

Analysis of commodity profiles.

8.7 LEGAL UNIT

Develop minerals and Mining Regulations;

Review of the Explosives Act 1967;
Sensitization on Minerals and Mining Act 2007;
Negotiation and Dispute resolution;
Model Community Development Agreement;
Mining Cadastre Bill;
National Institute for Mines and Geology Act;
Environmental Guidelines and Codes of Practice;
Mines Operational Guidelines and Codes of Practice;
National Metallurgical Training Institute Act;
Metallurgical Act and Regulations;
Repeal NMC and NCC Act;
Reviewing, drafting and vetting of legislation and Agreements.
Mining Cadastre Bill;

8.8 NIGERIA INSTITUTE OF MINING AND GEOSCIENCES, JOS

Establishment and upgrading of infrastructure;
Continuation of affiliation process;
Facilitate the production of the enabling law;
Road shows to sensitize stakeholders;
Development of curriculum;
Commencement of collaboration and accreditation processes;
Commencement of research and academic activities.

8.9 BITUMEN PROJECT

Seismic and Resistivity Survey of the belt;

Drilling;

Sampling and analysis;

Production of digital maps;

Trial tests for upgrading;

Blocking of drilled areas and sales of blocks through bids;

Community awareness campaign;

9.0 PRIVATISATION

Completion of the privatisation process of the Nigerian Mining Corporation and Nigerian Coal Corporation.

10.0 PROMOTION AND MARKETING

Production of comprehensive technical documents on strategic minerals;

Marketing of Investment potentials through International Conference, Seminars and Workshops.

11.0 RESEARCH AND DEVELOPMENT

Development of improved mining and processing technique;

Development of commercial application of mineral products;

Collaboration with International Mineral Research Centres in flowsheet Development to suit with local environmental factors.

SECTION 2: METAL POLICY

1.0 INTRODUCTION

The Metals Industrial sector is easily recognized as one of the most valuable sectors of an industrialized economy. For its linkage to other sectors of development and its enormous capacity to support and simulate growth in virtually all sectors of the economy, the development of Metal and Mineral Sector is generally seen as a major index of national prosperity.

The metals sector in Nigeria today is yet to reach its full potential particularly in the development and consumption of key metallic products as Iron, Steel, Copper, Aluminium, Tin, Lead, Zinc etc. and in exploitation of key Noble metals such as gold and silver. With the nation's capacity, potential and resource base, all these products can readily be developed and used to jumpstart the rapid industrialization and economic growth of the economy.

The consumption rate of Steel and other Metals products is regarded as a major index of industrialization of a nation. By that yardstick, when compared with even some developing nations, Nigeria is lagging far behind in industrial development.

By the current estimate, the annual per capita consumption of Steel and Aluminium in Nigeria are about 10kg and 0.3kg respectively while the corresponding world average in respect of the two metals are 130kg and 5kg respectively. In Apparent Steel Consumption (ASC), Nigeria is lagging behind when compared with even countries like Algeria with 42kg/capita, Egypt with

38kg/capita, and Zimbabwe with 25kg/capita. This is an indication that Nigeria with an estimated population of over 140 million has a large room and huge potential domestic market that can sustain rapid growth in the metals and related product sector.

Nigeria is richly endowed with extensive deposits of Lead and Zinc ores which until now have only been exported as low value ores. In our drive for industrialization, it is more profitable to smelt the ores to produce lead, zinc as well as their various commercial alloys, for local consumption and export for increased foreign exchange earnings.

Tin ore otherwise referred to as cassiterite was the first ore to be exploited for export in Nigeria as far back as 1905. By 1962, commercial production of tin for export started. In view of the sizeable existing tin ore reserves available in the country, there is the need to reactivate the collapsing tin industry.

Nigeria is also known to have records of occurrences of Gold, Silver and other noble metals. For countries with such occurrences of noble metals, the development, exploitation, beneficiation, and exporting of those metals significantly increase and diversify their income resource base.

In the case of copper, there are no known economic deposits of its ore. However, in view of the huge volume of copper being consumed in the electrical and allied industries, Nigeria stands to gain from down stream processing of Copper ingots into final products such as wires, bars, tubes and cast products.

All these now inform the new strategies and policies of Government which aim at achieving the following targets: -

- Increase the nations per capita consumption of Steel and Aluminium from the current low rates of 10kg and 0.3kg to 100kg and 1kg respectively within the next decade.
- Become a major regional and global producer of Aluminium and Steel products with a production target of 500,000 tonnes of Primary Aluminium and 12 million tonnes of Steel Products by the year 2020.
- Promote setting up of primary smelting plants for metallic ores.
- Resuscitate the tin mining and smelting industries.
- Attract private investment and expand value-adding downstream industries.
- Accelerate the growth of the export of value-added metals and related products through increased beneficiation and processing of metals and mineral products.

Therefore, for the purpose of evolving a policy towards the sustainable development of the Metals sector in Nigeria, emphasis should be on the following metals and alloys of technical and commercial importance:

Iron and Steel

Aluminium and its alloys
Copper and its alloys
Lead, Zinc, Tin and associated metals
Noble metals

2.0 **PURPOSE**

The overriding objectives of the National Metals Policy are to:

achieve a substantial increase in the per capita consumption of the major commercial metals and alloys;

become a major regional and global producer of aluminium and steel products with a production target of 500,000 tonnes per year of primary aluminium and 12 million tonnes per year of steel products by the year 2020;

encourage the setting up of primary smelting and processing plants in the non-ferrous metals sub-sector;

attract private investment and expand value adding in downstream industries;

accelerate growth of the export of value added metals and related products through increased processing of metals and metal products.

