

# OYO STATE COUNCIL FOR ARTS AND CULTURE

CULTURAL CENTRE ROAD, MOKOLA,  
IBADAN NIGERIA

## ARCHIVES

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SUBJECT NIGERIA FIBRE INDUSTRIES (LTD)	
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Vol II  
**OFFICE OF THE  
 MILITARY GOVERNOR**

**CONFIDENTIAL**

FILE No. Vol II  
 SP C 1245.

FILE TITLE

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Vol. II

**CONFIDENTIAL**



SP/C.124/S



MINISTRY OF TRADE AND INDUSTRY

DEVELOPMENT DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No...C.822/A/42...

Date... 3<sup>rd</sup> September, 1968

5/9

The Permanent Secretary,  
(Political & Administration)  
Office of the Military Governor,  
Ibadan.



Minutes of Board of Directors of  
Corporations and their Subsidiaries

P.151-105  
P.166

I am directed to refer to your circular letter  
No. SP/C.119/760 of 23rd May, 1967 and to forward  
herewith a copy each of the minutes of the 16th meeting  
of the Board of Directors of Nigeria Fibre Industries  
Company Limited and that of the Extra-Ordinary General  
Meeting of the Company, held in Ibadan on 9th July, 1968.

*J. B. Alakuro*  
(J. B. Alakuro),  
for Permanent Secretary,  
Ministry of Trade and Industry.

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MINUTES OF THE 16TH MEETING OF THE BOARD OF  
DIRECTORS OF NIGERIA FIBRE INDUSTRIES COMPANY  
LIMITED, HELD ON TUESDAY 9TH JULY, 1968, IN  
THE BOARD ROOM OF THE COMPANY ON THE 23RD  
FLOOR OF COCOA HOUSE, IBADAN.

PRESENT

Mrs. F.M. Akintunde-Ighodalo - Chairman  
Mr. C. Gardella - Director (Alternate for  
Mr. A. Gardella)  
Mr. A. Lagostena - Director (Ag. Managing)  
Mr. S.A. Adebajo - Director  
Mr. B.O.E. Amon - Director  
Mr. T.A. Akinyele - Director  
Chief Moyo Aboderin - Director

IN ATTENDANCE

Mr. O.A. Afolabi - Assistant Secretary (NIFINCO)  
Mr. J.B. Alakuro - Assistant Secretary (Min. Of  
Trade & Industry.)  
Mr. I.E. Prandi

RESIGNATION OF A CHAIRMAN AND APPOINTMENT OF A SUCCESSOR

The meeting began at 10.44 a.m. immediately after the extra-ordinary meeting. The Board unanimously accepted the resignation of the former Chairman, Mr. H.S.A. Adedeji and then proceeded with the appointment of Mrs. F.M. Akintunde-Ighodalo as the Chairman of the Board of Directors. The resolution with which she was appointed was moved by Mr. S.A. Adebajo and seconded by Chief Moyo Aboderin. It was unanimously adopted.

APPRECIATION OF THE SERVICES OF THE FORMER CHAIRMAN

2. After the appointment of the Chairman, the Board then passed a resolution expressing their appreciation of the very good services rendered by Mr. H.S.A. Adedeji, as a Chairman when he was on the Board of Directors of the Company. The meeting directed that a letter of thanks be written to him.

ALTERNATE DIRECTOR

3. Mr. Constantino Gardella presented to the meeting, the letter AG/gm of 3rd July, 1968 with which Mr. Adriano Gardella authorised him to attend the meeting as his alternate Director. The Directors gave approval to Mr. Constantino Gardella's attendance at the meeting as the alternate Director for Mr. Adriano Gardella. Mr. Edoardo Giudice who speaks English was also allowed to act as interpreter for Mr. C. Gardella.

MANAGING DIRECTOR AT THE MEETING

4. The Chairman, in consultation with the other members, stated that, as Mr. I.E. Prandi was expected to have started his vacation leave since Monday 8th July, 1968, it was Mr. Aldo Lagostena who would represent and speak for the Management at the meeting. She however, added that since Mr. Constantino Gardella had expressed the desire to have Mr. I.E. Prandi at the meeting, he, Mr. Prandi would be allowed to attend the meeting and would also be permitted to make useful contribution to the deliberation at the meeting. The Directors agreed with the Chairman.

ADOPTION OF THE MINUTES OF THE LAST MEETING

5. The Board unanimously adopted, without amendment, the minutes of the meeting of the Board held on Thursday 29th February, 1968. The motion for the adoption was moved by Mr. B.O.E. Amon and seconded by Mr. T.A. Akinyele.

MATTERS ARISING:

Use Of The Lifts

6. The Assistant Secretary reported that the Secretaries of the various establishments in the Cocoa House had submitted a proposal that the four lifts in the Cocoa House be allocated to different floors. He added that the WEMABOD had not indicated their acceptance of the Secretaries' recommendation. At the meeting at which the decision to submit the proposal to the WEMABOD was taken, the Secretary of the Marketing Board who also attended the Secretaries' meeting however threw some light on the complications involved in allocating the lifts to different floors. One of the implications is that the lifts can still be made to stop at any of the floors if the buttons to stop them are pressed from outside the lifts. To overcome this, the Secretary explained, much technical problem have to be solved and a lot of money spent.

Tourists Centre.

7. Mr. J.B. Alakuro reported that action was already being taken on the letter received from the Company on the transfer of the Tourists Centre to the Company. He stated that the Ministry of Works and Transport who built the Centre had been consulted, and the Ministry of Works and Transport had in turn too referred the matter to the Ministry of Lands and Housing who would value the Tourists Centre for the purpose of the Transfer.

8. The Board directed that action should be taken to speed up the transfer, and if possible the Ministry of Trade and Industry should deal direct with the Ministry of Lands and Housing.

Documents With Mr. Nagaty

9. The Assistant Secretary reported that he did not succeed in obtaining from Mr. S. Nagaty, the supporting document for the £19,600 shown in the records of the Company's accounts as given to Mr. Nagaty for Foundation Stone Ceremony expenses.

10. Mr. Constantino Gardella said that Mr. Nagaty could not have spent the money on Foundation Stone Expenses, because it was Mr. Adriano Gardella who provided the Tablet for the factory building and other things used during the Foundation Stone Ceremony. He added that it was on the day of the foundation Stone Ceremony at Badagry that Mr. Soliman Nagaty was first seen with the Company. The statement of Mr. C. Gardella was confirmed by Chief Aboderin.

11. The Chairman, too, said that on the day of the Foundation Stone Ceremony she observed that Mr. Nagaty demonstrated various aspects of the operations of the Company with some machines. She added that she did not know what happened to the machines afterwards.

12. The Accountant confirmed that he had obtained the supporting voucher for the payment of the £19,600 to Mr. Nagaty, and the only thing left was a detailed account by Mr. Nagaty of how the money was spent. The Chairman observed that after much effort over a long time, the Company had still not been able to obtain from Mr. Nagaty, various documents which were supposed to be with him. The Board concluded that in the circumstances, the Legal Retainers of the Company would have to take up the question of obtaining any specific documents from Mr. Nagaty, whenever the Company required specific documents from him.

Negotiation On Pieces Of Land Required At Badagry By The Company

13. The Board took into account the investigation being carried out on the possibility of siting the Retting and the Refining Centres in the Western State. The Board thus decided that negotiation should proceed for 261.6 acres of land for the use of the Company at Badagry. Mr. Adriano Gardella had earlier indicated in a letter that the acreage required for the present Factory and the proposed Refining

Factory would be 261.6 acres. He also stressed that even if the proposed Refining Factory was eventually not built in Badagry, the minimum area of land that the Company would require at Badagry would still be 261.6 acres so as to make provision for necessary future expansion.

14. The Board decided that the question of the 128.7 acres required at Badagry for Retting Purpose would be treated at a later date when the final siting of the Retting Centre should have been determined.

15. The Board directed that the Ministry of Lands and Housing should be contacted on the relative merits of negotiating the land required by the Company at Badagry, either (i) by leasing of the land or (ii) by purchasing it.

Negotiation On The Piece Of Land Required At Wasinmi By The Company

16. Facts which were considered material for taking the decision on the payment of the rent due to the landowners of the piece of land being used by the Company for Kenaf Plantation at Wasinmi, were made available to the Board of Directors through the brief of the Assistant Secretary, on this item.

17. The Board took note of the brief. The Chairman disclosed that a committee was being set up to consider the question of the Company's running of a Kenaf Plantation, which was observed to be incurring much losses. The rent of 1/6d per acre per annum contained in the Lease Agreement already entered into with the Wasinmi landowners was considered to be very considerably low. As a swift action was necessary to forestall the possibility of the landowners repudiating the Agreement because of the inherent weakness in the Agreement pointed out by the Company's lawyer, the Board decided that the rent for the first half of the Agreement (i.e. 5 years) be paid by the Company.

The Refining And The Retting Centres

18. The Technical Officers of the Company had conducted an investigation into the possibility of the siting of the Refining as well as the Retting Centres in the Western State. Consequently, the Factory Manager Mr. Aldo Lagostena submitted to the meeting a memorandum tentatively recommending the siting of the Centres by River Ogun, between Aro Railway Station and Aro Village. The Chairman expressed the Board's appreciation of the effort of the Technical Officers of the Company. She added that the Committee being set up by the Ministry of Trade and Industry, on this subject would take note of the report of the Technical Officers when carrying out their assignment.

Expatriates' Service Condition

19. The Chairman opened the discussion on this item by making it known that the recommendation of the Establishment Committee on the remuneration for the Expatriates caused her some uneasiness as it was relatively higher than the salaries being paid to expatriate staff of any of the other Companies whose Boards of Directors, she was a Chairman. She added that she would not find it easy to obtain the Government approval for the payment of such remuneration.

20. Mr. S.A. Adebajo, the Chairman of the Establishment Committee that made the recommendation explained that after a protracted deliberation on the remuneration of the expatriates, the majority of the members were left with no choice other than to arrive at the figures put forward. He pointed out that the various salaries, recommended which represented the limit of a compromise arrangement that the majority of the Establishment Committee supported, were still unacceptable to the Expatriates on whose behalf, Mr. Prandi insisted on a bigger remuneration.

21. Mr. Constantino Gardella, the alternate Director for Mr. Adriano Gardella pressed for the payment of remuneration which was more than that recommended by the Establishment Committee. He insisted that the only remuneration for the expatriates which would be acceptable was for the Expatriates to be paid the salaries as at present, while the Company would pay the taxes on the salaries. Alternatively, he asked that the Expatriates be paid the salaries which after taxes have been deducted would still leave them with a net balance that would not be less than their present salaries.

22. Mr. Gardella supported his unyielding stand, on the remunerations of the expatriates, with a brief dated 9th July, 1968 which he brought down from Italy. The Chairman, speaking for the other members, informed Mr. C. Gardella that the Board did not take kindly to the wordings of the brief, which considered in its best sense, gave the impression that the Gardella Group was not demonstrating that it had a stake in the Company.

23. The Chairman went further by asking Mr. C. Gardella to inform Mr. Adriano Gardella that the Technical Partner was expected to negotiate with the Company as a partner in the venture and not as a Master. However, Mr. C. Gardella explained that it was not the intention of the writer of the brief to give the impression such as was being conceived about the brief.

24. That notwithstanding the deliberation on the remuneration went on with either side standing its ground. Thus, a compromise could not be reached. At this stage, Mr. C. Gardella said that as the remuneration recommended by the Establishment Committee would not be acceptable to the Expatriates, the expatriates might refuse to continue working for the Company. The Chairman however pointed out that the Technical Partner was under contractual obligation to provide the Company with Technicians. So, if the expatriates were taken away, the Gardella Group would still have to provide adequate replacement.

25. The Chairman called attention to how illogical it was for her to ask the Government for approval to pay the remuneration as high as the Gardella Group was pressing for the expatriates, while at the same time supporting such high salaries with a statement of Accounts of the Company which showed a loss of about £300,900.

26. However, Mr. C. Gardella insisted that higher salaries than were recommended by the Establishment Committee, be paid to the expatriates. At this stage, the Chairman remarked that the threat that the Expatriates might leave the Company if they were not paid as the Gardella Group was pleading for them, amounted to a blackmail. She further added that she might be tempted to perceive a sabotage in the uncompromising attitude of the Gardella Group. In the circumstances, she requested Mr. C. Gardella to indicate if the Gardella Group intended its stand on the issue as an ultimatum, so that she could advise the Government of such an intention.

27. As the matter continued to be unresolved, at the instance of Mr. C. Gardella, the Chairman accepted that he could meet her on Thursday 11th July, 1968 when he would inform her of his decision. The Chairman concluded by calling attention afresh to the fact that the Company was then incurring high losses and to the fact that the expatriates in NIFINCO were already the highest paid of the expatriates in the many Companies, with Government participation, whose Boards of Directors she was a Chairman. The Chairman therefore affirmed that in the circumstances, the recommendation of the Establishment Committee, modified by the fact about Mr. Prandi's tax code just made available to the Board, represented the highest remuneration for which she would have the courage to request the Government for approval.

Signing Of Cheques

28. The Board decided that Mr. Lagostena who would be acting as the Managing Director in the absence of Mr. I.E. Prandi who was expected to be on vacation leave as from Monday 8th July, 1968 would replace Mr. Prandi as one of the signatories on the Company's cheques.

Financial Arrangement With The Marketing Board

29. The Board considered the information given on this item that no Tender Board for purchases of Kenaf has been set up, and the explanation of Mr. I.E. Prandi that purchases of fibre by tender was not feasible as offers for sale of fibre lapsed after 24 hours. The Board however said that the Marketing Board ought to have been formally notified that it was not feasible to have a Tender Board for purchases of Fibre, since purchases of fibre through such a Tender Board was one of the conditions with which the Marketing Board approved the granting of Loan to our Company, for purchases of kenaf fibre. The Board asked the Management to intimate the Marketing Board with the explanation given by Mr. Prandi.

Overdraft From United Bank for Africa

30. The Board advised the Management to direct the Company's request for the extension of the time for the Company's repayment of the Government's loan from 5 to 10 years, to the Ministry of Finance through the Ministry of Trade and Industry so that it might be taken up at the Ministries level. The United Bank for Africa had earlier made the request for their granting overdraft facility to the Company.

Kenaf Seed To Ministry Of Agriculture & Natural Resources

31. The Ministry of Agriculture has, with their letter No.E/16/1/Vol.7/499, of 21st June, 1968, acknowledged the receipt of kenaf seeds bought with £41,434:19:7d. made available by the Marketing Board, on behalf of NIFINCO.

Agreement Dated 9th July, 1963

32. At the instance of the Auditors of the Company, the Ministry of Trade and Industry has written a letter No.INV.577T/2 of 14th June, 1968 to confirm that the Agreement dated 9th July, 1963 on the establishment of NIFINCO, has been abrogated.

Issue Of Share Certificates

33. The Assistant Secretary reported that the Ministry of Trade & Industry had then indicated in what name the bulk of the Government Shareholding in the Company would be issued. Consequently, share certificates had been prepared ready to be issued to the members.

34. Then in compliance with Article 86 of the Articles Of Association of the Company, the Board unanimously passed a resolution authorising the affixing of the Company's Seal to the Share Certificates, and two Directors: The Chairman, Mrs. F.M. Akintunde-Ighodalo and Chief Moyo Aboderin to sign the Share Certificates. The motion was moved by Mr. C. Gardella and seconded by Mr. B.O.E. Amon.

Report On Fire Incident At The Fibre Store At Badagry

35. The Board was informed that the fresh facts, that have come to light on the fire incident at the Company's fibre store at Badagry, which exposed Mr. S.A. Agbeja to much suspicion, had been made available to the police at Badagry. The Board asked the Management to press further, as the police did not appear to have taken action.

Re-building Of The Fibre Store

36. Mr. Prandi informed the Board that the recent continual raining at Badagry affected the speed with which the fibre store of the Company was being built. He indicated that the store might be completed by the end of the month. He further disclosed that the Secretary of the Marketing Board had allowed the Company to continue to use the Oshodi Store, for storing fibre, on the understanding that the Company's own fibre store would be completed, very soon.

Matters Arising From Minutes Of The Erstwhile Management Committee's Meetings of 24th & 31st October, 1967

37. As the responsibilities of the newly set-up Establishment Committee which replaced the Management Committee are restricted to staff matters, the matters arising, other than staff matters, from the previous minutes of the Management Committee could not be treated by the Establishment Committee. The matters Arising as contained in the next three paragraphs were therefore brought forward for the consideration of the Board of Directors.

Radio Telephone

38. The Board noted the information given that COMSAC was the Company then handing the arrangement being made to install Radio Telephone Stations for the Company both in Ibadan and at Badagry.

Shed For Fertilizer

39. The Board noted the information given in the brief that the prefabricated building to house the fertilizer being used on the Company's plantation has been built.

Debts Owed To The Eagle Star Insurance Company & SOCOPAO

40. The Accountant reported that he had taken action to ensure that NIFINCO did not pay more than was due from the Company to either the Eagle Star or the SOCOPAO.