2.1 **Specific Objectives**

Specific Objectives include:

Growth and sustainable development of the metals industry;

Local production of metals for domestic, industrial purposes and infrastructure development;

Promotion of export of locally produced metal products;

- Creation of investment friendly environment for the metals Sector;
- Creation of a legal and regulatory framework to control operations in the metals sector;
- Maintenance of environmental best practices and industrial safety;
- Provision of appropriate social and economic policies by Government;
- Encouragement of private sector participation;
- Provision of institutional framework for sustainable development of the metals industry; and
- Development of manpower to meet the challenges of the metals industry.

3.0 HISTORICAL BACKGROUND

In her bid to promote technological growth, Nigeria in the early 1960s conceived a vibrant economy with the steel industry as the foundation for industrial development. The first steel plant in Nigeria (a mini steel plant) was established at Emene, near Enugu, in 1962 by the then Eastern Nigerian Government. Two similar plants were established in Lagos in 1968 and 1970 through private initiative.

At the request of the Nigerian Government, feasibility studies were conducted by Western Nations who turned in reports, which claimed that it was not feasible to establish iron and steel industries based on the then available raw materials. However, in 1967 the Nigerian Government commissioned experts from the then Soviet Union (USSR) to carry out further studies. Encouraged by the recommendations of the Soviet Experts, the Federal Government promulgated Decree No.19 of 1971 establishing the Nigerian Steel Development Authority (NSDA). The NSDA was given responsibilities and necessary powers to develop the steel sector through exploration, opening up of mines, carrying out research on steel plants, manpower training, steel plant design and the development of metallurgical processes and raw materials sourcing.

The activities of the Soviet Experts and the NSDA indicated the existence of economic deposits of iron ore, limestone, and dolomite deposits, suitable for iron and steel making. Consequently, in 1979, by Decree No. 60 the Federal Government established the National Steel Council(NSC) to regulate and co-ordinate the activities of two integrated steel companies at Ajaokuta and Delta, three Inland Rolling Mills at Jos, Katsina, and Oshogbo and an iron ore mining company at Itakpe. Although the six companies set up by the Decree were incorporated, NSC itself has never been constituted to date.

Three other agencies were created in 1992 to provide support services for the metallurgical industry: -

National Steel Raw Material Exploration Agency (NSRMEA) in Kaduna for exploration.

National Metallurgical Development Center (NMDC) in Jos for metallurgical research and development.

Metallurgical Training Institute (MTI) in Onitsha for training of technical personnel for the metallurgical industry.

The Aluminium Smelting Company of Nigeria (ALSCON) at Ikot-Abasi was conceived in 1981 as a project that would utilize the Nation's abundant gas resources. It was however in June 1986 that a concrete proposal for the project was received from Ferrostaal/EBE of Germany in conjunction with Reynolds International of the United States of America. Government in May 1989 finally approved the project and in November of the same year the Company was incorporated.

In the Copper sub-sector, no exploitation, processing, smelting or refining has been officially documented in Nigeria. There is the need therefore to carry out geological investigations to ascertain resources of the mineral in Nigeria.

Despite the above, the fact that huge volumes of copper are consumed in the electrical industry implies that Nigeria stands to gain products technically and economically by focusing attention on down stream processing of copper ores and ingots into final products such as wires, bars, and cast products.

Lead and Zinc occur as galena and sphalerite respectively, and have been mined in Nigeria for over 75 years. Extensive mineralization of galena and sphalerite are found in the cretaceous sediments in Ishiagu (Ebonyi State), Akwana (Benue State), and Wase and Zurak (Plateau State). However since no adequate, systematic, geological appraisal has been carried out to date, there are no authentic records of reserve estimation for galena and sphalerite.

Prior to 1946, galena had been mined locally for cosmetic use. In 1947, mining and processing of Lead and Zinc ores for export commenced in Nigeria. Further exploration and exploitation was affected by the civil war, low world market price, high cost of transportation and sudden shift to oil exploration and exploitation.

Cassiterite also called tinstone (SnO_2) is the principal ore of the metal tin. In Nigeria, cassiterite and associated minerals (tantallite and columbite) are located within the younger Granites of Northern Nigeria and won principally from the alluvial and elluvial deposits derived from these granites.

More than 98% of the cassiterite produced in the country is mined on the Jos plateau and the outlying younger granite bodies located in Bauchi, Zaria, Kano and parts of the Old Benue province. Small amounts have also been mined from the Older Granite pegmatites in the Old Plateau, Kabba, Benue, Niger and Ondo provinces.

Cassiterite exploitation in Nigeria has spanned almost a century, having commenced about the year 1905. By 1971 about 639,000 tonnes of ore had been won.

Prior to 1962, almost all the Nigeria cassiterite was exported as Ore. Smelting was introduced in 1962 with the incorporation of Makeri Smelting Company Limited, which then had average monthly production of 1,000 tonnes of tin. This development contributed to the increase in the revenue generated from Tin export, which reached as much as 15.4 million pounds in 1966 and 16.5 million pounds in 1970. By 1966/67 about 100 firms were engaged in Tin production. Of these only 16 produced more than 100 tonnes each annually.

Noble metals are known to be inactive to the extent that they exist in nature in

pure form. The best known of these are Gold, Silver, Copper, Palladium, Platinum, Iridium, and rhodium. Of these, apart from Copper only Gold, Silver, and Platinum are known to exist in Nigeria and only Gold is known to exist in any quantity worthy of commercial exploitation.

Silver has been identified in association with the Lead-Zinc deposits in Nigeria. Further work need to be done to assess relative amounts of silver in these ores. On the other hand, no definite work has been done on Platinum; thus not much can be said about its commercial availability in Nigeria.

Production of gold has been reported in Nigeria since 1914. By 1954 a total of 361,369 ounces of gold had been produced. The bulk of this production took place between 1932 and 1954. By comparison Ghana exported a total of 315,496.55 ounces worth \$117,115,3092.75 between 1989-1997. There is therefore the need to develop strategies to encourage gold extraction in Nigeria.

3.1 The Steel Industry

A review of the present status of the various plants that have been set up by both Government and organized private sector for mining, processing, smelting and fabricating the metals and alloys of technical and commercial interest is given below.

3.1.1 National Iron Ore Mining Company (NIOMCO)

The National Iron Ore Mining Company (NIOMCO) is charged with the responsibility of mining and processing iron ore to produce concentrate and super-concentrate for Ajaokuta and Delta Steel Companies respectively.

The first phase of the beneficiation plant consisting of three lines for the production of concentrates for Ajaokuta Steel Plant has been commissioned and is in operation.

The super-concentrate production lines are now been installed. Major activities of the company include over burden stripping (ore exposure), pre-exploitation core drilling, ore production and beneficiation. Work is in progress to link Ajabanoko ore mine to the Itakpe Beneficiation Plant through a railway

extension, an access road and a conveyor belt system.

The company has been concessioned to Global Infrastructure Nigeria Ltd. (GINL) for a period of ten (10) years effective from March 2005.

The operation of the company reverts to the Federal Government after ten-year period, unless the concession is renewed.

A Federal Government Monitoring Team keeps track of the activities of the company to ensure the achievement of the objectives of the concessioning.

3.1.2 Ajaokuta Steel Plant

The Ajaokuta Steel Plant, an integrated steel plant, which is based on the Blast Furnace/Basic Oxygen Furnace route of steel production, was designed to produce 1.3 million tonnes of cast blooms per annum in the first phase, with in-built facility to expand to 2.6 million tonnes and 5.2 million tonnes in the second and third phases respectively. All the steel produced in the first phase (1.3 million tonnes) was to be processed into long products, while the additional production from the second and third phases were to be dedicated for flat steel production and capacity enhancement respectively.

The Rolling Mills comprise of a billet mill, which produces billets for the Medium Section and Structural Mill, the Light Section Mill and the Wire Rod Mill. Commercial activities have only taken place in the light section mill, the wire rod mill, the power plant, the engineering workshop complex and the Manufacturing and erection base. Consequently due to prolonged delay to long years of delay in the completion of the Ajaokuta Steel Plant, the Federal Government commissioned Messrs. Tyajpromexport (TPE) to carry out a technical evaluation of the plant to assess the requirements for the rehabilitation, completion and commissioning of the plant.

However, it must be emphasized that the problem of providing raw materials in the required quantities, qualities and at the right time must be faced squarely. In some cases there is still need to even locate economic deposits of suitable raw materials locally (e.g. Coking coal). Where such deposits have been located (lime stone, clay, dolomite) there is the requirements of:

Opening mines with adequate equipment and infrastructure; and

Providing logistics for timely delivery of raw materials from mine to site.

In the case of utilities, the ability of present utilities companies to supply electrical power and gas, and the reliability of such supplies must be ensured. The new gas policy adopted by Government has a mechanism for renewal negotiation of gas tariffs for different consumers. Similarly, the National Electricity Regulatory Commission (NERC), is empowered to regulate the activities and tariffs in the Electricity Sector, which augers well for the sector.

The company was in October 2004 concessioned to GINL for a ten-year period. The Federal Government Monitoring Team which oversees NIOMCO also monitors the activities of ASCL. In May 2007 the Concession Agreement was converted into a Share Purchase Agreement resulting to 60:40 ownership ratio between Global Steel Holdings and the Federal Government respectively.

3.1.3 Delta Steel Plant

The Delta Steel Plant, a midrex Direct Reduction integrated steel plant, was built as a turn key project and commissioned in 1982 to produce 1 million metric tonnes of liquid steel per annum. The plant however, only attained a maximum production capacity of 25% in 1985. Production declined progressively thereafter until 1996 when the plant was finally shut down due to none availability of funds. The company was in 2005 privatized to GINL.

3.1.4 The Inland Steel Rolling Companies:

The three Inland Steel Rolling Companies located at Katsina (Katsina State), Oshogbo (Osun State) and Jos (Plateau State) were commissioned between 1982 and 1983 with installed capacity of 210,000 tonnes of assorted rolled products each. The Rolling Mills have had their share of low capacity utilization as a result of inconsistent Government policies, inability of Delta Steel Company to supply them billet, dumping and market saturation amongst others. The companies were in December 2004 privatized and the new owners of the

companies have since taken over the operation.