Alteration To Machine To Be Supplied As Per 1st Agreement

41. The Board gave consideration to the letter dated 8th May, 1968 from the Gardella Group. The letter stated that the Gardella Group was accepting to exchange the Printing Machine in the 1st schedule to the 1st Agreement with a TEASER CARD. The Teaser Card, the letter stated, would be required to complement the existing Recuperating Plant in the factory, to refine the waste from Nigeria Fibre. The Company would be expected to pay the difference between the prices of the two machines. The letter indicated that it was concluded with Mr. Gardella that the Printing machine would be of no use to NIFINCO.

42. The Board directed that Mr. Gardella be requested to forward the specification for the Teaser Card which the Ministry of Trade and Industry would study.

Loss Of Fibre Through The Fire Incident At The Apapa Wharf

43. The Board was informed of the loss of Company's fibre at the Apapa wharf, due to fire incident. The Board was also informed that the loss was covered by insurance placed on the fibre while in transit and that the Insurance Company that covered the risk was the Llyods. The Board advised the Management to ensure the supply of adequate fibre to run the factory.

Audited Accounts Of The Company

44. The Board unanimously adopted the Company's Audited Accounts for the years ended 31st December, 1966 and 1967, with the amendment that the £19,600 received by Mr. S. Nagaty for foundation stone ceremony expenses be regarded as a pre-production expense.

Budget For 1968

45. The Board also accepted the Budget which the Accountant prepared for the year 1968.

46. The Managing Director's Leave of Absence: The Chairman introduced the question of Mr. Prandi's leave and his future with the Company. She informed the meeting that the matter was discussed at length with the Vice-Chairman of the Company during his recent visit to the country and that the decision reached then was that Mr. Prandi should be asked to go on leave and should not return to his post as Managing Director with the Company. In the meantime, Mr. Lagostena would act as the Managing Director until a new person was appointed. The Chairman also stated that she discussed the question of the appointment of a General Manager from any nationality instead of a Managing Director for the Company with Mr. Gardella and he was quite agreeable to the proposition.

47. Speaking for the Technical Partners, Mr. Gardella confirmed that he had been informed of the outcome of the meeting the Chairman held with his brother (Adriano Gardella) and that they were already taking necessary steps to implement the decisions reached at the meeting. He disclosed that three people - an Englishman, an Australian and an Italian were already being considered for the post of General Manager. The Board approved of that arrangement with a proviso that the candidates recommended would be interviewed by the Board and appointed only if found suitable.

48. The Chairman then called on the Board to ratify the following decisions reached at the meeting she held with the Vice Chairman, Mr. Adriano Cardella on 6th and 7th June, 1968:

- (a) Sending Miss. Lawanson on leave with effect from 10th June, 1968.
- (b) That Mr. Prandi should proceed on leave with effect from 8th July, 1968, and should not return to his post at the expiration of his leave.
- (c) That Mr. Lagostena should take over the duties of Managing Director in an acting capacity with effect from the same date.

The decisions were unanimously ratified, on a motion moved by Mr. Akinyele and seconded by Chief Aboderin. The Board also ratified the agreement reached between the Chairman and the Vice Chairman as regards the appointment of a General Manager as recorded below:

"Mr. Adebajo said that from what he had seen of Mr. Lagostena he knew that he was an efficient man and a first class hand for the factory. Since the factory was a very important aspect of the business, he was of the opinion that Mr. Lagostena should be made to return there after another man had been found to replace Mr. Prandi. Mr. Adebajo suggested, and it was agreed, that what was needed was an employee who would perform the duties of a General Manager and, as such, the successor to Mr. Prandi need not be a Managing Director. Mr. Gardella had no objection to this arrangement. Asked by Mr. Adebajo whether he would object to the appointment of a non-Italian for the post of General Manager, Mr. Gardella stated that he would not object. In that event, Mr. Gardella would be free to give his Directorship to anyone acceptable to him. Mr. Gardella then advised that the Ministry too could assist in finding suitably qualified and experienced candidates for the post. He too would be on the look out. Mr. Adebajo considered that it would not be difficult to find a good candidate for the post of General Manager. The Meeting then decided that the machinery for the recruitment of a candidate should be set in motion immediately."

*Mr. Lagostena to return to the factory after another man had been found to replace Mr. Prandi.*

49. The Board next reviewed the position of Miss. Lawanson. The meeting felt that since she was as guilty as Mr. Prandi in the various actions that led to the removal of that employee, it would be unfair to leave her in the employment of the Company. Moreover, it was felt that judging from her past activities her continued presence might have serious adverse effect on the efficiency and morale of the other staff in the

office. Mr. Constantino Cardella therefore, moved that "she should be relieved of her post with the company with effect from 10th July, 1968, and be paid a month's salary in lieu of notice". The motion was seconded by Mr. Amon and was unanimously carried.

ADJOURNMENT OF THE MEETING

50. As there was no other business to consider, Mr. S. A. Adebajo moved the adjournment of the meeting while Chief Moyo Aboderin seconded it. The motion was unanimously carried and the meeting ended at 6.49 p.m.

O. A. AFOLABI  
ASSISTANT SECRETARY  
NIFINCO.

ARCHIVES OF ONSCA

Budget For 1968

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O. A. AFOLABI  
ASSISTANT SECRETARY  
NIFINCO.

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MINUTES OF THE EXTRA-ORDINARY MEETING OF NIGERIA  
FIBRE INDUSTRIES COMPANY LIMITED, HELD ON TUESDAY  
9TH JULY, 1968 IN THE BOARD ROOM OF THE COMPANY  
ON THE 23RD FLOOR OF COCOA HOUSE, IBADAN.

PRESENT

Mr. T.A. Akinyele	- Chairman (Interim)
Mrs. F.M. Akintunde-Ighodalo	-
Mr. S.A. Adebajo	- Shareholder
Mr. B.O.E. Amon	- Shareholder
Chief Moyo Aboderin	- Shareholder

ABSENT

Mr. A. Gardella	- Chairman (Vice)
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IN ATTENDANCE

Mr. O.A. Afolabi	- Assistant Secretary (NIFINCO)
Mr. J.B. Alakuro	- Assistant Secretary (Min. Of Trade & Industry.)

The meeting started at 10.29 a.m. with Mr. T.A. Akinyele presiding having been duly appointed the interim Chairman for the Meeting.

Adoption Of The Last Two Extra-Ordinary Meetings

2. The minutes of the extra-ordinary meetings held on 4th December, 1967 and 29th February, 1968 were unanimously adopted, without an amendment, with a motion moved by Chief Moyo Aboderin and seconded by Mr. Akinyele.

Acceptance Of The Resignation Of a Director And The Appointment Of a Successor

3. The meeting was informed of the letter of resignation of appointment as a Director, dated 29th March, 1968 received from Mr. H.S.A. Adedeji who ceased to be a Director of the Company, with effect from 1st April, 1968, as he was no longer the Permanent Secretary of the Ministry of Trade and Industry. The resignation was unanimously accepted. Mrs. F.M. Akintunde-Ighodalo who succeeded Mr. Adedeji as the Permanent Secretary Ministry of Trade and Industry was unanimously appointed a Director of the Company when a motion to appoint her, moved by Mr. S.A. Adebajo has been seconded by Chief Moyo Aboderin.

4. Chief Moyo Aboderin moved the motion with which the meeting ended at 10.43 a.m. The motion which was unanimously adopted was seconded by Mr. S.A. Adebajo.

O. A. AFOLABI  
ASSISTANT SECRETARY  
NIFINCO.

C.P.10

Pp 150 - 166 sub'ded fl

5/9/68  
CP  
H/6/10 ED y.y. f.n. comments

167



MINISTRY OF TRADE AND INDUSTRY

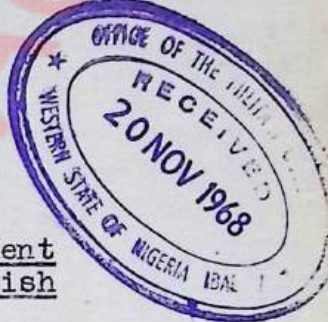
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No. INV. 577/30.

SP/C-124/5

Date 20 November 1968.

The Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.



(For the attention of Mr. F. B. A. Conde)

Nigeria Fibre Industries Limited: Advertisement  
for the Post of General Manager in the British  
Newspapers

1168-9  
a copy  
a.b.l.c.

I am directed to forward herewith two copies of a self explanatory advertisement which I have been requested to place in some British Newspapers on behalf of the above named Company. The Nigeria Fibre Company Limited is one of the Companies incorporated under this Ministry and Government equity shareholding in the Company is 72%.

2. Having regard to the urgency attached to the publication of the advertisement in the United Kingdom, it is considered that the most expeditious way of getting it placed would be to route it via the Recruitment Attache in the Nigeria High Commission in London. In view of this, it would be greatly appreciated if you would kindly forward a copy of the advertisement to the Nigeria High Commission in London with a request that it should be inserted twice in the CLASSIFIED ADVERTISEMENT COLUMN of each of the following newspapers and magazine :-

- (1) The London Times;
- (2) The Daily Telegraph;
- (3) West Africa.

3. The cost of the advertisement will be met by the Nigeria Fibre Industries Limited through my Ministry. However, because of the stringent foreign exchange control now in force, the Office of the Nigeria High Commissioner in London may be advised to settle the bills in the first instance and quote the Head and Sub-Head of vote to which a reimbursement may be credited in Nigeria.

4. For speed of action, you may wish to advise the Office of the Nigeria High Commissioner in London to correspond direct with me on any issues which may require further clarification.

SAS(a)

F.m.a.

21/11

S. A. Adebajo  
(S. A. Adebajo),  
for Permanent Secretary,  
Ministry of Trade and Industry.

Sample 576

168 2

NIGERIA FIBRE INDUSTRIES COMPANY LIMITED, NIGERIA:  
VACANCY FOR THE POST OF GENERAL MANAGER.

Applications are invited from suitably qualified persons for the above-mentioned post.

1. Qualifications:

Applicants must possess

EITHER

- (i) A good degree in Economics, Commerce, Business Administration or Law from a recognised University plus at least 10 years practical experience in the management and administration of a large industrial undertaking.

OR

- (ii) A diploma in Business Management from a recognised professional institution with at least 12 years practical experience in the management and administration of a large industrial undertaking.

Proficiency in spoken and written English is essential. Previous experience in a Textile Industry will be an advantage. Anyone earning less than £3,000 need not apply.

2. Duties:

The successful candidate will be responsible to the Board of Directors of the Company for the efficient management and operation of the Company.

3. Conditions of Service:

The salary for the post is £4,800 (taxable) per annum plus other fringe benefits such as;

- (a) free accommodation;
- (b) free transport facilities;
- (c) free medical facilities for appointee, wife and two children up to the age of 18;
- and (d) in case of overseas appointee, first-class air or sea passage for himself, his wife and two children up to the age of 18, from his home or place of appointment to Nigeria.

ccc P. 170

189 7

4. Method of Application: Applicants who could be of any nationality should address their letters, stating full names, age, qualifications and experience, present salary etc. to:

The Secretary,  
Nigeria Fibre Industries Company Limited,  
c/o Ministry of Trade and Industry,  
Secretariat,  
Ibadan, Nigeria.

to reach him not later than 31st December, 1968.

ARCHIVES OF OYSCAC

170 4

SP/C. 124/5/T

2 November, 1968.

The Permanent Secretary,  
Ministry of External Affairs,  
Private Mail Bag 12600,  
Lagos.

Advertisement for the Post of General Manager  
of the Nigeria Fibre Industries Limited in  
British Newspapers

I forward herewith two copies of an advertisement which we will like to place in some British newspapers on behalf of the above-named Company. The Company in question is one of those incorporated under the State Ministry of Trade and Industry and the State Government has 72% of the equity shareholding in it.

2. It will be appreciated if you will forward the advertisement to the Nigerian High Commission in London with a request that the First Secretary, Recruitment should insert it TWICE in the CLASSIFIED ADVERTISEMENT COLUMN of each of the following newspapers and magazine

- (i) The Times
- (ii) The Daily Telegraph
- and (iii) West Africa.

3. The cost of the advertisement will be met by the Nigeria Fibre Industries Limited through the State Ministry of Trade and Industry. In view, however, of the stringent foreign exchange control now in force, I am directed to request that the Nigerian High Commission in London be advised to settle the bills in the first instance. Your Ministry can then let us know the Head and Sub-head of Vote to which a reimbursement may be credited here in Nigeria.

4. As there is an element of urgency in this matter, I should be glad if you would authorise the Office of the High Commissioner in London to correspond direct with our (State) Ministry of Trade and Industry should there be any issues which require further clarification.

See P183

*[Signature]*

(F.B.A. Conde),  
for Secretary to the Military Government

Issued  
22/11/68

171

SP/C. 124/5/T

R  
21 November, 1968.

The Permanent Secretary,  
Ministry of Trade and Industry,  
Ibadan.

(for the attention of Mr. S.A. Adebajo)

Nigeria Fibre Industries Limited: Advertisement  
for the Post of General Manager in British Newspapers

I am directed to inform you that action has been taken as requested in your letter No. INV.577/30 of 20th November, 1968.

2. You may wish to know that protocol demands that I route my letter to the Nigerian High Commission in London through the Ministry of External Affairs in Lagos, but I made the point that that Ministry should allow for the urgent nature of the assignment by authorising the High Commission in London to correspond direct with your Ministry should there be any issues which require further clarification.

P. 167

(send) 22/11

C.R.  
TL k.f.v.  
21/11

P. 177

(F.B.A. Conde),  
for Secretary to the Military Government  
and Head of Service.

172

C.P.I.O.,

Please see pages 151-162 which contain the minutes of the 16th Meeting of the Board of Directors of Nigeria Fibre Industries Company Limited held on 9th July, 1968.

2. At the next meeting of the Board you might wish to ask about the following :

- (i) whether the Ministry of Lands and Housing to whom the Ministry of Works and Transport has referred the question of the valuation of the Tourist Centre, which NIFINCO wants to be transferred to it, has completed the valuation, and if this has already been done whether the Ministry of Works and Transport has forwarded the figures to the Ministry of Trade and Industry;
  - (ii) whether the Company has been able to obtain from Mr. Nagaty the statement (i.e. the detailed account) of how the sum of £19,600 shown in the books of the company as given to Mr. Nagaty for the Foundation Stone Ceremony expenses, was spent;
  - (iii) what action has so far been taken in respect of the negotiations for the acquisition of the 261.6 acres of land required for the use of the company at Badagry;
  - (iv) whether a committee has been set up to consider the question of the company's running of a Kenaf Plantation;
  - (v) whether the rent for the first half of the Agreement (i.e. 5 years) in respect of the land at Wasimi has been paid by the company to the land owners;
  - (vi) whether the committee which the Ministry of Trade and Industry promise to set up to investigate the possibility of siting the Refining as well as the Retting Centres in the Western State has actually been set up, and if it has been set up to ask what progress the committee has made;
- and (vii) whether Mr. Gardella has forwarded the specification for the Teaser Card to the Ministry of Trade and Industry.

3. The Board considered the recommendation of the Establishment Committee on the remuneration for the Expatriates of the company. The Chairman felt the remuneration recommended was higher than the salaries being paid to expatriate staff in any other company. She said it was 'illogical to ask the Government to approve to pay the remuneration as high as the Gardella Group was pressing for the expatriates at a time when the statement of accounts of the Company showed a loss of about £300,000. The Gardella group, however, insisted that higher salaries than were recommended by the Establishment Committee be paid to them. After much discussion, Mr. C. Gardella promised to meet the chairman, Mrs. F. M. Akintunde-Ighodalo on 11th July, 1968 to inform her of his decision on the subject. It would, therefore, be necessary to find out details of the decision at the next meeting of the Board.

4. The Board has directed that Management should intimate the Marketing Board with the explanation given by Mr. Prandi that purchases of fibre by tender was not feasible as offers for sale of fibre lapsed after 24 hours. Purchases of fibre through a Tender Board was one of the conditions with which the Marketing Board approved the granting of loan to the company for purchases of kenaf fibre.

5. The Board has advised management to direct the company's request for the extension of the time for the company's repayment of the Government's loan from 5 - 10 years, to the M.T. & I. so that it could be taken up at the Ministries level.

6. The Board has unanimously passed a resolution authorising the affixing of the Company's seal to the Share Certificates, and two Directors: The Chairman, Mrs. F. M. Akintunde-Ighodalo and Chief Moyo Aboderin to sign the Share Certificates.

7. The Board ratified the following decisions reached at the meeting the Chairman held with the Vice-chairman, Mr. Adriano Gardella on 6th and 7th June, 1968:

- (a) Sending Miss Lawsonson on leave with effect from 10th June, 1968.
- (b) That Mr. Prandi should proceed on leave with effect from 8th July, 1968, and should not return to his post at the expiration of his leave.
- (c) That Mr. Lagostena should take over the duties of Managing Director in an acting capacity with effect from the same date.
- (d) That Mr. Lagostena should return to the factory after another man has been found to replace Mr. Prandi.
- (e) That the machinery for the recruitment of a candidate for the post of the General Manager be set in motion.