3.1.5 **Aluminium Sub-sector**

The Aluminium Smelting plant in Nigeria has an installed capacity of 193,000 metric tonnes of primary aluminium products per annum. It is envisaged to export 70% of its products while retaining 30% for domestic consumption.

There are two rolling mills in the country today privately operated by First Aluminium and Tower Aluminium, which supply a range of flat rolled products used by myriad of secondary industries throughout the country. Circles manufactured by them are used to make aluminium kitchen utensils; the coils are used for roofing sheets, and the flats for the manufacture of deep-freezer bodies, van-bodies, portacabins, aeronautical and marine applications etc.

There are also aluminium extrusion plants privately operated in the country. These plants make extruded profiles of various sizes used for the fabrication of door and window frames, balustrades, office partitioning, etc.

The Aluminium smelter company when fully completed and operational shall trigger a chain of multiplier effects in the aluminium industry, the benefits of which could be:

- more rapid technological, industrial, human capital development;
- employment creation, improved and diversified income generation;
- exports, etc.

In West Africa, Nigeria has the largest base in semi-fabricated (intermediate) aluminium manufacturing, and it will further integrate upwards with, and be strengthened by, the aluminium smelter. Given the versatility of aluminium as an industrial material, it has high potential linkage effects in Nigeria's economy. While export orientation of Aluminium Smelter Company of Nigeria (ALSCON) is very relevant, it is recognized that the long-term viability would largely depend upon accelerated and orderly growth of domestic consumption of its products. In fact from the point of view of value addition, it is the downstream industries that should be encouraged to export, after satisfying domestic market, so as to enhance the foreign exchange earning of the Country.

ALSCON was privatized to Russal (Russian Company) in 2006.

3.1.6 Associated Agencies

In order to address the raw materials and training needs of low to middle level manpower of the Steel/Aluminium and related sectors of the economy, the Federal Government set up the National Steel Raw Materials Exploration Agency (NSRMEA); National Metallurgical Development Centre (NMDC) and Metallurgical Training Institute (MTI). These Agencies are still being funded by Government in view of their crucial importance to the metallurgical industry.

(i) National Steel Raw Materials Exploration Agency

The idea behind establishing the National steel Raw Materials Exploration Agency (NSRMEA) in 1992 is to generate a reliable mineral raw materials data bank for prospective investors in the steel and industrial minerals sector of the Nigerian economy and to undertake effective and efficient exploration of mineral raw materials for the Iron, Steel and Solid Minerals based industries.

(ii) National Metallurgical Development Centre

The National Metallurgical Development Centre (NMDC) was established in 1992 to develop metallurgical processes that will harness the abundant local raw materials in the country for use in the metallurgical industry thereby bringing about the much needed import substitution and to play a decisive role in adapting metallurgical processes for economic production of steel and other engineering alloys including upgrading the qualities of Nigerian Ores for steel and other metallurgical production, particularly through beneficiation of local iron ore.

(iii) Metallurgical Training Institute

The metallurgical Training Institute was designed for the development of a mass of highly skilled, practical and production-oriented middle-level technical manpower to efficiently and effectively maintain the steel and allied metallurgical industries in the steel sector of the economy. This will drastically cut down on Nigeria's dependence on foreign technical training thereby conserving

foreign exchange.

3.1.7 Copper sub-sector

At present there are no major rolling mills or fabrication facilities for copper in Nigeria. Nigeria consumes a huge amount of copper final products such as rods, tubes, wires, flat products and cast copper products. The policy aim is for Nigeria to reduce the huge amount of foreign exchange expended in procuring such materials by participating in value addition activities in the final copper products manufacture through the establishment of rolling mills and fabrication facilities.

In the mean while, given the importance of copper in our economy, efforts should be intensified in geological exploration activities aimed at locating economic copper ore deposits that will form the basis of operating smelting plants.

3.1.8 Lead, Zinc, Tin and associated metals sub-sector

It is a fact of modern international trade that developing countries such as Nigeria stand to gain more from processing their metal ore endowments into primary metal or even final products before sales rather than trading the crude ores. In view of this the policy aim in the case of lead and zinc ores should be the establishment of smelting plants to produce lead and zinc metals if possible to fabricate the metals into semi-finished products.

In the case of tin ore, the Makeri smelting company which was engaged in smelting the ore to produce primary tin has closed down, a fact which has led to a decline in tin production. The policy aim here should be the revival of the tin smelting industry.

3.1.9 Noble metals sub-sector

The Nigerian Mining Corporation has carried out systematic exploration for gold in an area of 200,000 sq.km of the schist belt of the western half of Nigeria. The result is very encouraging but more work and detailed investigation need to be done in order to ascertain and evaluate the reserve. At present it is known that haphazard exploitation is going on in most of the gold deposits locations and the

production is not reported by the miners in the informal sector who do most of the mining along rivers, valleys and alluvial sediments.

As Silver is found in association with the lead/zinc deposits in Nigeria, smelting of these ores may lead to production of silver in commercial quantities. In the case of the platinum, only traces of this metal have so far been found in association with various ore deposits.

4.0 **MISSION STATEMENT**

To establish a vibrant Metal Industry that utilizes locally sourced mineral raw materials in its development and which will guarantee wealth creation and poverty reduction while generating employment for Nigerians.

5.0 **VISION**

To pursue the growth and sustainable development of the Nigeria's Metals' Sector through production of competitive high quality Metals and encouragement of private sector participation that will place Nigeria as a regional leader and global player in the Metals Industry.

6.0 **POLICY THRUST**

The new policy thrust aim to:

Achieve a substantial increase in the per capita consumption of the major commercial metals and alloys;

Become a major regional and global producer of aluminium and steel products with a production target of 500,000 tonnes per year of primary aluminium and 12 million tonnes per year of steel products by the year 2020;

Attract private investment and expand value adding in downstream industries through creating investment friendly environment.

Create a legal and regulatory framework to control operations in the

metals sector;

Maintain environmental best practices and industrial safety;

Provide appropriate social and economic policies by Government;

Encourage private sector participation through formulation of appropriate policies;

Develop manpower to meet the challenges of the metals industry.

6.1 **Departments:**

The organs for implementation of this policy shall be the following two departments in the Ministry of Mines & Steel Development:

- (i) Steel Department (Ferrous & Non-Ferrous Metals Department)
- (ii) Metallurgical Inspectorate and Raw Materials Development Department.

6.2 **Function of Steel Department** **(Ferrous & Non-Ferrous Metals Dept.)**

regulating tariffs on metal commodities and products;

eliminating unjustifiable non-tariff barriers that impede the industry's access to international markets;

employing existing trade remedy and dispute settlement mechanism to redress unjustifiable health and environmental standards that restrict trade;

expanding free trade areas such as the export processing zones as well as rules that would promote and protect international investment;

using appropriate bilateral double taxation and foreign investment protection agreements as means of protecting investment;

funding and carrying out research in connection with metals or anything derived there from and promoting activities;

instituting appropriate fiscal and monetary policy to support metals industries;

employing appropriate measures to give effect to agreement entered into by the Federal Government with a view to securing participation by the Government in activities connected with metals;

generally engaging in activities that would enhance the metals industry in the overall interest of Nigeria;

encouraging and promoting exportation of metals products;

accelerating the industrialization process of metals and their derivatives;

encouraging the use of domestic metal products in the production of automobile and thereby reducing outflow of foreign exchange;

ensuring that the metals sector evolve programmes and incentive for ensuring due compliance with approved local and international standards (i.e, SON, ISO good standards, being the springboards);

regularly evaluating the pricing structures and quantity of metals products to ensure international competitiveness;

embarking on improved recycling of metals scraps for greater profitability;

promoting and advancing the concept of sustainable development of minerals and metals at the international level through partnerships with other countries, stakeholders and multilateral institutions and organizations;

implementing the objectives of the National Industrial Policy as they relate to the metals sector;

monitoring and taking appropriate action on developments in other sectors of the economy that may have adverse effect on the metals sector;

putting in place necessary incentives to encourage minerals mining and processing;

promoting satellite and support to metals industrial establishments; i.e, ALSCO, Ajaokuta Steel Company and Delta Steel Company;

developing 'industrial park' or 'metals village' around industrial establishments such as the Nigerian Machine Tools Limited, Delta Steel Company, Ajaokuta Steel Company, export processing zones etc;

promoting recycling of metal scraps in the country;

exploiting fuel saving potentials of basic metals by their application in transport sector;

supporting manufacturing industries to promote the use of metals;
encouraging private small/medium industries and recycling centers
around metals industries;

improving infrastructural facilities in the metals sector;

exploiting potential multiplier effects of down stream expansion of
Nigerian metals industry;

ensuring that operators in the metals industry comply with requisite
standards of the Manufacturer's Association of Nigeria, Standards
Organization of Nigeria, International Standard Organization as well as
the Consumer Rights Protection Council as they affect the basic metals
sector;

establishing a metals data bank as well as information and statistics
centres;

monitoring and ensuring compliance by the metals industry operators
with environmentally friendly and technical-safe operation;

ensuring enforcement of the utilization of local industry products in all
Government contracts.

6.3 **Functions of the Metallurgical Inspectorate & Raw Materials Dev. Dept.**

The Department is responsible for metallurgical regulation, the sourcing of mineral raw materials for metallurgical industry, and advising Government on the following:

- Setting up standards for steel production in the Country, in liaison with appropriate bodies.
- Produces, publishes and circulates pamphlets/booklets of steel standards/codes with detailed chemical and physical properties.
- Produces, publishes and circulates safety manuals and safety regulations to Steel producers and foundry operators so that operational hazards/accidents are minimized.
- Ensures compliance to environmental regulations by the Metallurgical industry.
- Produces and circulate guidelines on the management and control of all categories of environmental pollutants.
- Establish Research and Control Laboratories for testing and investigations to ensure local production of the right quality of metallurgical products as well as importation of the right quality metallurgical products and raw materials into the country.
- Keeps abreast of world-wide trends in steel plant

technologies/development and advises the Ministry and public/private sector steel companies on design options, equipment supplies most suitable for Nigeria taking into account Nigeria's level of development and characteristics of available local raw materials.

- Inspects metallurgical projects and issue Certificates of completion after, being satisfied with all performance indices in accordance with design specifications and contractual obligations, for both private and public organizations.
- Liaise with integrated steel plants and foundries in the Country to obtain specifications of all their raw materials input and advise them on local sources capable of meeting their specifications in fulfillment of the primary objectives of import substitution.
- Through Agencies under its supervision, the department sources for and develops local raw materials and ensures their adequate supply to the integrated steel plants and foundries.
- Promote Joint venture projects for the development of metallurgical raw materials such as Iron Ore and Ferro Alloy Materials, Coking Coal, Limestone/Dolomite, Fluorite, Bauxite, Refractory clays Foundry Raw Materials, etc.
- Initiate the need for research in relation to reported problems in the metallurgical industry.
- Carry out any other functions incidental to metallurgical regulation.