8. The Board has resolved that Miss Lawsonson be relieved of her post with the Company with effect from 10th July, 1968, and be paid a month's salary in lieu of notice.

*A. Omoni*  
(A. Omoni),

E.O.

14/11/68.

ARCHIVES OF

**CONFIDENTIAL**

~~FEDERAL GOVT~~ **MINISTRY OF EXTERNAL AFFAIRS**

ACCOUNTS DIVISION

LAGOS, NIGERIA.

*SP/C 124/5*

12600

P.M.B. No. ....

Telegrams EXTERNAL

Telephone 26451/230 / 2186



Ref. No. If/1/CON

Date 20th December, 1968.

U R G E N T

The Secretary to the Military Government,  
Office of the Military Governor,  
Ibadan,  
Western State.



Advertisement for the Post of General  
Manager of the Nigeria Fibre Industries  
Limited in British Newspapers

*P. 170*

With reference to your letter No. SP/C. 124/5/T of 21st November, 1968, I shall be grateful if you will let me know the vote of charge in respect of the above-mentioned advertisement.

2. Please treat as very urgent.

*J. O. Ogunsola*

(J. O. Ogunsola)  
for Permanent Secretary.

*SAS (G)*

*Above is submitted fl art. p. 170.*

**CONFIDENTIAL**

*13/11*  
*13/1/69*  
*CR*

SP/C. 124/5/176

17<sup>th</sup> January, 1969

The Permanent Secretary,  
Ministry of Trade and Industry,  
Ibadan.

(For the attention of Mr. S. A. Adebajo)

Advertisement for the Post of General  
Manager of the Nigeria Fibre Industries  
Limited in British Newspapers

I attach a copy of a letter No. If/1/CON dated 20th December, 1968 from the Ministry of External Affairs, which was received on the 2nd January, 1969 in this Office. It is a pity that the letter was not brought to my attention until yesterday when I discussed its contents with you on the telephone and learnt that the required action was in fact not taken on the request made in your letter No. INV. 577/30 dated 20th November, 1968. P.167

2. The manner in which the Ministry of External Affairs handled this matter leaves very much to be desired and I made that clear during the course of my telephone discussion with the writer of the letter in question. The officer (Mr. Oguniola) says that he is a Principal Accountant and that his Ministry needed the information he requested before it could comply with our request to settle relevant bills in the first instance.

3. I should like to know whether the response to your advertisement locally was good enough, in which case it will not be necessary to re-advertise the post both locally and overseas. If, however, this latter course is considered necessary, you will wish to deal with the enquiry in the attached letter, as well as of course forwarding fresh instructions on the matter.

send  
20/1/69

*(Signature)*

(F. B. A. Conde)  
for Secretary to the Military Government  
and Head of Service

B.U on 10/2/69

*(Signature)*  
17/1 — 20/1



**CONFIDENTIAL**

MINISTRY OF EXTERNAL AFFAIRS,  
P.M.B. No. 12600,  
LAGOS, NIGERIA

SP/C 124/5 ✓

177

Telephone : 26451

Telegrams : External, Lagos

Ref. No. If/1/Con.

20th January, 1969.

The Secretary to the Military Government,  
Office of the Military Governor,  
Ibadan,  
Western State of Nigeria.



(For the attention of Mr. F.B.A. Conde)

Side  
241

Advertisement for the Post of General Manager  
of the Nigeria Fibre Industries Limiter in

British Newspapers

I am directed to forward for your information and further necessary action, copy of a letter No. RA.4/Vol. VIII/284 of 8th January, 1969 received from our High Commission in London with reference to your letter No. SP/C.124/5/T of 21st November, 1968, with regard to the above subject.

2. Please confirm soonest if you would pay the cost of advertisement. You may wish to elaborate further on your proposals as indicated in paragraph 3 of your letter under reference.
3. Your early action on the matter will be appreciated.

(A. A. Samuel)  
for Permanent Secretary.

**CONFIDENTIAL**

P. 178  
P. 171  
See P. 181  
See P. 183



TELEPHONE. 01-839 1244



NIGERIA HIGH COMMISSION  
9 NORTHUMBERLAND AVENUE  
LONDON, W.C.2

55  
178

Ref: RA.4/Vol.VIII/284

8th January, 1969

Accounts Division,  
Ministry of External Affairs,  
LAGOS.

Dear Division,

Advertisement for the Post of General Manager  
of the Nigeria Fibre Industries Limited  
in British Newspapers.

With reference to your letter No. 1f/1/CON dated 12th December, 1968, the costs of inserting the advertisement in the papers mentioned in your letter are as follows:-

P. 50

- 1. The Times ..... £480
- 2. The Daily Telegraph ..£1,080
- 3. West Africa ..... £84

Total ..... £1,644

2. In view of the urgency of the matter your immediate reply will be appreciated.

Yours ever,

Am.  
Chancery.

ARCHIVED

File: Jan 16/1

SAS(G)

16/1/69

P 177-178 subtd fl  
WXC b.171



179

SAS (G)

p 177-178 submitted fl

W.Vt. p. 171.

27/1/69  
CR

ARCHIVES OF OYSCAC

CONFIDENTIAL

SP/C.124/5/180

180  
28 January, 1969

The Permanent Secretary,  
Ministry of Trade & Industry,  
Ibadan.

For the attention of Mr. S. A. Adebajo

Advertisement for the Post of General  
Manager of the Nigeria Fibre Industries  
Limited in British Newspapers

P.176  
-----  
P.177-8  
P.170  
Further to my letter No.SP/C.124/5/176 of 17th January, 1969, I forward herewith copies of letters No.If/1/Con. of 20th January, 1969 and No.RA.4/Vol.VIII/284 of 8th January, 1969 recently received from the Ministry of External Affairs. Reference was made to the letter No.SP/C.124/5/T of 21st November, 1968 which I wrote to the Ministry. I enclose a copy for easy reference.

2. It would appear that officials of the Ministry of External Affairs handling this matter did not read the advertisement in question, else they would have realised that the closing date for the submission of applications for the post was 31st December, 1968.

*F. B. A. Conde*

(F. B. A. Conde)  
for Secretary to the Military Government  
and Head of Service

Issued 29/1

29/1

ll be 10/2 as on p.176  
*F. B. A. Conde* 28/1

~~FEDERAL~~ MINISTRY OF EXTERNAL AFFAIRS

INFORMATION

DIVISION\*

LAGOS.

**CONFIDENTIAL**



P.M.B. No. 12600  
External, Lagos.  
Telegrams  
Telephone



Ref. No. If/1/Con.  
Date 30th January, 1969.

*SP/K 124/5*

The Secretary to the Military Government,  
Office of the Military Governor,  
IBADAN, Western State of Nigeria.

(For the immediate attn. of Mr. F.B.A. CONDE)

Advertisement for the Post of General Manager  
of the Nigeria Fibre Industries Ltd.  
in British Newspapers.

I am directed to refer you to our letter No.If.1/Con. dated 20th January, 1969 in connection with the above subject to which no reply has been received from you yet.

- Our High Commission has just cabled to inform us that the cost of inserting advertisements is £1,644 (one thousand, six hundred and forty-four pounds). The High Commission has further requested that the closing date be extended to mid-February.
- In view of this time-pressure, it would be greatly appreciated if you would expedite action on the issue.

*AA*  
(A. A. Samuel)  
for Permanent Secretary.

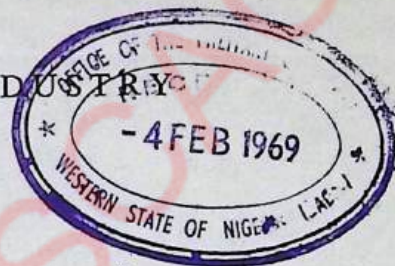
**CONFIDENTIAL**

*P-177*  
*See P183*  
*adp*  
*5/2*



MINISTRY OF TRADE AND INDUSTRY

DEVELOPMENT DIVISION  
IBADAN · WESTERN STATE OF NIGERIA



Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No. INV. 577/121

SP/C 124/5

Date..... 4<sup>th</sup> Feb. 1969

The Secretary to the Military  
Government and Head of Service,  
Office of the Military Governor,  
Ibadan.

(For the attention of Mr. F.B.A. Conde)

Advertisement for the post of General Manager  
of the Nigeria Fibre Industries Company Limited  
in British Newspapers

I am directed to refer to correspondence ending with  
your letter No. SP/C.124/5/180 of 28th January, 1969 on  
the above subject and to inform you that it is no longer  
necessary to insert the above-named advertisement in  
British Newspapers.

2. It would, therefore, be appreciated if you would  
pass on this information to the Federal Ministry of  
External Affairs for onward transmission to the Nigeria  
High Commission in Britain.

SAS(G)

pp 181-182 submitted for

*J. B. Alakuro*  
(J. B. Alakuro)  
for Permanent Secretary,  
Ministry of Trade and Industry.

W.K. pp. 177 & 180

5/2/69 CR

CONFIDENTIAL

SP/C. 124/5/183

5 February, 1969


The Permanent Secretary,  
Ministry of External Affairs,  
P. M. B. 12600,  
Lagos.

Advertisement for the Post of General Manager of the  
Nigeria Fibre Industries Ltd. in British Newspapers.

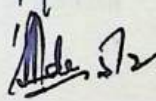
I am directed to observe that it would appear from your letters Nos. If/1/Con. dated 20th and 30th January, 1969 that action was not taken to publish the advertisement in question as requested in my letter SP/C. 124/5/T dated 21st November, 1968. If this is the case, I am to inform you that further action will not be required of your Ministry on this matter.

2. I am to point out that the closing date for the receipt of applications for the post we wanted advertised was 31st December 1968 and that it is not considered helpful receiving letters from your Ministry about a month after this date, first asking us to confirm that we can pay the cost of the advertisement (presumably before action is taken to authorise its publication)! and later suggesting a postponement of the closing date for the receipt of applications!!

3. I am to draw attention to the fact that I made it clear in my letter No. SP/C. 124/5/T dated 21st November, 1968 that we were aware that there would be a bill to be settled and that we intended to settle it.

  
(F. B. A. Conde)

for Secretary to the Military Government

N. fa. H.  
P.A. 

Issued  
D 6/2/69  
CR

P 1775 181

P 170

P 170

P. 193

183  
OXYSCAG

Note

Mr. Saji Williams, D.P.S. Min of External Affairs telephoned (re-letter overleaf) to apologise for the manner in which the matter of placing the advertisement was handled in his Ministry.

2. He said that he had already written to me on ~~that~~ the matter and requested that I pass on his Ministry's apologies to our Min of T & I.

Me

18/2/69.

C.R.

Pl. to L.V. for letter  
from Mr. Saji Williams

Me 18/2

cc 18/2

# NIGERIA FIBRE INDUSTRIES COMPANY LTD.

"NIFINCO"

Factory at Badagry—Phones 1&21.

23rd. Floor Cocoa House

P. O. Box 1644

IBADAN, Nigeria.

Cables: NIFINCO, IBADAN.

Phones: 21302-22736-22842.

Our Ref. NFI/IB/AD.27

Date 17th February, 1969

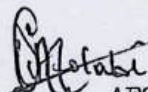
Mr. D.O. Agbeja,  
(Chief Projects Investigation Officer)  
Military Governor's Office,  
Secretariat, Ibadan.

Dear Sir,

Motor Lorries

I attach herewith <sup>66186-8</sup> three copies of letter IB/C.1  
of 18th October, 1968 on the above-mentioned subject,  
with relevant attachments, as you asked for.

Yours faithfully,  
for: NIGERIA FIBRE INDUSTRIES COMPANY LTD.

  
O. K. AFOLABI  
ASSISTANT SECRETARY

OAA/ea

See P. 191

B.P.I.O

Submitted Sir.

 2/2  
DIRECTORS:

F.M. Akintunde-Ighodalo (Mrs.) A. Lagostena  
~~F.O.S.A. (Chairman)~~ (Chairman), A. Gardella (Vice Chairman), ~~F.O.S.A.~~ (Managing),  
S. A. Adebajo, B. O. E. Amon, T. A. Akinyele, M. Aboderin.

IB/C.1

18th October, 1968.

The Chairman,  
Nigeria Fibre Industries Company Ltd.,  
c/o Ministry of Trade and Industry,  
Secretariat,  
IBADAN.

Dear Madam:

Company Vehicles.

1. I wish to bring to your knowledge the unfortunate position of our Company's four Commer Lorries.
2. At the time we wanted to buy lorries, the intention of the Management of the Company was to buy some other lorries apart from Commer but the Board prevailed that National Motors lorries should be bought as a matter of government policy.
3. As a result of this decision we bought four Commer Lorries from the National Motors two of which came on the road on the 5th of November, 1967 and the other two on the 13th of November, 1967.
  - (1) The total cost;
  - (2) the date they started on the road;
  - (3) the capacity;
  - (4) cost of Maintenance;
  - (5) the number of days they have spent in the garage;
 could all be seen from the attachment to this my letter.
4. From our experience of the lorries, they have not been of any good services to us so far. For example, out of 330 working days,
  - WAZ 72 was lying idle for 66 days,
  - WAZ 73 for 188 days,
  - WAZ 156 for 85 days,
  - WAZ 157 for 234 days.
 As a result of their lying idle, we have incurred transportation expenses of £4,800 and during the present season, 68/69, we may likely incur a total expenditure of about £22,000 if our vehicles are still of no good services to us.
5. If the vehicles we purchased have been particularly good, apart from saving a lot on transportation, a lot also could have been saved on our bill for Clearing and Forwarding of Imported Fibres. This is so because on arrival at Apapa of Imported Fibres, we can always send our lorries instead of hiring lorries to convey our

...../2.

The Chairman

18th October, 1968.

2

187

Imported Fibres from Apapa Wharf to our Factory at Badagry.

6. Our idea is only to intimate you in advance of the expenses we are running into as a result of purchasing National Motors lorries. Another idea that occurs to us is to ask permission if we can sell the four lorries and purchase two or more other lorries of different make, such as, Mercedes-Benz; or Man-Diesel; or Fiat.

7. If this is not done, our expenses on transportation for the Accounts Ending 31st December, 1968, is likely to show a figure in the neighbourhood of £30,000.

8. I hope you will look sympathetically into my request and advise me of your conclusion.

9. Thank you.

Yours faithfully,  
for: NIGERIA FIBRE INDUSTRIES COMPANY LTD.

(SGD.) ALDO LAGOSTENA  
Ag. MANAGING DIRECTOR

Encl.

JAM/DAA/eoa.

Date	Items	WAZ 72	WAZ 73	WAZ 156	WAZ 157
(1)	Cost	£3,769.10. -	£3,769.10. -	£2,616.10. -	£2,616.10. -
(2)	Date Started On the Road.	5. 11. 67	5. 11. 67	13. 11. 67	13. 11. 67
(3)	Capacities	16 Tonner	16 Tonner	7 Tonner	7 Tonner
(4)	<u>Maintenance</u>				
14.11.67	Servicing		£6. 8. 8		
14.11.67	Servicing	£3. - . -			
23.11.67	Servicing				£8.14. 5
24.11.67	Servicing			£9.16. -	
7.12.67	Servicing	6.14. -			
22.12.67	Servicing			7. 8. 6	
11. 1.68	Wheels Repairs			14.11. 3	
19. 1.68	Generator Repairs		4.17. 6		
1. 2.68	Servicing				11. 2. -
9. 2.68	Servicing	9. 2. 2			
12. 2.68	Generator Repairs		38.17.11		
7. 3.68	Servicing		7. 6. -		
18. 3.68	Hose Repairs				1. 3. -
19. 3.68	Brake Kickstarter				72. 4. 1
29. 3.68	Injector Pump, Brakes and Tyres				381. 4.11
2. 5. 68	Hose, Kickstarter, Tyres, & Servicing	341.16. -			
21. 8.68	Transmission Cover, Key & Servicing		36. 1.10		
4. 4.68	Windscreen & Service	45. 6. 4			
8. 4.68	Accelerator		1.17. 6		
16. 4.68	Generator		- .17. 6		
22. 4.68	Replace Rear Light		8.16. 7		
31. 5.68	Overhaul Clutch, Repairs		60.19.10		
		405.16. 8	133.14. -	67.17. 7	474. 8. 5
(5)	PERIOD	24.11.67 to 4.1.68 (43 days)	24.11.67 to 4.1.68 (43 days)	18.1.68 to 16.2.68 (29 days)	18.1.68 to 16.2.68 (29 days)
	IN	26.1.68 to 31.1.68 (6 days)	24.1.68 to 1.2.68 (8 days)	19.8.68 to 4.10.68 (56 days)	25.3.68 to 24.7.68 (122 days)
	THE	25.3.68 to 11.4.68 (17 days)	14.2.68 to 25.3.68 (30 days)		3.3.68 to 14.10.68 (73 days)
	GARAGE.		2.5.68 to 27.7.68 (87 days)		
			23.8.68 to 14.10.68 (52 days)		
(5)	Total No. Of Days In the Garage	(66 days)	(188 days)	(85 days)	(234 days)

P.S. (P. & A.),

I wish to invite your attention to the letter at pp. 186 - 188, addressed to the Chairman, Nigeria Fibre Industries Company Limited (NIFINCO). The contents of the letter indicate serious complaint against 4 Commer Lorries purchased by the Company from the National Motors (Nigeria) Limited.