7.0 **BASIS FOR ACTION**

The new Metals Policy is predicated upon the need to develop a vibrant Metals Sector where Government will play the role of **Administrator-Regulator** with the private sector as **Owner-Operator**. In particular, the basis for action include:

- ❖ The need to create a conducive business climate in which the Federal Government will act as a **motivator/moderator** by providing the enabling environment that will stimulate private sector investment.
- ❖ The need to have a robust and functional Integrated Nigerian Steel Industry that will guarantee the creation of employment, poverty reduction and wealth creation.
- ❖ The need to ensure that private sector led metals industries function effectively thereby achieving increased industrial capacity utilization and generating revenue for the country.
- ‡ The need to ensure that the private sector led Metals industries operate optimally, producing competitive high quality products for both local and international markets.

8.0 **STRATEGIES**

In Nigeria, in line with the global practice , there is a general trend to limit the involvement of government in the management of business. As a result of this, the Government's new role is now being limited to that of a facilitator and a provider of the necessary enabling environment for economic growth. To that extent the Government's perceived new role for the development of the metals

sector is to: -

Evolve an efficient, responsive and effective sector specific policy framework;

Facilitate a conducive macroeconomic environment;

Focus on improving physical infrastructure;

Promote the development, application and collaborative sharing of science, technology and research findings.

8.1 Local Production of Metals for Domestic, Industrial Purposes and Infrastructure Development

Nigeria is a country with no capital goods industries and the few consumer-based industries rely heavily on import of virtually everything such as raw materials, technology, machinery and intermediate products and spare parts.

The Nigeria industries have little linkage with the rest of the national economy. The development of capital goods in such vital areas as Engineering machinery, tools and accessories is virtually non-existent. Other essential economic development infrastructure for such vital areas of the economy such as Agriculture, Forestry, Fisheries, Animal Husbandry, Pharmaceutical, Building Construction and other consumer industries are in their infancy.

Considering the current structure of the economy, any attempt to evolve a policy of sustainable growth must of necessity concentrate on local production of metals such as Steel, Aluminium, Copper, Lead, Zinc etc.

The policy framework for the development and local production of these key

metal products should have the following targets: -

to achieve the capacity for production of a specialized metal products such as flat steel, alloy steel, aluminium foils within five years;

to promote the application, development and processing of other metal products such as Lead, Tin and Zinc etc.

to initiate and promote private sector led construction and production start-up of gold and other noble metals processing plants within 2 (two) years;

to promote linkage with the National economy through the enforcement of the use of domestic metal products for the development of the Nation's infrastructure.

To achieve the above target, the following policies and strategies are to be pursued:

Promoting new application of Iron and Steel, Aluminium, Zinc, Lead and other metal products for transportation, packaging, electrical products, agricultural equipment and implements etc **through attractive business incentives;**

Developing capital goods and intermediate machinery and equipment locally for all vital areas of economic growth **by ensuring a speedy take-off of the Nation's heavy industries such as Ajaokuta Steel, Delta Steel and ALSCON;**

Accelerating the development of infrastructural facilities **by promoting the use of home-made metal products through appropriate protection of local industries;**

Stimulating growth in consumer based products using domestic metal

products particularly in the areas of Agriculture, Building Construction and other consumer industries **through encouragement of the development of foundries, metal fabrication, and other low technical (low capital intensive) workshop.**

Encouraging Research and Development on new and advanced materials **through the provision of relevant laboratory facilities and appropriate reward systems to cadres of researchers and also be encouraging the commercialization of research results.**

Modifying Educational and Training systems in order to enhance linkage with industry.

Promoting the recycling of metal products for economic domestic production.

8.2 Promotion of Export of Locally Produced Metal Products

Though Nigeria is endowed with abundant crude oil and natural gas, the standard of living of its people has continued to dwindle in the last 40 years. The average per capita income of the Country was US\$440 by 1960 but that has fallen to US\$240 in 1990.

The failure of the national economy is mostly traceable to over dependence on exploitation and export of crude oil. The much needed industrialization was neglected to the extent that the few industries in the country cluster around consumer goods production and no serious effort was made to diversify the income base of the country. The volatility of the oil market and dwindling oil revenues are now dictating new thinking to diversify the economic resource base of the country. In so doing, Government is now desirous of incorporating in its policy framework, a mechanism of promoting export of metals and mineral products as a vehicle for rapid economic growth.

The vehicle for achieving this is to accelerate the export of metals and related mineral products so as to substantially improve the non-oil foreign exchange earnings of the Country. This should target 20% of the current foreign exchange earnings of the country within the next five years.

To achieve the set target, some sector specific strategies would be pursued which includes among others:

Promoting policies aimed at catalyzing the emergence of indigenous capacity that can satisfy a substantial percentage of needed support for local production of goods and services and surplus for export.

Promoting competitiveness of value added products so as to stimulate domestic and export demand of metal products.

Simplifying export procedures.

Encouraging intra-African trade through bilateral and multilateral agreements.

Accelerating the development of necessary inter and intra-African transportation infrastructure (Water ways, Rail ways, Roads and Air link oil and gas pipelines).