2. As revealed in para. 4 of the letter, within a year of their purchase the lorries lay idle in the National Motors' workshop for periods ranging from 66 days to 234 days out of total 330 working days. This, no doubt, is a pointer to the fact that the Commer lorries have proved unserviceable to NIFINCO and will therefore involve the Company in extra expenditure of about £22,000 on hired vehicles.

3. If the faults in the lorries are technical faults inherent in their construction, the National Motors is in duty bound to bring such defects to the notice of the manufacturers with a view to having them rectified. The National Motors also owes it a duty, if it is to retain the patronage of its customers, to take practical steps to make these lorries road-worthy and serviceable.

4. In view of the serious nature of the complaint, I have obtained two extra copies of the NIFINCO's letter and I propose to send them to the Chairman and the General Manager of National Motors with a covering letter requesting that the defects in the vehicles be quickly rectified.

*D. O. Agbeja*  
(D. O. Agbeja)  
Ag. C. P. I. O.,

24<sup>th</sup> February, 1969

C.P.I.O.

Please do so.

2. I have however

spoken to the General Manager, National Motors (Chief Adeniyi) about this and he is hoping to obtain necessary spare parts to put the lorries into service.

*25/2/69*

190

E.O.

Ref the mins at p.189, pl put up appropriate covering letter with which the letter at h.c. will be forwarded to the GM National Motors. The letter will be endorsed to the Chairman, Mr. J. O. J. Longe, and a copy of the letter at h.c. attached.

tlp

Ag CP10.  
28/2/69.

CP10.

Your minute above refers. Draft

at h.c. for your consideration, please.

Co Chairman

3/3/69

C.S.

Fair draft letter at h.c. for my signature, pl

tlp  
3/3

ARCHIVE

SP/C. 124/5/191.

3<sup>rd</sup> March, 1969.

The General Manager,  
National Motors (Nigeria) Limited,  
52/54 Denton Street,  
Ebute-Metta.

Nigeria Fibre Industries Company Limited:  
Commer Vehicles

I am directed to forward herewith a copy of letter No. IB/C. 1 of 18th October, 1968, addressed by NIFINCO to the Chairman of its Board of Directors and endorsed to me for necessary action.

2. I am also to invite your attention to the serious complaint made against the 4 Commer Lorries purchased by that Company (NIFINCO) from your Company because, as revealed in paragraph 4 of the letter, within a year of their purchase the lorries lay idle in your workshop for periods ranging from 66 days to 234 days out of the total 330 working days. This, no doubt, is a pointer to the fact that the Commer Lorries have proved unserviceable to NIFINCO and will therefore involve the Company in extra expenditure of about \$22,000 on hired vehicles.

3. If the faults in the lorries are technical faults inherent in their construction, your Company is in duty bound to bring such defects to the notice of the manufacturers with a view to having them rectified. But, quite apart from this, you owe it a duty, if you are to retain the patronage of your customers, to take practical steps to make these lorries road-worthy and serviceable as quickly as possible.

*[Signature]*  
(D. O. Agbeja)  
for Permanent Secretary (Pol. & Admin.)

Ref. No. SP/C. 124/5/191A

Ibadan, 3<sup>rd</sup> March, 1969.

Copy to:-

Mr. J. O. I. Longe,  
Western Nigeria Development Corporation,  
Ibadan.

For information and necessary action. A  
copy of the letter under reference is herewith  
attached, please.

*[Signature]*  
(D. O. Agbeja)  
for Permanent Secretary (Pol. & Admin.)

Issued  
13

192

Ref. No. SP/C. 124/5/191B

Ibadan, 3<sup>rd</sup> March, 1969.

Copy to:-

The Managing Director,  
Nigeria Fibre Industries Company Limited,  
P. O. Box 1644,  
Ibadan.

P.185

For information, with reference to your  
letter No. IB/AD. 27 of 17th February, 1969.

*D. O. Agbeja*  
(D. O. Agbeja)  
for Permanent Secretary (Pol. & Admin.)

Issued  
3/3

ARCHIVES OF O.S.S.



Telephone : 26451

Telegrams : External, Lagos.

**CONFIDENTIAL**



*SP/C. 124/5*

MINISTRY OF EXTERNAL AFFAIRS,

P.M.B. No. 12600,

LAGOS, NIGERIA

Ref. No. If/1/CON

18th February, 1969.

F. A. Conde, Esq.,  
Office of the Military Governor,  
Ibadan,  
Western State of Nigeria.

*Dear Mr Conde,*

ADVERTISEMENT FOR THE POST OF  
GENERAL MANAGER OF THE NIGERIA  
FIBRE INDUSTRIES LIMITED IN  
BRITISH NEWSPAPERS

With reference to your letter No. SP/C.124/5/183 of 5th February in connection with the above subject, please accept my sincere apologies for the slipshod manner with which the matter was handled in my Ministry. The lack of promptness in dealing with the obviously urgent matter could be attributed, regrettably, to an unnecessary and avoidable religious adherence to some bureaucratic procedures with regard to the settlement of the bills.

2. It would be appreciated if you would approve of my suggestion that I now urgently instruct our High Commission in London by telex to insert immediately the advertisements in the newspapers and make closing date for submission of applications 31st March, 1969.

3. I have made many attempts to get you on the telephone and will still try. If by the time you get this letter I have been successful in contacting you, confirmation in writing of the agreed action will be very much appreciated.

*Yours Sincerely*  
*[Signature]*  
(Soji Williams)  
for Permanent Secretary.

SAS(G)

*Above is sub'ded fl.*

*[Signature]*  
4/3/69  
CR

**CONFIDENTIAL**

P194

193

*Mde*  
*2/2*

P. 193

CONFIDENTIAL

194

SP/C. 124/5/194

5<sup>th</sup> March, 1969

Soji Williams Esq.,  
Ministry of External Affairs,  
P. M. B. 12600,  
Lagos.

Dear Mr. Williams,

ADVERTISEMENT FOR THE POST OF GENERAL MANAGER OF THE  
NIGERIA FIBRE INDUSTRIES LIMITED IN BRITISH NEWSPAPERS

Many thanks for your letter No. If/I/CON dated 18th February, 1969 and for the telephone call which you had earlier made to enable us discuss the above subject matter.

2. As I had already informed you (during the course of our telephone discussion), our Ministry of Trade and Industry is satisfied with the quality of applications it received in response to local publications of the advertisement, and I understand that arrangements are already in hand for interviewing short-listed applicants. This is the reason why it will not be possible for us to accept the very kind offer you made in paragraph 2 of your letter.

3. I wish to record once more, our appreciation for the very understanding way you dealt with the matter and the personal touch you gave it.

Yours Sincerely,



(F. B. A. Conde)

for Secretary to the Military Government

P193

Issued  
2/9/69

CONFIDENTIAL

SP/C. 124/5/195

16  
5 March, 1969

The Permanent Secretary,  
Ministry of Trade and Industry,  
Ibadan.

Advertisement for the Post of General Manager of the Nigeria  
Fibre Industries Company Limited in British Newspapers

P 182  
P 183 & 193  
---  
I refer to your letter No. INV. 577/121 dated 4th February, 1969 and forward herewith for your information only, copies of the follow-up correspondence Nos. SP/C. 124/5/183 dated 5th February, 1969 and If/I/CON dated 18th February, 1969 between this office and the Ministry of External Affairs.

2. Mr. Soji Williams, a Deputy Permanent Secretary in the Ministry telephoned to repeat the Ministry's apologies and requested that these be conveyed to you.



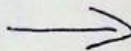
(F. B. A. Conde)

for Secretary to the Military Government  
and Head of Service

P.A.



5/3



196

C. P. 1.0.

May I resubmit pp. 191-192  
for disposal instructions pl.

D  
573/69  
CR

CR

n. f. a. pl.

jd

Ag CP10.  
10/3/69.

PA

ARCHIVES OF SCAC

BRANCHES THROUGHOUT NIGERIA

# National Motors (Nigeria) Ltd.

CABLES & TELEGRAMS: NATMOTORS  
TELEPHONE: 44011/2/3/4

HEAD OFFICE: 52/54 DENTON STREET  
EBUTE-METTA  
PRIVATE MAIL BAG 12011  
LAGOS. NIGERIA

BANKERS: NATIONAL BANK OF NIGERIA LTD.

COMMER  
HILLMAN  
HUMBER  
SUNBEAM

NIGERIAN DISTRIBUTORS  
PIRELLI TYRES  
PERKINS DIESELS  
G.K.N. (NUTS & BOLTS)  
CRYPTON

OUR REF. SM/15/82/SOP/LIB: YOUR REF.

**PRIVATE & CONFIDENTIAL:**

The Permanent Secretary (Political & Administration),  
Office of the Military Governor,  
Western State of Nigeria,  
I B A D A N.

For the attention of Mr. D.O. Agbeja.

Dear Sir,

NIGERIA FIBRE INDUSTRIES COMPANY LTD  
COMMER VEHICLES.

We thank you for your confidential letter Ref. SP/C.124/5/191 of 3rd March 1969, along with the copy of a letter addressed by NIFINCO to the Chairman of its Board of Directors in which they complained about the unsatisfactory services rendered on the 4 Commer lorries purchased by them from National Motors.

In order to clarify this undesirable situation, we have got to let you know that commercial vehicles were last ordered by this Company in 1964 and spares were fairly adequate to meet the demand of our customers. By the time we ordered new vehicles in the middle of 1967, the spare parts lists for the new vehicles despatched to us were not then available with which we could have obtained the necessary spares to suit the alterations and modifications incorporated in the vehicles we then received. These major alterations were actually responsible for the delay in obtaining the necessary spares to repair the vehicles complained about as well as others sold to other customers.

We have now been able to rectify to a workable extent the numerous irregularities which we inherited and hope that as time goes on services received from this Company will be next to none in Nigeria, as arrangement for spares to meet up our requirements in respect of the different types of vehicles brought into the country is fully in process.

Yours faithfully,  
for: NATIONAL MOTORS (NIGERIA), LIMITED

*(Handwritten Signature)*  
(A. G. OJEWUMI)

ASSISTANT GENERAL MANAGER

12th March 1969



ARGO

197

191

124/5

198

111 (original) 2000/100000

E.O.

Endorse overleaf to the G.M. NIFINCO  
File w.r.t p. 192.

21/3/69.

Our Ref: No. SP/C.124/5/198-I  
Ibadan, 25th March, 1969.

Copy to:  
The General Manager,  
Nigeria Fibre Industries Company Limited,  
P. O. Box 1644,  
Ibadan.

P. 192 For information, with reference to my letter No. SP/C.124/5/  
191B of 3rd March, 1969.

*Adetomi*

for Permanent Secretary (Pol. & Admin.)

Issued  
25/3

C.R.

n. f. a. pl. BU 21/4/69

21/4/69.

AR

URSENTSir

Ref my comments on page 158. The Commission for Trade and Industries has since made a strong case for Mr Adebajo to remain in his ministry and I therefore reverse my decision that he should go Nifuro. In the meantime, I would like to study in detail the proceedings in selecting Mr Akinjehin before taking a final decision and I shall let you know of this decision before long.

Wae  
Wilder  
21/5/69

200  
Y.E.,

Reference Y.E.'s minute below on the proposal by P.S.M.T.I. to appoint Mr. Akingbehin as General Manager of NIFINCO, I think the matter has reached a stage when I am obliged, as a matter of duty to Y.E., to express an opinion.

2. I must say that I am not at all happy about the manner in which P.S.M.T.I., Mrs. Ighodalo, has handled this matter. As Y.E. will see from p.1 in M.T.I.'s file INV.3/1/A below, the advertisement for this post called for either "a good degree in Economics, Commerce, Business Administration or Law" or "a Diploma in Business Management from a recognised professional institution" as basic academic qualification for the post of G.M. of NIFINCO. Mr. Akingbehin - whatever may be his qualities or ~~other~~ talents in other directions - does not possess either of these two basic qualifications. His application should therefore not have been entertained in the first instance.

3. Y.E. will recall that when Y.E. discussed with Mrs. Ighodalo on 29th April in the presence of A-G. and myself, she mentioned to Y.E. her personal relationship with Mr. Akingbehin and added that she did disclose this to the Board when the candidates were being interviewed. Whilst I am not suggesting that what she stated to Y.E. might not have happened at the meeting of the Board, I must say that it is significant that nowhere in the minutes of the meeting of the Board at pp.153 - 155 of the file below is any reference made to this fact.

4. I firmly believe that Y.E.'s well-considered decision in paras. (a) and (c) at p.158 of this file with regard to the filling of the post of G.M. of

/NIFINCO...

201  
NIFINCO, is a sound one in the circumstance and I would advise that Y.E. should not agree to be persuaded to reverse it. If Mrs. Ighodalo and her Board of Directors decide to lower the requirements for the post, they should agree on what the new requirements will be after which the post should be readvertised (as already decided by Y.E.) on the basis of the new requirements, when Mr. Akingbehin and other non-graduates who may possess the new requirements would then be eligible to compete for the post. By this method justice will not only have been done but it will be seen to have been done in this important appointment.

5. I recall that Y.E. did mention to P.S.M.T.I., A-G. and myself on 29th April that already insinuations were being cast in certain quarters about the proposed appointment of Mr. Akingbehin; it is our duty to do everything we can to give no room for this kind of insinuation. Ours is a community in which tongues wag even when there is nothing to wag about and in the final analysis it is the higher authorities who are victims as in this case when the insinuations were directed to Y.E. whilst in fact Y.E. was completely innocent of what was happening in the Min. of Trade and Ind. on the appointment.

6. As regards the position of Mr. Adebajo, if the Min. of Trade & Ind. considers this officer to be indispensable (although I wish P.S.M.T.I. had said so when Y.E. first made this proposal when all she asked for at the time was that a suitable replacement should be found for Mr. Adebajo) then we should respect their feeling and leave the officer alone. What we should do therefore will be either to find another suitable officer

202

or leave it to the Min. of Trade & Ind. to make any other arrangement they might consider suitable for the management of NIFINCO whilst arrangements are being made to readvertise the post of the General Manager. I am bound to state however that I am aware that relations between P.S.M.T.I. and Mr. Adebajo are far from cordial. For example, when I informed Mrs. Ighodalo that Y.E. would like to see the papers about the appointment of Mr. Akingbehin, she was curious to know how Y.E. came into the matter, and when I informed her that I did not have any idea as I did not consider it prudent to quiz Y.E. on the point, she suggested that Y.E. might have heard about the matter through Mr. Adebajo whom she knew disagreed with certain aspects of the proposal to appoint Mr. Akingbehin. It may well be that even if Mr. Adebajo were left in the Ministry for the present, one would have to consider a change in the near future in the interest of staff morale and efficiency; and since in a matter like this it is the subordinate officers that must give way, the change will have to be that Mr. Adebajo will be posted to another Ministry.

*P. T. Odumosu*

(P. T. Odumosu),  
S.M.G. & H.S.,  
23/5/1969.

SMG

I have not taken any decision yet as to who should go to Nifinco. Mr. Adebajo's change will depend on your staff committee but I know the Commissioner for T & I likes his work.

The post should now be readvertised.

*23/5*

*7. a. in my file 19/5*

*23/5*

203



MINISTRY OF TRADE AND INDUSTRY

DEVELOPMENT DIVISION  
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary, quoting  
Our Ref. No. INV.577/576

Date... 6<sup>th</sup> February, 1970

Mr. P. T. Odumosu, M.F.R. ✓  
Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.

Dr. F. A. Ajayi,  
Attorney-General,  
Ministry of Justice,  
Ibadan.

Mr. S. O. Asabia,  
Permanent Secretary,  
Ministry of Finance,  
Ibadan.

SP/C. 124/5



Meeting with His Excellency Brigadier R.A. Adebayo, Military Governor of the Western State of Nigeria to discuss the affairs of the Nigeria Fibre Industries Company Limited on Wednesday, 4th February, 1970

pages 204-211

I am directed to forward to you the attached which is a copy of the minutes of the above-mentioned meeting held at the Government House on Wednesday, 4th February, 1970.