Strengthening of export processing zones and factories.

Evolving a strategic market development plan that would make Nigeria a regional leader and a global player in export of metal and mineral products.

8.3 Creation of Investment Friendly Environment for the Metals Sector

It is recognized that private participation in the Metals sector is presently very poor and private sector investment is necessary for the sustainable development of the sector. This is both in the form of inflows of capital and technology.

The Nigerian Investment Promotion Commission (NIPC) has been established as the facilitating agency for prospective investors in Nigeria. Furthermore, as part of Government efforts to encourage the private sector to play a leading role, an additional package of incentives has now been approved by the Government aimed at, among others:

- increasing industrial output for both the domestic and export markets;
- enhancing value addition;
- encouraging domestic resource utilization;
- increasing capacity for entrepreneurship and technical skills;
- enhancing the competitiveness of domestic products;
- promoting industrial linkage with the rest of the National Economy;
- and
- facilitate inflow of domestic and foreign capital and technologies.

The package of incentives, which is expected to attract inflow of foreign investment in all sectors of the economy, consist the following:

- Fiscal measures on taxation and interest rates;
- Effective protection with import tariff;
- Export promotion of Nigerian products;
- Foreign currency facility for international trade; and
- Development banking.

It is intended that the Private Sector should control a substantial share of the metals industry, while bearing in mind the strategic nature of the Iron and Steel and the Aluminium sub-sectors of the industry where government needs a certain measure of participation. At the other end of the spectrum, the Noble Metals sub-sector should be developed largely by the private sector. The policies and strategies could be implemented through the following:

(i) **Competitive Taxation Regime:** Tax relief in the form of tax holiday is in operation, particularly for industries such as the aluminium industry with significant technological content. Additional tax concessions are available to industries, which engage in local raw material development, local value addition, labour-intensive processes, export-oriented activities, in-plant training and investment in economically disadvantaged areas. Furthermore, industrial establishments could enjoy such facilities as tax relief for institutional/educational linkage with industry, Research and Development, capital allowance, tax-free dividends, and tax relief for solid minerals exploitation and processing.

(ii) **Tariff Structure on Imports:** In order to protect local industries, Government should continue to administer a tariff structure that guarantees fair competition.

(iii) **Foreign Currency Facilities:** A new trade and exchange rate regime has been adopted by Government to ensure efficient and competitive local production. The facility also provides for easier movement of investible funds, goods and services in and out of Nigeria. The components of the facility include Foreign Exchange Market, Repatriation of Imported Capital and Foreign Currency Domiciliary Account.

(iv) **Development Banking:** Government has established a Bank of Industry to offer specialized services to industry. The services include provision of soft loans and advances to large, medium, small and cottage-type industries. At state level, State Investment Corporations and other agencies exist to promote industrial development.

8.4 **Industrial Metals Safety**

Industries are essential for economic development but are also known to cause adverse environmental changes due to production and release of harmful wastes, effluents and toxic by-products into the environment. The discharge of these products, can adversely impact on human and animal health, aquatic and terrestrial flora and fauna in varying degrees. The processing of minerals and metals are largely known to produce among others the following categories of contaminants:

- Air pollutants: corrosive and hazardous gaseous, fumes and particulates;
- Volatiles such as tar fumes, aromatic hydrocarbons, etc.
- Dust;
- Non bio-degradable solid wastes (slag and dross);
- Radio-active wastes;
- Noise and heat beyond endurance limit.

The policy framework for ensuring environmental best practices and industrial safety should have the following targets:

Ensuring that emissions and discharge of all pollutants, volatiles, dust and particulates do not exceed a permissible limit in accordance with generally acceptable limits of good environmental management.

Maintaining aquatic integrity by ensuring that all waste water from metal and mineral processing industries is properly treated before release into the environment.

Proper disposal of all hazardous, radioactive and solid wastes that are not

bio-degradable through provision of proper sanitary landfill cells incorporating transfer, composting/recycling and incineration facilities; or through other scientifically approved disposal methods in collaborations with more technologically advanced providers of such disposal services.

The general strategies of achieving these objectives include:

Promoting environmentally friendly production practices such as use of scrap and recycling of materials especially those that propagate the degradation of the environment.

Promoting use of modern industrial techniques, application of research and development aimed at promoting environmentally friendly industrial practices.

8.5 **Provision of Appropriate, Social and Economic Policies by Government**

Government perceives its new role in the economy as that establishing an open, market-oriented and private sector led economy. Consequently, the role of Government in the growth and sustainable development of the metals sector becomes that of a facilitator and regulator.

Government is expected to create a conducive macroeconomic environment, which facilitates trade investment in the metals sector and also promotes competitiveness of the domestic industry. In its fiscal policy (tariff and tax system, in particular) Government should encourage local investors and interest and exchange rates should be such as to encourage the flow of local and foreign investment funds to the metals sector. Government should check and control inflation, in order to promote the competitiveness of local processing and export of metals.

Government should also focus attention on improving physical and social infrastructure, setting the rules and regulations for economic agents in the sector and enhancing private-sector investment in the metals sector. The relevant infrastructure includes access roads, energy, water, postal and communication services etc. These are expected to promote manufacturing and facilitate trade in metal products.