86/2

Teju Alakija  
(Mrs. Teju Alakija)  
for Permanent Secretary,  
Ministry of Trade and Industry.

see p. 214 see p. 241

MINUTES OF THE MEETING HELD WITH HIS EXCELLENCY  
BRIGADIER R. A. ADEBAYO, MILITARY GOVERNOR OF THE  
WESTERN STATE, TO DISCUSS NIFINCO, ON WEDNESDAY,  
4TH FEBRUARY, 1970

Present:

- |  |  |
|--|--|
| Brigadier R. A. Adebayo,<br>i.d.c., p.s.c. | - Military Governor of the<br>Western State (Chairman)   |
| Chief B. A. Ajayi                          | - State Commissioner for<br>Trade & Industry   |
| Mr. P. T. Odumosu, M.F.R.                  | - Secretary to the Military<br>Government & Head of Service,<br>Office of the Military<br>Governor |
| Dr. F. A. Ajayi                            | - Attorney-General,<br>Ministry of Justice,  |
| Mr. S. O. Asabia                           | - Permanent Secretary,<br>Ministry of Finance  |
| Mrs. F.M.Akintunde-Ighodalo                | - Permanent Secretary,<br>Ministry of Trade & Industry   |
| Mr. Adriano Gardella                       | - Representative of the<br>Gardella Group,<br>Genoa, Italy.  |

In Attendance:

- |                   |   |
|-------------------|---|
| Mrs. Teju Alakija | - Ag. Chief Development Officer,<br>Ministry of Trade & Industry. |
|-------------------|---|

Opening the meeting, His Excellency the Military Governor welcomed Mr. Gardella and expressed pleasure that he had been able to make the visit at such a short notice. The main purpose of the meeting was to discuss possible participation of his Company with the Western State Government in some new industrial projects. However, it would be necessary first to clear certain issues regarding NIFINCO, the project with which his Government was in partnership with Mr. Gardella's Company. Discussion on NIFINCO would be centred around the following four main points:

- (i) the confession made by Mr. Gardella at an earlier meeting with the Military Governor that NIFINCO had been badly sited, owing to great pressure put on him by politicians and his promise to remove the factory from Badagry

to Oshogbo; it would not, however, be politically wise since Badagry now fell in the Lagos State, to move the factory without advancing substantial reasons for its movement and offering a replacement;

- (ii) failure of NIFINCO plantation to take off ground after these three years; this fact was distressing and made one wonder whether the NIFINCO management was sincere in the handling of the project;
- (iii) delay in constructing the subsidiary factory costing £.6 million included in the original contract; of this amount, the Gardella Group was to contribute £.1 million and Western State Government £.5 million;
- (iv) explanation on two letters which were shown to Mr. Gardella, from which it was obvious that money had gone into private pockets which further suggested that the factory must have been over capitalised to make allowance for such payments.

His Excellency told the meeting that he had received the last information from the police and his first inclination was to report it to the Italian Embassy. But he appreciated the difficulty of the circumstances in which the money was paid; and being a businessman of international repute, he felt that he (Mr. Gardella) should be given an opportunity to explain himself on the matter.

2. Replying to the points enumerated above, one by one, Mr. Gardella confirmed his agreement to the transfer of the factory from Badagry to Oshogbo. He reiterated his earlier statements that a mistake had been made in the siting of the factory at Badagry. The siting was, however, effected on the assurance that a wharf would be built in Badagry to facilitate transportation of kenaf to the factory and the products of the factory to the centres of demand; that the 10,000 people in the town were unemployed and that if trained, would be willing to work in the factory. However, whilst he accepted that a mistake had been made, he did not think he alone should be held responsible.

3. On the question of replacement for NIFINCO factory,

Mr. Gardella suggested the following alternatives:-

- (a) the fibre store might be used for production of spaghetti; for this, he already had a proponent who had made necessary feasibility study and market research on the subject;
- (b) the main factory building could be used for handicrafts and knitting fabric industry; in Italy, the latter was essentially a domestic industry but had a good future and an assured market; if established in Badagry, people could work there on a system of piece work;
- (c) the two buildings could be utilised for a coconut industry producing coconut butter and powder; the latter could be used for cosmetics; this would be a small-scale industry employing a few people.

After outlining his proposals, as shown above, Mr. Gardella added that he had kept his ideas secret until financial plans for removal of the factory had been completed, in order to avoid undue publicity which might antagonise the Lagos State. In his view, it would be prudent to complete the new factory on the new location and train workers ready for good production before anything was moved from the present site. In reply to a question from His Excellency as to the probable cost of the transfer of the factory from Badagry to the new site, Mr. Gardella explained that it would cost -

£289,000 to move all machinery  
 £360,000 for the new infrastructure  
 and £400,000 for the construction of the proposed extension to the new factory.

During the years when the Badagry factory space would be empty, he had plans for investors to visit the site for yet more alternative propositions. For an example, there was a Belgian investor proposing to use the building for a glass factory if the sand in Badagry was proved suitable for glass industry. After the financial plans for moving the factory from Badagry had taken good shape, it might even be proper to approach

the Lagos State as to its reaction for utilising the structures in Badagry.

4. On the failure of the plantation to take off ground, Mr. Gardella referred to the plantation in Dahomey which had been visited by various delegations from the West, one led by Mr. Aribisala in 1966 and another more recently, by the State Commissioner, Chief B. A. Ajayi. Each delegation had expressed satisfaction with the performance of the plantation in Dahomey. As of now, the Dahomey jute bag factory did not use imported fibre; its needs were provided by the plantation. However, in his view, success could only be achieved on the NIFINCO plantation if management of it reverted to the Company. In the Dahomey plantation, expatriates were first employed and gradually eliminated until finally there was only one expatriate in charge of all machinery used on the plantation, and one experienced Agronomist Dahomean in charge of the plantation. He was in full agreement that the plantation should be so run as to be able to feed the NIFINCO factory with fibre, working at full capacity.

5. With regard to the subsidiary factory, Mr. Gardella delved into the history of the original contract signed on the project. He explained that at the time of negotiation, it was envisaged that fibre would be imported. However, Pakistan had increased price of fibre by £23 per ton within three months leaving cost of bag at the old price, in order to impede manufacture of jute bags in African countries. It was then that growing of kenaf was thought of and a subsidiary factory (a fibre refining centre) for processing the fibre then became necessary. The raw kenaf would be decorticated on the plantation to reduce the weight of fibre to be transported to the fibre refining centre; the Gardella Group was to supply the main building and pressing centres. At present, all equipment for the centre, less oceanic press, e.g. steel frame-work, and roofing materials, were already delivered by the Gardella Group according to specifications and were now lying in Badagry. A temporary shed was even provided

for refining; materials for retting had been supplied and have been in use since 1965. The actual erection of the building was outstanding because it was discovered that Badagry was a bad choice for retting owing to salinity of the lagoon water; also the wharf promised had not been constructed. Action was, therefore, suspended pending the time that a more suitable site would be named. The oceanic press plus two or three refinery machines were packed ready for shipment at any time. The building would be built at the expense of the Gardella Group which would only claim additional payment if cost exceeded the original estimate by say £25,000.

6. In the meantime, however, the Babalola Committee instituted to examine the need to remove the factory had recommended against removal owing to cost. But he would like to assure the meeting that the cost of removal would not be as high as anticipated and that it would not cost more than £185,000 to build basins and dams at Olokemeji. The proposed dams and basins would process about 14,000 tons of fibre which is the requirement of NIFINCO.

7. On the question of payment described in the letters shown to Mr. Gardella by the Governor, he went back to the beginning of negotiation for the project, of how a team consisting of two Ministers, Mr. Oshuntokun and Chief Bello accompanied by Mr. Nagaty, Mr. Johnson, A.I.D. expert, Mr. Wilson, the then Permanent Secretary, Ministry of Trade and Industry, Mr. Ejueyitchie, then Permanent Secretary, Ministry of Finance, visited Italy looking for an investor for a jute bag factory. The only investor which gave his Company serious competition was an English Company, Mackie of Belfast, which quoted £790,000 whilst his Company quoted £756,000. The proposal then was only for supply of textile machines; the project was to be financed jointly between Western Nigeria and an Egyptian named Pacha in the proportion of 20% and 80% respectively.

8. A letter was accordingly written that the machinery should be delivered but the letter of credit opened was only for £75,000. The next thing he learnt was that Prince Ademiluyi

was in Geneva attempting to cancel his contract. As an industrialist, however, he did not like to lose, especially if he felt that he was on the right side of a business. He therefore ordered £75,000 worth of machinery to be shipped to Nigeria and followed it up with a personal visit. It was during this trip that he met Oba C. D. Akran who accused him of supplying miniature machines. He explained that the machines were not miniature but were some of the best used in the trade. It was also during this visit that he was invited to a meeting where he was requested to give financial help to the party in power for election purposes. In his view, this was the practice all over the world and when he agreed to give the money, he did so with the conviction that he was helping the people of Western Nigeria. The reason why there were two letters was because the money was paid in two lots, one of £120,000 and the other £66,000. The £66,000 constituted the commission which should have been paid had the project been negotiated through a middle man. Another delegation consisting of Mr. T. M. Aluko, Mr. Walkley and Mr. Adediran as Secretary, was then sent to Italy to see his factory in position in 1964, but he found also in Rome, waiting for the team, representatives of Mackie Company. The team, after examining the Choubir Mill in Cairo where there was a Mackie and a Gardella installation working side by side, discovered that his machines were the better of the two.

New Arrangement for NIFINCO:

9. In the meantime, Mr. Pacha the financier died; a new arrangement was therefore established whereby the contract was to be paid for over five years, and the factory had to be established under a turn-key project.

10. Mr. Gardella was then requested to inform the meeting **if:-**

- (a) a second fibre industry sited in the West would be viable;
- (b) the demand for jute bag in Nigeria could take an additional factory besides the Badagry and the Jos ones, assuming that the Badagry factory would use imported fibre;

- (c) the implication was that failure of the NIFINCO plantation was due to intervention of some departments of Government;
- and (d) how soon a firm proposal for a suitable replacement project for Badagry would be made;

Replying, Mr. Gardella explained that in his view, the NIFINCO plantation had not been planned according to his Company's advice. For an example, fertilizer had been applied against his judicious advice, kenaf was being grown successfully in Dahomey without any fertilizer. Experienced expatriates brought in at the initial stage were rejected. A booklet on growing of kenaf was prepared in English and translated into Yoruba. The point was then made that the Ministry of Agriculture had no experience in plantation management. Contributing to the meeting, the Commissioner confirmed that the location of the plantation was good; what was doubtful was the sincerity of the management. Although difficulty had been experienced in the past, it was generally agreed that 1969 crop would have been an exceptionally good one but for mismanagement at the crucial time of harvesting. It was the general consensus that the Gardella Group might have been afraid of competition from a properly run plantation in Nigeria. But Mr. Gardella disagreed. He said that there was no need for such fear since the demand for fibre in Nigeria was great and the factory in Nigeria could utilise all that was grown here and more. With regard to the incidence on the plantation, he believed that discipline was essential. After some exchange of views on the unsatisfactory attitude of management on the plantation, the meeting agreed that the NIFINCO should take over the plantation and see that it was well run. Acquisition of more land for the plantation should create no problem.

11. Summing up the whole discussion, His Excellency stated that there would be no serious objection in leaving the Badagry factory to be worked in affiliation with the Dahomey one, as implied by Mr. Gardella during the meeting, provided that the Gardella Group, with whom the Western State Government was in partnership and not the Lagos State, agreed to pay for the Badagry factory.

12. Mr. Gardella accepted the proposal in principle. It was therefore decided that Mr. Gardella should supply the following information within the next month and to be forwarded to reach the Ministry of Trade and Industry not later than end of February, 1970

- (a) a complete estimate of cost of transferring the factory to a new site;
- (b) amount which the Gardella Group of Companies would offer the Western State Government for the Badagry factory;
- (c) cost of the proposed factory on a new site;
- (d) a feasibility study on tanning industry;
- (e) a definite proposal on alternative industry for Badagry should NIFINCO factory be moved.

New Site for NIFINCO:

13. Mr. Gardella then returned to the question of new site for NIFINCO and expressed fear that Oshogbo might turn out to be another mistake. In his view, another place with thick population concentration would be better. Consequently, he was prepared to put up a tannery, a highly viable project, in Oshogbo. (Mr. Gardella showed the meeting several samples of products made from leather). The Governor, however, assured Mr. Gardella that he would have no labour problem in Oshogbo which is centrally positioned in a heavily populated area of the State. If sited there, the factory would be fed with labour from neighbouring towns like Ife, thirty-two miles away, Ilesha twenty and Ede nine miles away. In addition, it is on the railway line.

14. Concluding, His Excellency expressed satisfaction with the explanation given by Mr. Gardella; he was prepared to forget the distasteful piece of information at his disposal, if Mr. Gardella would convince him of his sincerity through his future performances. The difficult circumstances which had warranted his past action were understood. The documents would be locked up to be destroyed at any time that he became convinced of Mr. Gardella's goodwill. Mr. Gardella, in return expressed appreciation of the good gesture of the Military Governor. The meeting was brought to an end at about 12 noon, and another fixed for 16th March, 1970.

212

SAS (G),

(1)

pp. 203 - 211 sub'd fl.

9/2/70  
CR

SMG + HS

(2)

You have initialed as having seen  
ffs 203 - 211.

2. Should I R.I.V., fl., as it is indicated  
that another meeting is scheduled for  
16<sup>th</sup> March, presumably to discuss  
a progress report on the assignment  
given Mr Gardella in para 12 (p211)  
of the Minutes.

Mac  
SAS (G)  
9/2

(3)

B.U. 6.3.70 re

\* p. 211,

(5)

SAS (G)

19/2

(4)

6/3/70  
CR  
Remitted fl.

c.R  
Accordingly, fl.  
Mac

C.R

M b.u again on 18/3 ~~last~~  
for follow-up correspondence from

PSMTT.

puc 6/3

*[Signature]*  
6/3

ARCHIVES OF OYSCA



MINISTRY OF TRADE AND INDUSTRY

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No. INV.577/576/28.

S/C. 124/5

Date 12<sup>th</sup> March, 1970.

Mr. P. T. Odumosu, M.F.R.,  
Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Agodi, Ibadan.

Rehabilitation of Nigerian Fibre Industries Co. Ltd.

As you will recall, the resumed meeting between His Excellency the Military Governor and Mr. Adriano Gardella, our technical partner in the Nigerian Fibre Industries Company Limited (NIFINCO) is fixed for next Monday, 16th March, 1970. In this connection, please refer to my letter No. INV.577/576 of 6th February, 1970. Mr. Gardella has now submitted proposals for:-

P. 203

- (i) transferring the existing factory (excluding the buildings in Badagry) to a suitable place in the Western State;
- or (ii) constructing a brand new factory (buildings, machinery and all) also in a suitable place in the Western State.

In case the former alternative is chosen, Mr. Gardella volunteers to buy the building in Badagry for £250,000. If the second alternative is elected, he will buy the factory (building and all) for £796,000.

Pages 215 - 234

2. Attached to this letter is a preliminary brief on these proposals. The technical and financial aspects will be examined by a meeting of the officials of this Ministry and the Ministries of Finance and Economic Planning and Social Development in a meeting later today, 12th March, 1970. A report of the study will be forwarded as soon as it is ready.

3. I am informed by the Private Secretary to His Excellency the Military Governor that, because of tight schedule, the meeting with Mr. Gardella is now tentatively fixed for 9.15 a.m. on 16th March, 1970.

K 13/3

Fola Ighodalo  
(Mrs. F. M. Akintunde-Ighodalo),  
Permanent Secretary.

P. 235

CR, Pls. enclose in file as b.u. by hand to me at 8am next Monday, 16<sup>th</sup> Mar.

SMG  
16/3 CR  
Remb'ked fl.

REHABILITATION OF NIFINCO FACTORY

At the meeting held with His Excellency the Military Governor on Wednesday, 4th February, 1970 to discuss NIFINCO, it was decided that another meeting should be held on the 16th of March, 1970 at which Mr. Gardella was to present the following documents:

- (a) A complete estimate of cost of transferring the NIFINCO factory to a new site;
  - (b) amount which the Gardella Group of Companies would offer the Western State Government for the Badagry factory;
  - (c) cost of a new factory on a new site;
  - (d) a feasibility study on a tanning industry;
- and (e) a definite proposal on alternative industry for Badagry should NIFINCO factory be moved.

2. Mr. Gardella has now submitted the following information:

- (a) Cost of transferring the factory = £N 1,059,000
- (b) Amount offered by Gardella Group for the Badagry factory = 796,000
- (c) Cost of new factory on a new site = 1,639,000
- (d) A feasibility report on tanning industry is attached hereto as Brief No. 2
- (e) Proposal on alternative project for Badagry - Jute Bag Factory.

Further detail is supplied on items (a) and (c) below.

3. Originally, the cost of the new factory was put at £N 868,000 the revised figures however are as follows:

Cost of the Transfer and Expansion of the Factory at the New Site:

a) New Machinery & Equipment:

Previous FOB price	N£	368,600	
Previous freight cost		30,400	379,000
25% increase FOB price			87,150
10% increase freight			<u>3,040</u>
			469,180

b) New Factory Building:

After rechecking calculations on Building cost, actual cost came to

	N£	350,000
--	----	---------

c) Transfer of Existing Machinery:

Previous cost adjusted plus the expenses for local labour and the expenses at site for technical personnel:

Previous cost	N£	129,000	
25% increase labour cost		32,250	
Cost of local personnel plus local expenses for technical personnel		78,560	239,810
<b>NEW GRAND TOTAL PRICE</b>	<b>N£</b>		<b>1,059,000</b>

Price Clause:

All the above prices are based on the cost of raw materials, wages, maritime transport and insurance in Italy as at January, 1970 and are subject to any modification thereto occurring before delivery; (modifications to be certified by the Gardella Group of Company). The difference of about £191,000 represents 25% increase on calculations in the previous FOB value of cost of machinery which had been given as £N 868,000 and freight increase of 10%.

Cost of Transferring Existing Factory:

4. Below are these figures submitted side by side with cost of the new factory for ease of comparison:

	Column (I) Transferring & Extension	Column (II) New Factory
Total Expenses for Transfer including supervision - Expatriate and local labour	239,000.0.0	-----
New Building	350,000.0.0	350,000.0.0
New Machinery and Equipment	470,000.0.0	1,289,000.0.0
<b>TOTAL GROSS COST</b>	<b>1,059,000.0.0</b>	<b>1,639,000.0.0</b>
Revenues from sale of Badagry only building Badagry Factory at December, 1970	250,000	796,000.0.0
<b>NEW EXPENDITURE</b>	<b>809,000.0.0</b>	<b>843,000.0.0</b>
Payable: Advance Payment In 7 years	106,000.0.0 953,000.0.0	164,000.0.0 929,000.0.0
	<b>1,059,000.0.0<sup>(o)</sup></b>	<b>1,093,000.0.0</b>

(<sup>o</sup>) Both figures include N£ 250,000 being the cost of the minority shares of NIFINCO's which the Gardella Group proposes should be purchased by the Western State Government.

5. The proposed new factory will produce instead of 10,000,000

bags projected for the Badagry factory, 13,500,000 which represent the present total requirement of the Western State - an increase of 35% production at 3% net rise in cost.

The Budget of the New Factory:

6. Attached as Annexure (I) is the production budget for the new factory for one year and this has put the running cost at

	£N 2,000,135
Sales of 13,500,000 at 4/- a bag	2,700,000
Budgeted Profit	699,865

If the Western State elects to transfer the factory, the existing machinery and equipment will be moved to the new site after the new machinery including the extension has been commissioned and is running properly. The dismantling, transportation and re-erection of the existing machinery and equipment is estimated to take about 24 months and to be completed 30 months from finalised order.

*What  
of a new  
factory?*

However, if a choice must be made at all, it is recommended that Government should opt to sell the factory at Badagry to the Gardella Company and install a completely new one at Oshogbo. It would be worth it to pay the difference in the two estimates which is £34,000 and obtain a brand new factory. This differential is small compared with the cost of dismantling in terms of time and money and possible damages which may be caused to the machines in the process of dismantling and transportation to the new site.

Amount offered for the Badagry Factory:

7. For the building alone, the Gardella Group has offered £250,000. For the whole factory an offer of £796,000 has been made. The second offer is made to avoid disruption to the economy of the two States concerned and to facilitate financing of the new project. It is necessary to mention here that to pay part of the £796,000 offered, the Gardella Company is proposing to give up its £250,000 shares in the NIFINCO made up as follows:

- (i) £150,000 in the factory; and
- (ii) £100,000 shares in the plantation project.

Method of Financing:

8. To finance the new proposal, Mr. Gardella has offered to accept the fixed assets of the Badagry factory on NIFINCO's books as at 31st December, 1970 to offset part of the capital expenditure involved in the exercise of installing a new factory at Oshogbo. The Government will therefore be required to pay £843,000 if it opts for a new factory. If, on the other hand, Government decides to transfer and expand the present factory then it will have to pay £809,000. In both instances, the Gardella Group will require 10% of cost to be paid in cash in Italy within two weeks of signing the Agreement. £546,000 which represents cost of the factory less £250,000 being shares of the Gardella Group in the old NIFINCO will be used to offset part of the cost of the new factory while the balance will be paid as follows:

10 equal half-yearly instalments by way of 10 promissory notes on exchange in U.S.A. dollars drawn on and accepted by the National Bank of Nigeria Limited, London, on the account of the Western State Government; the first bill maturing 30 months and the last 84 months from the date of signing this Agreement; interest payable at the rate per annum as fixed by the Italian Financing Institution shall be calculated on deferred payment commencing on the 225th day i.e. about 7 months from the signing of the Agreement up to the maturing date and shall be added to 10 equal sums on the above 10 bills of exchange.

Mr. Gardella still needs to supply actual rate of interest on the loan proposed.

9. The entire venture therefore becomes a turn-key project. During erection period, the technical experts from the Gardella Group would be suitably accommodated.

COMMENTS:

Obligation of the Technical Agents:

10. The most significant point which is also the major point of interest is that in the proposed project, the Gardella Group will

cease to be a partner of the Western State Government, but will only undertake the delivery of the bag factory plant for operation, to the Western State Government on or before 18 months from the receipt of the advance payment. Detail of commissioning is as given in the attached Agreement as Annexure (II). It must be stressed that not only is the Gardella Group not a partner to the Western State Government in the proposed new project, but they will constitute a rival to the new factory at Oshogbo, since they will be operating the Badagry factory. This arrangement should not be accepted. The Gardella group should still be associated with the new factory both financially and technically.

11. Other areas of the draft Agreement which are rather difficult to accommodate are:

- (i) the recital at pages 1 and 2 of the draft Agreement for the proposed new factory has distorted the reasons why a change is being contemplated;
- (ii) the request to pay in dollar seems an unnecessary and hard bargain; if the Pound Sterling has been devalued, calculations can be based on the present rate of exchange and a clause to this effect put in the Agreement; the greater part of earning of cocoa is in sterling; it is rather unfair that scarce dollars should be spent to purchase the machines in question;
- (iii) the Agreement states that all bank charges should be met by the Western State Government including cost of unloading and possible storage, port and rent charges; although this feature also appeared in the earlier Agreement signed in 1964, it should be remembered that it is bound to increase total cost of the project quite considerably; if the option of establishing a new factory is accepted these costs should be taken into consideration when deciding the disposal price of existing factory to Mr. Gardella;
- (iv) with regard to provision of raw material, Mr. Gardella, in the Agreement, puts the responsibility entirely on the Western State Government. Experience has shown that the real test of any jute bag venture

depends on the successful running of its plantation; it is therefore necessary to ascertain during negotiation that the Gardella Group of Company will retain both financial and technical interest in the running of the plantation to be attached to the new venture at least for a specific number of years until the company's plantation becomes a viable proposition;

- (v) the guarantee offered on the machinery is very loose; it is extremely difficult to determine a fault caused through bad handling and damages through faulty installation; this section should therefore be revised;
- (vi) there is no mention made of staff to run the new factory; although it is agreed that there is no need to have a management agreement, there ought to be some interest shown by the Gardella Group of Company in the staffing of the new company;
- (vii) Mr. Gardella's valuation of NIFINCO has not taken into consideration the repeated losses made since its inception and the indebtedness of the company to the Marketing Board and Government which up to date stands at about £1,307,269: 10s., made up as follows:-

- (a) £1,168,605: 4: 8d - Western Nigeria Marketing Board
- (b) £138,664: 5: 4d - Government of Western State.

*The above plus current liabilities of £813, 0s 8 comes to £2,120, 317. 10.*  
The new proposal has made no mention of how to dispose of this debt. If, according to the new proposal, the amount owed has to be shared in the ratio of the shareholding then the Government of the Western State will be called upon to pay a heavy amount whilst the Gardella Group retaining the Badagry factory will pay the smaller share. This is hardly satisfactory.

12. In view of (vii) above, the better alternative would be for NIFINCO to be transferred from Badagry as earlier proposed, and the machinery to be removed and installed at the new site in Oshogbo with the Gardella Group of Companies remaining in partnership ~~with~~ the Western State Government in the new venture. The factory building in Badagry can then be put up for sale and

in this regard the offer of £250,000 from the Gardella Group of Companies should be accepted. Investigations and experience of similar projects elsewhere in West Africa have confirmed that the jute bag factory, if properly run, can make profit which will enable it to amortise its present heavy debt. No encouragement should be given to the Gardella Group to desert this company while it has such heavy indebtedness.

ARCHIVES OF FOYER

Ahnesam (11)

THIS AGREEMENT made the \_\_\_\_\_ day of March, 1970,  
 BETWEEN the GOVERNMENT of WESTERN STATE OF NIGERIA  
 (hereinafter referred to as "the Government" which  
 expression shall where the context so admits include any  
 of its agencies duly authorized in that behalf) of the  
 one part, AND the ADRIANO GARDELLA S.p.A. Engineers and  
 Iron Founders of Genoa, Italy (hereinafter referred to as  
 "Gardella" which expression shall where the context so  
 admits include their successors or assigns) of the other  
 part.

WHEREBY IT IS AGREED as follows:

Article I - SUPPLY OF BAG FACTORY PLANT -

1. The Government agrees to purchase from Gardella and Gardella agrees to sell to the Government the machinery and equipment, industrial building included, for the manufacture of 13.5 millions bags per year from kenaf, jute and similar fibre; said machinery equipment and building to be in accordance with the specifications as described in the Project N. 6195 which forms an integral part of the Agreement.
2. Gardella further agrees to install said machinery, equipment and building in the factory site in the Western State Territory and to deliver said Bag Factory Plant on "turn-key" basis.
3. Gardella also agrees to act as technical consultants and advisers in accordance with terms and conditions to be agreed upon by the two Parties hereto.

Article II - PRICE -

1. The total price for said Bag Factory Plant is N£.1,639,000 (one million and six hundred thirty nine thousand Nigerian Pounds) said price to include the supply of the machinery, equipment and industrial

building, its erection in the Western State Territory and technical assistance up to the commissioning and its delivery on "turn-key" basis in accordance with paragraphs 1, and 2 of Article 1 hereabove.

2. Said price does not include :
  - (a) custom duties and taxes on imported machines and materials in Nigeria, unloading expenses at Apapa, port and rent charges if any, which shall be the responsibility and to the entire charge of the Government.
  - (b) comfortable European-standard lodging for the Gardella's personnel in charge of the erection of the machinery and building in Nigeria, said lodging to be rendered available free-of-charge by Government, possibly near the factory site.
3. The above price is based on the rates for wages, raw materials, ocean freight and insurance, and land freight in Nigeria prevailing on the 1st March 1970, and is subject to the Rise and Fall Clause, and therefore any increase or decrease therein up to the date of shipment will be to the Government's account, and Gardella will be entitled to alter prices accordingly, provided that the need for such a modification of prices is duly proved by Gardella.

Article 111 - PAYMENT TERMS -

1. The Government agrees to effect the payment of N£.1,639,000 to Gardella as follows:
  - (a) 10% to be paid in cash in Italy, within two (2) weeks from the signing of this Agreement.
  - (b) N£.546,000 payable in Nigeria as agreed upon today by the two Parties hereto.

(c) The balance to be paid in Italy in ten (10) equal half-yearly instalments by way of ten (10) bills of exchange in U.S.A. Dollars drawn on and accepted by the NATIONAL BANK OF NIGERIA LIMITED, London, on account of the Western State of Nigeria, the first bill maturing 30 months, the last bill 84 months from the signing of the Agreement.

Interest at the rate per annum as applied by the Italian financing Institutes shall be calculated on deferred payments commencing at the 225th day from the signing of the Agreement up to each maturity date and shall be added in ten equal sums on the above ten bills of exchange.

Gardella shall, within two (2) weeks from the signing of the Agreement, forward to the National Bank of Nigeria Ltd. London the above ten bills for acceptance by said Bank. The NATIONAL BANK OF NIGERIA LIMITED, London, shall within two (2) weeks from receipt thereof, release to the Gardella's Italian Bank in Genoa an irrevocable Letter of Guarantee confirming their having accepted the bills of exchange without reserve and guaranteeing the delivery of said accepted bills to Gardella through the same Italian Bank upon presentation in Genoa of the shipping documents for the above Bag Factory machinery and equipment.

Partial shipments being admitted, each bill of exchange shall be delivered to Gardella when the c.i.f. value of shipping documents reaches in one or more consignments the capital value of the bill. The cost of the Italian Government Insurance on Long Term Credit to be paid to Gardella against sight draft upon presentation of a certificate to

that effect from the Istituto Nazionale delle Assicurazioni, Rome.

Payments in Italy to be effected in U.S.A. Dollars at the fixed exchange rate of Usa \$ 2.8 per Nigerian Pound. All bank charges shall be borne by the Government.

Article IV - DELIVERY AND COMMISSIONING -

1. Gardella undertakes to deliver the Bag Factory Plant in operation on or before 18 months from receipt of the advance payment, provided the land for the factory is delivered to the Gardella's engineers within two (2) weeks from the signing of this Agreement.
2. Gardella shall not be liable for any delay in the delivery and/or erection of the Bag Factory Plant in the event of such delay being due to force majeure, i.e. beyond the control of Gardella, e.g. strikes, war, act of State, acts of God etc.
3. As soon as the rection of the plant shall have been completed and in operation, Gardella shall give one week's notice to the Government of the date of commissioning of the plant.
4. The commissioning of the plant will take place as test turns carried out as follows:
  - (a) Gardella specialists will run each machine of the plant for one shift of 7½ hours to test its capacity. During such run, each machine shall attain the capacity as set out in the specifications contained in the Working Table N. 387 of the Project N. 6195.
  - (b) In addition, Gardella specialists will run the plant for a continuous period of six days at 2 shifts a day of 7½ hours each shift with the personnel provided by the Government to test the mechanical efficiency of the plant.

5. The Government shall make available to Gardella raw materials in sufficient quantity before and during the test runs.
6. Should the plant comply with the specifications hereto during the test runs set out herein, the commissioning engineer of Gardella will then hand over the plant to the Government who will give the commissioning engineer a certificate stating that the commissioning has been satisfactorily carried out and that the plant is capable of attaining the quoted output of bags in accordance with Project N. 6195.
7. The commissioning shall be considered as satisfactorily carried out and the Bag Factory Plant as being capable of attaining the quoted output of bags in accordance with the Gardella's Project N. 6195 if the operations of commissioning did not take place or, though properly carried out, if the certificate of commissioning has not been delivered to Gardella, in either cases for reasons out of control of Gardella and/or the Government.

Article V - GUARANTEE -

1. Gardella guarantees that the plant, when in full and continuous production with trained personnel, will be capable of producing the number of bags as set out in Project N. 6195.
2. Gardella guarantees that all machinery and equipment to be supplied under this Agreement shall be brand new, manufactured of best materials and with first-class workmanship and design and so constructed as to safety and otherwise as to comply with all relevant legislation and regulations and in accordance with details given in the specifications set out in Project N. 6195.
3. If at any time during twelve (12) months after the commissioning of the plant any part of the plant should

be found to be unsuitable or defective owing to faulty material or workmanship, Gardella shall replace the defective part at its own cost and expense as soon as possible.

4. The Government undertakes to inform Gardella as soon as possible in case of any break-down or damage occurring to the plant during the guarantee period.
5. Gardella's guarantee does not cover normal wear, faulty handling or insufficient maintenance of the machine and equipment by the Factory's staff.

Article VI - MISCELLANEOUS -

1. All amendments to this Agreement will be valid if made in writing and signed by the parties hereto.
2. Gardella reserves the right to modify, with previous written notice of the Government, the machinery should these modifications be found necessary due to special conditions or due to improvements in the design and construction of the machinery provided such modifications or improvements do not adversely affect the production capacity of the machinery.
3. The Government undertakes to have the machinery and equipment suitably stored and insured on its arrival in Nigeria pending the commencement of the rection by the Gardella's specialists.
4. The Government undertakes to include and/or to have it included in the contract of service of each and every employee engaged in the factory provision forbidding such employee to make know or disclose to any third party during his employment and thereafter the secret techniques of the Gardella machinery, equipment and processes of manufacture.
5. The land where the factory has to be erected shall be supplied by the Government, said land to be perfectly

plain, free from water infiltrations and rocks, having the resistance of 3 kilos per sq. cm., easy for access to trucks and cars. In case controls, drillings of the underground and filling are required said operation to be effected to the Government's charge.

Furthermore the Government undertakes to put to Gardella's disposal at the Factory site, in time and however before the erection work starts, the water and current supplies.

6. Any other terms or conditions included in the Project N. 6195 are hereby confirmed and applicable provided same are not incompatible with terms or conditions established in this Agreement which shall prevail in case of discordance.

Article VII - ARBITRATION AND LAW APPLICABLE -

1. Any dispute arising with respect to the supply of machinery and equipment, or in any other case out of or pursuant to this Agreement shall be submitted to and determined by the arbitration of an Arbitration Board consisting of two arbitrators, one to be appointed by each of the parties hereto and an umpire, to be appointed by such two arbitrators.

If the arbitrators, within one month after the appointment of that one of them appointed last in time, shall fail to agree on the appointment of an umpire, the same shall be appointed in accordance with the Arbitration Law for the time being in force in the Western State of Nigeria, which law shall also govern the arbitration proceedings.

2. This Agreement, together with Project N. 6195, which is to be deemed to constitute an integral part of this Agreement, shall be construed and have effect under and in accordance with the laws of Nigeria.

IN WITNESS WHEREOF the Parties hereto have hereunto set their respective hands and seals the day and year first above-written.

THE PROPOSED TANNERY PROJECT FOR WESTERN STATE

As a result of the request made at the meeting of 4th February, 1970, Mr. Gardella has now submitted a proposal for the establishment of a tannery project in the Western State.