Government should play a pivotal role to ensure that the following targets are achieved:

- (i) to provide the enabling environment that would ensure at least 10 per cent of total employment in the industrial sector be contributed by the metals sector.
- (ii) the metals sector is fully privatized by the next decade.
- (iii) Nigeria emerges as regional leader and a global player in metals production and processing by next decade.
- (iv) metal products for various applications in both capital goods and consumer products are made available from domestic production by the next decade.

8.6 Encouragement of Private Sector Participation:

The private sector is expected to spearhead the development of the industrial sector, including that of metals production and processing. In particular, the private sector shall be expected to play the commanding role in investment activities, manufacturing and the associated downstream industries, as well as domestic and export trade. It should also play a leading role in local sourcing of

raw materials, manpower development, technological innovation and adoption and support for research and development in the metals sector.

The private sector is expected to;

- (i) dominate investment in the metals sector.
- (ii) instill and maintain competitiveness in the metals sector.
- (iii) create necessary environment for achieving high productivity in the sector.

The following policies and strategies shall be put in place:

- (i) **Private-Sector Participation:** The primary strategy should be to make the private sector key to the development of the metal industry. Private sector should collaborate to provide a dossier on investment opportunities in the metals sector to local and foreign investors. Foreign investment should best be channeled to expansion and establishment of metal industrial complexes.
- (ii) **Promote Raw Material Supply:** Private investors should be encouraged to explore and process raw materials locally for the use in the metals sector. They should support geological surveys to explore new areas for minerals.
- (iii) **Production:** Private producers should adopt best practices and environment-friendly production techniques.
- (iv) **Manpower Development:** To promote creation of jobs,

investors should be required to promote on-the-job training for young school leavers; limit foreign employees to critical areas of production where local skill is unavailable; and obey labour laws and standards

- (v) **Promote Welfare of Host Communities:** The private sector should be required to make use of skilled and unskilled labour available in the host communities and involve local traders in distribution and marketing of metal products.
- (vi) **Community Service:** The Sector should promote community service including provision of medical, educational, agricultural, recreational and other infrastructural facilities etc in and around the vicinity of its location.

8.7 **Provision of Institutional Framework for Sustainable Development for the Metals Industry**

There are various institutions, which may facilitate and assist investors to obtain easy access to, and guarantee worthwhile investment in the metals sector in Nigeria. The Steel Department could, from time to time, produce such a list.

8.8 **Development of Manpower to meet the Challenges of the Metals Industry**

To establish an appropriate human resource base with adequate skills to meet the challenges of modern metal processing and the projected growth rate in the sector. The policies and strategies to be adopted include the following:

Government should design educational curriculum enriched with the

requisite technical content that would meet the demands of a modern industry, in consultation with stakeholders, development agencies and professional groups.

Government should support specialized training for all disciplines relevant to the metals industry.

Government should encourage and maintain a symbiotic relationship between staff of higher institutions and operators in the metals industry.

The Metallurgical Training Centre in Ajaokuta Steel Company and the Metallurgical Training Institute at Onitsha which are already equipped along the entire spectrum of the metallurgical profession shall be made centres of excellence for training.

9.0 POLICY IMPLEMENTATION AND REVIEW

9.1 Policy Implementation

The Steel Department (Ferrous and Non Ferrous Metals Department) and Metallurgical Inspectorate and Raw Materials Development Department of the Ministry of Mines and Steel Development shall implement the National Metals Policy.

9.2 Policy Review

The Policy shall be reviewed from time to time by Government to take cognizance of changes in standards, technology, markets, and any other matters that may arise from its implementation.

10.0 IMPLEMENTATION/ACTION PLAN

10.1 METALLURGICAL INSPECTORATE AND RAW MATERIALS DEPARTMENT

The Metallurgical Inspectorate & Raw Materials Development Department

(MI & RMD) **has two broad functions:**

- † to discharge metallurgical inspectorate duties; and
- ❖ to supervise the raw materials sourcing agencies.

The department does not as at now have the law to back it in discharging its metallurgical role. Consequently, it has mainly being providing advisory role to the operators in the sector. **The department should have in place for effective discharge of its inspectorate role the following:**

- ❖ Metallurgical Inspectorate Act
- ❖ Metallurgical Regulatory Manual
- ❖ Area Inspectorate Services Offices at appropriate locations
- ❖ Control Laboratory for elaborate chemical and physical tests on samples of Metallurgical products.
- ❖ Enactment of Metallurgical Inspectorate Act
- ❖ Production of Metallurgical Regulatory Manual
- ❖ Ensure implementation of Strategic Plans by the Agencies being supervised by it.
- ❖ Production of a Draft Metallurgical Regulatory Manual
- ❖ Review of the Draft Regulatory Manual by stakeholders
- ❖ Production of an acceptable regulatory manual.

10.2 STEEL DEPARTMENT

Establishing the framework for Steel and Aluminium Data/Information System.

Inventory of all Steel and Aluminium manufacturers (including products, installed capacity, capacity utilisation, etc)

Inventory of Steel and Aluminium marketers

Acquisition of data on all imports

Inventory of raw materials;

Assessment of demand and supply of Steel and Aluminium products;

Demand/Supply/Price relationships;

Projection/future outlook;

Establishment of data management infrastructure;

To ensure the implementation of strategic Plans by the Agency being supervised by the Department;

To cause the various Steel and Aluminium industries to conform with necessary regulatory policies; and production of an acceptable regulatory manual;

To cause the promotion and establishment of non ferrous foundries and forges in line with the national demand.