Location:

It is proposed to locate the project in Ibadan where it is assumed there will be a regular supply of about 250 to 350 cow hides daily. On this assumption the project is expected to produce annually:

- (i) 6,000,000 sq.ft. of chrome-tanned local cow skins to be used for manufacturing uppers for shoes, clothing, furnishing, various leather products and skin products;
- (ii) 400,000 kilos of sole leather.

Costs and Profitability:

The total cost of the project is estimated at £N1,215,000 out of which the local cost is £N464,677. This amount would probably be raised through sales of shares while the remaining amount, about £N750,323 will be raised externally by the Technical Partners and utilised for the supply of machinery and equipment. The provisional profit and loss account for one year shows a profit of £417,305 but this amount excludes Company taxes, excise duty, export duty, import duty into overseas leather importing country. A copy of the profitability forecast is attached as an Appendix to this brief.

Comments:

From the foregoing, it appears that the project will be viable and profitable but the profitability has been grossly exaggerated. This is borne out by the fact that what is given in the forecast is actually gross profit and not net profit, as claimed. Furthermore, the unit selling price of the products of the tannery has not been estimated since costs like excise duty, export duty etc. have not been added. Also, nothing was

said about the labour force to be employed by the proposed project. It must be noted that one of the major criteria for establishing industries in the country is the provision of employment opportunities for Nigerians. The proponent should therefore be asked to spell out clearly the total labour force required for the project and the percentage of this that will be Nigerians particularly at the management cadre.

Raw Materials:

It appears that Mr. Gardella hopes to obtain about 250 to 350 hides a day at Ibadan. This seems to be a very faulty assumption. It is reliably gathered that the number of cows slaughtered daily in Ibadan and its environs at present is about 180. Invariably not all the hides of these animals find their way into the tannery market as a great proportion is processed into meat for consumption. It may therefore be necessary for the project to look to other parts of the State for supply of raw materials. It is to be assumed that if it is known that hides can fetch an appreciable amount of cash they will no longer be available for human consumption. The increased demand both from the new project and other tannery projects in the country will normally lead to an increase in price of the hides. Such a situation will lead to a modification of the profitability of the project as calculated in Appendix I.

Mr. Gardella should be made to expatiate more on his proposed abattoir project. He should also explain if he does not expect to have Government participation in the project.

CONSTRUCTION AND EXTENSION OF THE RETTING AND REFINING CENTRE

Originally, the construction of the retting centre was estimated to cost £620,076 and for this amount, the Gardella Group was expected to supply 60 decorticating machines, 12 pressing centres, 1 kenaf retting, refining and bailing main works, fully equipped with machinery, diesel electric motors, fittings, etc. to process 5,400 tons of fibre a year. The Gardella Group has not completely fulfilled this obligation as there are still machinery and buildings worth over £107,000 to be supplied.

2. The extension now proposed is to cost £552,022 made up as follows:-

- (a) Retting basins, pumps, pipes etc. - £263,450
- (b) Diesel Power Station and Workshop - £77,143
- (c) 4 Buildings - £107,429
- (d) Additional Machinery - £104,000

The financing and the repayment terms are similar to those of the proposed new factory, and Government, in addition, will be expected to provide land for the buildings and basins, meet all custom formalities and operations for the unloading of goods.

3. NIFINCO has recently appointed an Agricultural Manager to be in charge of its plantation and supervise the farmers interested in planting kenaf for use of the factory. In the proposal of operation submitted by the Agricultural Manager, he has suggested that retting should be carried out on the plantation. This, he says, he will be able to do by damming the little streams which luckily are plentiful at Wasinmi, the present plantation site of the Company.

4. Retting on the plantation site has many advantages over that done in a place some distance away. One of such advantages is that the kenaf fibre will be retted while the stock is fresh. This will enable the fibre to come out easily at very good quality. It will also reduce, substantially, the cost of transporting the bulk of the fibre stock which can be very heavy when fresh. This is the method used by the Gardella Group in their factory in Dahomey. It is therefore suggested that the Company should be allowed to implement this experiment and that the result of such experiment should be taken into consideration when a final decision is taken on the establishment of the Retting and Refining Centre.

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TELEGRAMS: PERMIND

TELEPHONE NO.: IBADAN 21011/471

DIRECT LINE: 24111

MINISTRY OF TRADE AND INDUSTRY



IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications to be addressed to the Permanent Secretary quoting

Our Ref. No....INV.577/5/440

SP/c . 124/5

Date...13<sup>th</sup> March, 1970.....

The Secretary to the Military Government,  
and Head of Service,  
Office of the Military Governor,  
Agodi, Ibadan.

Rehabilitation of Nigerian Fibre Industries Co. Ltd.

Further to my letter No. INV.577/5/128 dated 12th March 1970, I am directed to forward to you, for the proposed meeting scheduled for Monday, 16th March, 1970 papers listed herunder:

P. 214

(i) a copy of the minutes of a meeting held by officials of the Ministries of Finance , Economic Planning and Social Development and this Ministry to make a preliminary study of the project;

Pages 236-238

(ii) comments on the valuation of the Assets of NIFINCO by Dr. Ola.

Pages 239-240

13/3

Teju Alakija

Teju Alakija (Mrs)  
for Permanent Secretary,  
Ministry of Trade & Industry,

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MINISTRY OF THE ECONOMIC LIFE IN THE NAME OF THE  
GOVERNMENT OF THE REPUBLIC OF GUINEA  
12th April, 1972

Members:

- Mrs. Y. N. Abintoulo-Igkolalo - Permanent Secretary,  
Ministry of Trade & Industry
- Mrs. Taji Alahije - Ag. Chief Development Officer,  
Ministry of Trade & Industry.
- Mr. S. S. Sio - Assistant Commissioner of Internal  
Revenue,  
Ministry of Finance,  
Tholon.
- Mr. Y. A. Odantes - Senior Assistant Secretary (Planning),  
Ministry of Economic Planning &  
Social Development
- Mr. S. S. Ombouye - Ag. Principal Development Officer,  
Ministry of Trade and Industry
- Mr. S. A. Arundel - Ag. Assistant Officer,  
Ministry of Finance.

In Attendance:

- Mr. J. B. Alahou - Assistant Secretary,  
Ministry of Trade & Industry.

In her opening remarks, the Permanent Secretary explained that the meeting had been called so that officials of her Ministry, the Minister of Economic Planning & Social Development and Finance could discuss the technical, financial and economic aspects of the proposals submitted by the Cartella Group on the question of transfer of the BIFIBO factory from Fodogy to a better site or alternatively, the building of a completely new factory and the sale of the present one. It was the opinion of the Ministry that jute bag industry could be viable especially in view of the fact that there are other such factories in Gabony and Senegal which are doing well. The main problem of BIFIBO was high labour turnover caused by wrong siting. In the second alternative however, the Cartella Group of Companies is offering to purchase the Fodogy factory and still run it as a jute bag industry.

2. In answer to a question on how the Cartella Company proposed to run the Fodogy factory successfully in view of the Permanent Secretary's earlier remarks that Fodogy was a wrong siting for BIFIBO, the Permanent Secretary said it was possible that Mr. Cartella had already got in touch with the

Lagos State Government which probably promised to improve the conditions of factory by building a harbour, good roads and providing good accommodation for work-ers. She added that it was very likely that the factory would be fed with raw fibre from Cardella's kenaf plantation in Ibeju if the Cardella Group bought it. Mr. Anselaram enquired whether there was any proper feasibility study on the proposed new site for the factory. To this question, it was explained that there was none but that Ibeju was suggested because it was a centre of high population and it had good transport facilities; and was within the area in which kenaf could be produced. As for the disposal of the factory's products, there was no problem since the Western Nigeria Marketing Board was the main buyer.

3. After considering the brief before the meeting, Mr. Ogunrin suggested that Mr. Cardella might be informed that even though the Government was willing to have a new factory, it would want to consider offers from other prospective contractors. He thought such a statement might make Mr. Cardella review some of his high costs. The Permanent Secretary, however, said it would be unwise to invite proposals from other sources because the current exercise would only be meaningful in so far as the assets and liabilities of the present Company were taken into consideration. She thought that the only way to make Mr. Cardella re-consider his prices was Government's insistence on his participation in the new venture. The meeting therefore agreed that the Government should insist on the Cardella Group taking shares in the new venture.

4. After further consideration of the proposals as contained in the brief, the meeting came to the following conclusions:

- (i) that the terms of offer by Mr. Cardella were unreasonable and should not be accepted because he had only offered to take over the assets of the factory alone and not the whole of NISINDO. He should be asked to take all or nothing;
- (ii) the sum of £796,000 offered by him was too low as he did not take into consideration the liabilities of the Company which amounted to about N2,121,367.10;
- (iii) the Cardella Group should not be allowed to opt out of the new venture; in addition, to buying Government out of the factory venture, they should also come into the Ibeju

ARCHIVES

project as a partner;

(iv) in case it is finally decided to sell the Helagry factory, a formula for the valuation of the assets of the Company should be worked out and agreed upon by the two parties.

5. The meeting requested Mr. Ole to carry out an examination of the valuation given to the assets of the Company by the Gardella Group in relation to the Company's accounts.

ARCHIVES OF OYSCA

T.1953/48

13 March, 1970.

The Permanent Secretary,  
Ministry of Trade and Industry,  
Ibadan.

Rehabilitation of N.I.F.I.N.C.O.

In compliance with the request of the meeting held in your office on 12th March, 1970, that I should check the depreciation rates used in calculating the Fixed Assets of the above named company with a view to ascertaining £796,000, amount offered to the Government for the Badagry Factory, my observations are as follows :-

Book values of the assets to be taken over after depreciation are	£
(1) Factory Buildings	138,887
(The rate of depreciation in respect of the above is 10% on reducing balance basis) so as not to completely write-off the assets in ten years	
(2) Plant and Machinery-Textiles	657,347
(3) Furniture and Equipment	16,265
T o t a l	812,499

(The rate of depreciation on (2) and (3) is 10% on original cost i.e. a complete write-off of these assets within 10 years)

It is curious to find Gardella Group, for the purpose of discounting the amount payable by them, reducing these assets as follows ( and that without any known basis).

	£
Factory Buildings	129,172
Plant and Machinery	657,347
Furniture and Equipment	9,471
T o t a l	795,990

Section 142 of Companies Decree 1968 otherwise known as Decree No.51 is not in support of Gardella Group, having previously signed the Balance Sheet that the book values give a true and fair view of the state of affairs of the Company.

In effect, their figure of £795,990 implies that the company has no Goodwill but has what I may call "Badwill". If this were correct, their having signed the accounts as true and fair would tantamount to a breach of Companies Decree. If their figures were the correct market values

who was the competent valuer? and why were the market values omitted from the Balance Sheets they have signed as true and fair?

In taking over certain assets of the company, it is obvious that, as shareholders (and this is the essence of shareholding) they must also take over their liabilities in the proportion of their shareholding i.e. their interest in the business.

The total liabilities of the company are	£
(a) Indebtedness of Marketing Board	1,168,605
(b) " " Western State Government	138,664
(c) Current Liabilities	813,048
	<hr/>
T o t a l	2,120,317
	<hr/>
<u>27th</u> thereof	572,486
100	

Computation of Amount Payable for the BADAGRY FACTORY

Values of Assets to be taken over	812,499
Shares of Liabilities	572,496
	<hr/>
T o t a l	1,384,985
	<hr/>
and NOT	796,000

as computed by them.

It must be stressed that if this figure is not readily accepted by them, amount due from them in respect of Badagry Factory can be higher since, on the basis of opinion already expressed by thej, the figure of £812,499 can be inflated by 25%, thereby making their position worse.

It is pertinent to remark that my experience with study of Government Projects Accounts is that the charges of external auditors contribute in a small way to the losses being suffered. There are equally able accountants who will charge less. Consultation and Advice on this matter are a "sina qua non." It becomes clear that they either pay £1,384,985 for Badagry Factory and join in the Oshogho Project or we insist on "Status Quo" and we both swim and drown together as at present.

(Sgd) Dr. C. S. OLA.

SMG & HS

Pp 235 - 240 sub'ded fl.

2. Pl see also p. 214.

16/3/70  
CR.

MINISTRY OF TRADE



AND INDUSTRY

DEVELOPMENT DIVISION  
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications to be addressed  
to the Permanent Secretary quoting

Our Ref. No. INV. 577/567.....

Date..... 16 March, 1970.....

Mr. P. T. Odumosu, M.F.R.,  
Secretary to the Military Government  
& Head of Service,  
Office of the Military Governor,  
Ibadan.

Dr. F. A. Ajayi,  
Attorney-General,  
Ministry of Justice,  
Ibadan.

Mr. J. M. Akinola,  
Permanent Secretary,  
Ministry of Finance,  
Ibadan.

Meeting with His Excellency Brigadier R. A. Adebayo, Military  
Governor of the Western State of Nigeria, to discuss the affairs  
of the Nigeria Fibre Industries Company Limited on Wednesday,  
4th February, 1970

I am directed to refer to my letter No. INV.577/576 of 6th  
February, 1970 under cover of which a copy of the minutes of the  
above-named meeting was forwarded to you. Please find attached  
more information from Mr. Gardella on what he considers additional  
reasons for failure of NIFINCO Plantation to take off ground.  
I should, however like to comment that Mr. Gardella did not disclose  
all the information in the attached letter during the meeting held  
on the 4th February, 1970.

*Teju Alakija*

(Mrs. Teju Alakija)  
for Permanent Secretary,  
Ministry of Trade & Industry

16/3

Chief B. A. Ajayi,  
State Commissioner for  
Trade and Industry  
Ministry of Trade and Industry  
Development Division,  
I B A D A N (W. Nigeria)  
S E C R E T

ns. rif. AG/MA

27th February, 1970

Dear Sir,

Re: Meeting with His Excellency Brigadier  
R.A. Adebayo, Military Governor of the  
Western State of Nigeria to discuss the  
affairs of the Nigeria Fibre Industries  
Company Limited on Wednesday, 4th  
February, 1970 -

With reference to the above meeting I would like you to respectfully bring to the knowledge of His Excellency Brigadier R.A. Adebayo, Military Governor of the Western State of Nigeria, certain facts which were discussed during the said meeting and the correct position of which does not appear from the minutes :

Failure of Nifinco Plantation to take off ground after these three years. My Company started proper industrial operations on the Kenaf plantations in Western Nigeria during the 1965 crop. At that time the decorticating collection transport and retting operations were organized, for account of Nifinco, by us. The resulting cost of one Ton. of Fibre was N£ 63.0.0 per Ton. which was acceptable being the first year. We had prepared a Plan to adopt certain improvements in the organization of the Agricultural operations and the Harvesting and processing of the Kenaf stalks to grow up regularly with continued better results in the following years and had a number of meetings with the officials of the Ministry of Agriculture and of Nifinco to implement such plan. Unfortunately our plans had never been adopted and results were decreasing every following year. It is difficult to ascertain single responsibilities for this since many factors have intervened to spoil the job and the Nigerian crisis also caused a lot of fibre lost on the field in 1967 and 1968.

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Seguito lettera Chief B.A. Ajayi - State Commissioner/Ibadan  
27th/2/1970

The position is to be seen "ex-novo" today. As you know, we are obtaining encouraging results in other West African Countries with the same exercise and you may trust my Company that every necessary step for repeating the same good results in Western Nigeria will be adopted and implemented by us counting of course on the full and open cooperation from all the concerned authorities and officials in your State, henceforth.

Price paid by the Nifinco share-holders for the 1st Agreement. (Industrial Bag Factory in Badagry). In spite of my Company having accepted to pay from its pocket certain amounts in Nigeria, the cost of the Project was not inflated at all. On the contrary although originally fixed when the English Sterling had the same value of the Nigerian Pound you realized a saving of approximately 15% on account of the devaluation of the Pound Sterling starting from December 1967 on the deferred payments due, which was a loss to our Company. The original price of Lst. 756,000 (July 1963) was based on the price of an International Tender and therefore it is quite simple to check the cost of the second agreement by simply taking into account: the increased number of certain machines as for example the Automatic Looms; the Power Station changed to 750 RPM (from the original 1500 RPM) and having 7 Rings instead of 5; the Humidifying Installation, Workers Clock Stamping Equipment, Inner Transport System, Furnitures for Offices, Comprehensive Spare Parts Stock; Full Technical Assistance given by us with 38 Expatriates of all grades for continuously 22 months, plus board, air passages, etc. and the BUILDINGS including the main Factory, the Fibre Store, the Spare Parts Store, the Boiler House and Power House, Parking and Infirmary etc. and the Offices which all were added to the original Agreement. The figures were checked one by one during the negotiations (August 1963/March 1964) to go from the 1st to the 2nd Agreement and conformed with the audit figures and Commissioning Figures fully accepted and recognised by your Government Officials. Therefore it would be very unfair and against our proved honesty and fair play to accuse myself and my Company of something wrong which does not exist in the history of our cooperation with the Western Nigeria Government.

Yours Sincerely,

for ADRIANO GARDELLA S.p.A.

(Sgd.) Adriano Gardella  
President

Note:

Meeting held this eve. K.I.V.  
for minutes from PSM TI.

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MINISTRY OF TRADE AND INDUSTRY

DEVELOPMENT DIVISION  
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No. INV.577/5/155..

SA/C.124/5

Date... 9<sup>th</sup> March, 1970...

Mr. P.T. Odumosu, M.F.R.,  
Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.

Dr. F.A. Ajayi,  
Attorney-General,  
Ministry of Justice,  
Ibadan.

Mr. J.M. Akinola,  
Permanent Secretary,  
Ministry of Finance,  
Ibadan.

Meeting with His Excellency, Brigadier R.A.  
Adebayo, Military Governor of the Western  
State of Nigeria to discuss the future of  
NIFINCO on Tuesday, 17th March, 1970.

11. 245-248  
I am directed to forward to you the attached which is a  
copy of the minutes of the above-mentioned meeting held in the  
Government House on Tuesday, 17th March, 1970.

Teju Alakija  
(Mrs. Teju Alakija),  
for Permanent Secretary,  
Ministry of Trade and Industry.

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MINUTES OF THE MEETING HELD IN THE OFFICE OF THE MILITARY GOVERNOR TO DISCUSS THE FUTURE OF THE NIGERIA FIBRE INDUSTRIES COMPANY LIMITED ON TUESDAY, 17TH MARCH, 1970.

Present:

- Brigadier R.A. Adesayo, i.d.o., p.s.c. - Military Governor of the Western State.
- Chief B. A. Ajayi - State Commissioner for Trade and Industry.
- Mr. P. T. Ogunosu - Secretary to the Military Government & Head of Service, Office of the Military Governor, Ibadan.
- Dr. F. A. Ajayi - Attorney-General, Ministry of Justice, Ibadan.
- Mr. A.F.O. Dabiri - Solicitor-General & Permanent Secretary, Ministry of Justice, Ibadan.
- Mr. J. H. Akinola - Permanent Secretary, Ministry of Finance, Ibadan.
- Mrs. F. H. Akintunde-Ighodalo - Permanent Secretary, Ministry of Trade and Industry, Ibadan.
- Mrs. Toju Alakija - Ag. Chief Development Officer, Ministry of Trade and Industry, Ibadan.
- Dr. G. S. Ola - Assistant Commissioner for Internal Revenue, Ministry of Finance, Ibadan.

Gardella Group:

- Mr. Adriano Gardella - President, Adriano Gardella S.p.A., Italy.
- Chief Moyo Aboderin - Managing Director, Akinloye Aboderin & Company Ltd., Ibadan.

In Attendance:

- Mr. J. B. Alakuro - Assistant Secretary, Ministry of Trade and Industry, Ibadan.

Declaring the meeting opened, His Excellency, the Military Governor called on Mr. Gardella to present his proposals. In reply, Mr. Gardella stated that the relevant points in his proposals were that a new factory should be established in Oshogbo or at any other place to be agreed upon, to manufacture

about 13.5 million jute bags annually and to develop kenaf production in the State to a stage where all the raw materials of the factory would be met locally. In the brief submitted, the refining centre was to be constructed at Olokemeji. As a result of subsequent discussion held with officials of the Ministry of Trade and Industry on the advisability of having three kenaf plantations of 15,000 acres each instead of the large one of over 40,000 acres, he was willing to consider the arrangement to provide three retting centres, one each at Olokemeji, Oshogbo and Ogbomosho areas.

2. In reply to a question by His Excellency, as to what would happen to the Badagry factory, Mr. Gardella confirmed that he proposed to operate the Badagry factory as a jute bag factory with labour recruited, and raw materials supplied, from outside Nigeria if necessary. His Excellency said that this confirmed the information which he had previously received that the Badagry factory, if sold to Mr. Gardella, would eventually be run as a subsidiary of his Dahomey factory. It was difficult to understand the genuineness of Mr. Gardella's contention that to make good, the NIPINCO factory must be moved from its present site in Badagry. His Excellency said that it was not possible to agree to the arrangement whereby Mr. Gardella would continue to run the factory in Badagry in competition against the new one he proposed should be established solely by the Western State Government in Oshogbo. If he was sure that he could run the industry profitably at its present site, he had permission to do this; then there would be no need to establish a new one at Oshogbo.

3. The State Commissioner for Trade and Industry then commented on the two alternative costs proposed in the brief before the meeting; one for transfer of the Badagry factory, the other for building a brand new one at Oshogbo. He made the point that Mr. Gardella's offer of purchase of the Badagry factory at £796,000 had not taken into consideration the liabilities of the Nigeria Fibre Industries Company Limited which amounted to about £2,120,517: 10: -; apart from this, other features of the proposal which were not acceptable were:

- (1) non-participation of the Gardella Group in the new project;
- (ii) under valuation of assets of the factory; and
- (iii) the final figures for the Oshogbo factory.

All these points would have to be resolved before a decision could be taken on which of the alternatives would be acceptable. Concluding his contribution, the Commissioner stressed that the factory should be removed to Oshogbo and Government must insist on the Gardella Group remaining in the new venture. In answer to a question by His Excellency as to how the liabilities of NIFINCO rose to the phenomenal figure of £2 million, Mrs. Ighodalo stated that the liabilities were made up of the amount of Promissory Notes retrieved by the Western Nigeria Marketing Board on behalf of the Company and the current liabilities of the Company.

4. Explaining the reason for his proposed withdrawal from NIFINCO, Mr. Gardella said he had, after seven years of operating the NIFINCO, discovered that Companies in which Government had financial interests could not be run like private business, because it appeared that such Companies were not geared to profit making only. People in the Company always felt that they were Government employees and could do what they liked. Furthermore, decisions were not always taken promptly on important matters. He cited the case of the price of bags for which the Western Nigeria Marketing Board was paying 3/9d whereas his Dahomey project sold bags to the Northern States' Marketing Board at 5/- each.

5. On the question of the price of bags, the Permanent Secretary, Ministry of Trade and Industry informed the meeting that it had been difficult to convince the Western Nigeria Marketing Board to increase the prices offered for the bags because they had argued that NIFINCO only met 10% of their supply and they had to import at prices lower than what they paid for the locally produced ones to make up the large deficit. The Secretary to the Military Government and Head of Service commented that it was unfair for the Company to have to accept such a ridiculous price from the Western Nigeria Marketing Board when better prices could be obtained in the open market. His Excellency, the Military Governor then directed that the Marketing Board should pay economic price for NIFINCO bags. On the management of NIFINCO, Mrs. Ighodalo said that she did not agree with Mr. Gardella that the Company was being run like a Government concern, because no decisions were ever taken to which Mr. Gardella was not contributory. The main problem of NIFINCO was

M/C 124/5

INV.577/573.

3/ March, 1970.

The Manager,  
Western Nigeria Marketing Board,  
Cocoa House,  
Ibadan.

Increase in the Sale Price of NIFINCO Bags

I wish to refer to the various discussions already held with you on the above-mentioned matter and to intimate you with the intention of the Nigeria Fibre Industries Company Limited to raise the price of its bags from the present level of 3/3d to 5/- per bag.

2. This increase has been necessitated by the fact, of which you are very well aware, that since the current selling price was fixed at 3/3d in 1967, the cost of a lot of the component items used in production has increased tremendously. The most prominent of these costs include the following:-

- (i) Imported Fibre: The average price of imported fibre in 1967 was £87 per ton but this rose to £90 in 1968 and currently stands at £92. Using the 1969 figure as basis for calculation, the rise of £7 per ton means a rise of 2d in the production cost per bag;
- (ii) Custom Handling Charges: The present situation in the country has given rise to a lot of delay in clearing of goods at the wharf; as a result, rent of storage facilities and clearing charges has increased substantially. In addition, the Nigerian Ports Authority also charges for transportation of goods within the wharf and the costs of labour on inspecting goods. These charges have increased the average cost of handling charges from £6:5s. to 9 per ton, that is, an increase of .66d per bag;
- (iii) Custom Duty on Spare Parts: In 1967, no custom duty was payable on the spare parts for the machines of the Company; in May, 1968, the Federal Government imposed a 33% duty and 7½% surcharge on spare parts; the 7½% surcharge is usually calculated on amount of duty payable; the average annual requirement of the Company for spare parts is about £18,000 and duty on this is £6,000 plus £450 surcharge; on its present rate of production, the additional cost per bag as a result of duty payable on spare parts is .309d;
- (iv) Wages and Salaries: Wages and salaries between 1967 and 1969 went up by about 87%; the Company's contribution to the National Development Fund has risen to £4,739; this would be included in the original costs projection. Thus, the total

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additional costs on wages and salaries for producing 5 million bags is £10,614, that is, .509d per bag;

- (v) Motor Running Expenses: The prices of tyres, motor spare parts and petroleum products have increased by about 30%. In 1969 when £4,800 should normally have been sufficient for motor running expenses about £6,240 was expended, this amounts to .069 per bag;
- (vi) Fuel and Lubricants: Between March, 1967 and May, 1969, prices of Gasoil for Diesel Generators and Fuel oil for steam producing station went up from 3/- to 3/8d an increase of 22%. The original production cost per bag of oils, lubricant and dressing was 3½d. It has now increased by .77d per bag;
- (vii) Local Fibre: In the cash flow in which the price of bags was originally calculated, it was reckoned that the cost of one ton of locally produced fibre would be about £60. Experience has now shown that under the best condition, a ton of locally retted fibre would cost about £85 per ton. This is an increase of £25 per ton, that is additional 6d per bag;

These increases summed up, amount to about 9d rise in the cost of producing a bag. This is, however, exclusive of 10% Excise Duty and 5% surcharge both of which amount to 5.04d per bag. From the foregoing, it will be seen that the most equitable price that the Company could sell its bags in order to cover costs and make a modest profit is 5/- per bag.

3. The question of the low price being paid by your Board for the bags produced for it by NIFINCO was brought up at a meeting recently held with His Excellency, the Military Governor by Mr. Adriano Gardella, our technical partner in NIFINCO during which it was established that bags from a factory similar to NIFINCO located in a neighbouring African country were being sold at 5/- each in this country. It is understood that both the Northern States' and Lagos State's Marketing Boards bought the bag at this price. There is also evidence that the factory at Jos sells its bags to the Northern States' Marketing Board for 5/- each. You will no doubt agree, therefore, that the present low selling price for NIFINCO bags to your Board, has an element of a substantial amount of hidden subsidy which is most unbusinesslike and which no commercial concern can afford to sustain indefinitely. Also the fact that bags produced by NIFINCO sells for so little reflects in large losses on its books which is most undesirable, especially as this is not really the true position of its business.

4. In the past, you had argued that your Board could obtain bags from outside sources at much lower price than is paid to NIFINCO. This argument, however, overlooks two very important factors viz:

- (1) that bags purchased from overseas sources are paid for in scarce foreign currency and therefore costs the country a lot;

CONFIDENTIAL

and (ii) that foreign companies which release their bags to markets like Nigeria at ridiculously low prices are only able to do so as a result of high subsidy by their home governments. This policy of 'dumping goods' in import markets is deliberately pursued in order to prevent developing countries like Nigeria from manufacturing the bags they need locally from their own resources.

5. During the discussion referred to in paragraph 3 above, His Excellency, the Military Governor expressed the strong view that all government-sponsored projects should be actively encouraged to be viable. To this end, His Excellency has directed that a representation should be made to your Board to pay, with immediate effect, economic price for the bags produced for it by NIFINCO; and as analysed above, 5/- is the correct economic price that can be quoted. Your co-operation in this matter will be greatly appreciated.

71

(Mrs. F. M. Akintunde-Ighodalo),  
Chairman, Board of Directors of NIFINCO.

Our Ref. No. INV.577/575A.  
Ibadan: 3<sup>rd</sup> March, 1970.

Copy to:

Secretary to the Military Government ✓  
and Head of Service,  
Office of the Military Governor,  
Ibadan.

Permanent Secretary,  
Ministry of Finance,  
Ibadan.



For information, please.

2. You were present at the meeting in the office of His Excellency, the Military Governor where the subject of the price which the Western Nigeria Marketing Board pays for NIFINCO bags was discussed.

3. This letter contains the representation being made to the Board on the matter.

*Mrs. F. M. Akintunde-Ighodalo*  
(Mrs. F. M. Akintunde-Ighodalo),  
Chairman, Board of Directors of NIFINCO.  
c/o Ministry of Trade & Industry.

Good, file away CONFIDENTIAL

2/4

CONFIDENTIAL



Our Ref. No. INV.577/576.  
Ibadan: 31<sup>st</sup> March, 1970.

Copy to:-

Permanent Secretary,  
(Political and Administration),  
Office of the Military Governor,  
Ibadan.

page 253-255

Attached for your information and necessary  
action, please.

*Mrs. F. M. Akintunde-Ighodalo*

(Mrs. F. M. Akintunde-Ighodalo),  
Chairman, Board of Directors of NIFINCO,  
c/o Ministry of Trade & Industry.

D 3/4/70

ARCHIVES OF CSCAC

SP/C 124/5

INV.577/573.

31 March, 1970.

The Manager,  
Western Nigeria Marketing Board,  
Cocoa House,  
Ibadan.

Increase in the Sale Price of NIFINCO Bags

I wish to refer to the various discussions already held with you on the above-mentioned matter and to intimate you with the intention of the Nigeria Fibre Industries Company Limited to raise the price of its bags from the present level of 3/3d to 5/- per bag.

2. This increase has been necessitated by the fact, of which you are very well aware, that since the current selling price was fixed at 3/3d in 1967, the cost of a lot of the component items used in production has increased tremendously. The most prominent of these costs include the following:-

- (1) Imported Fibre: The average price of imported fibre in 1967 was £87 per ton but this rose to £90 in 1968 and currently stands at £92. Using the 1969 figure as basis for calculation, the rise of £7 per ton means a rise of 2d in the production cost per bag;
- (ii) Custom Handling Charges: The present situation in the country has given rise to a lot of delay in clearing of goods at the wharf; as a result, rent of storage facilities and clearing charges has increased substantially. In addition, the Nigerian Ports Authority also charges for transportation of goods within the wharf and the costs of labour on inspecting goods. These charges have increased the average cost of handling charges from £6:5s. to £9 per ton, that is, an increase of .66d per bag;
- (iii) Custom Duty on Spare Parts: In 1967, no custom duty was payable on the spare parts for the machines of the Company; in May, 1968, the Federal Government imposed a 33% duty and 7% surcharge on spare parts; the 7% surcharge is usually calculated on amount of duty payable; the average annual requirements of the Company for spare parts is about £18,000 and duty on this is £6,000 plus £450 surcharge; on its present rate of production, the additional cost per bag as a result of duty payable on spare parts is .309d;
- (iv) Wages and Salaries: Wages and salaries between 1967 and 1969 went up by about £5,875; the Company's contribution to the National Provident Fund has risen to £4,739; this was not included in the original costs projection. Thus, the total

CONFIDENTIAL

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additional costs on wages and salaries for producing 5 million bags is £10,614, that is, .509d per bag;

- (v) Motor Running Expenses: The prices of tyres, motor spare parts and petroleum products have increased by about 30%. In 1969 when £4,800 should normally have been sufficient for motor running expenses about £6,240 was expended, this amounts to .069 per bag;
- (vi) Fuel and Lubricants: Between March, 1967 and May, 1969, prices of Gasoil for Diesel Generators and Fuel oil for steam producing station went up from 3/- to 3/8d an increase of 22%. The original production cost per bag of oils, lubricant and dressing was 3½d. It has now increased by .77d per bag;
- (vii) Local Fibre: In the cash flow in which the price of bags was originally calculated, it was reckoned that the cost of one ton of locally produced fibre would be about £60. Experience has now shown that under the best condition, a ton of locally retted fibre would cost about £85 per ton. This is an increase of £25 per ton, that is additional 6d per bag;

These increases summed up, amount to about 9d rise in the cost of producing a bag. This is, however, exclusive of 10% Excise Duty and 5% surcharge both of which amount to 5.04d per bag. From the foregoing, it will be seen that the most equitable price that the Company could sell its bags in order to cover costs and make a modest profit is 5/- per bag.

3. The question of the low price being paid by your Board for the bags produced for it by NIFINCO was brought up at a meeting recently held with His Excellency, the Military Governor by Mr. Adriano Gardella, our technical partner in NIFINCO during which it was established that bags from a factory similar to NIFINCO located in a neighbouring African country were being sold at 5/- each in this country. It is understood that both the Northern States' and Lagos State's Marketing Boards bought the bag at this price. There is also evidence that the factory at Jos sells its bags to the Northern States' Marketing Board for 5/- each. You will no doubt agree, therefore, that the present low selling price for NIFINCO bags to your Board, has an element of a substantial amount of hidden subsidy which is most unbusinesslike and which no commercial concern can afford to sustain indefinitely. Also the fact that bags produced by NIFINCO sell for so little reflects in large losses on its books which is most undesirable, especially as this is not really the true position of its business.

4. In the past, you had argued that your Board could obtain bags from outside sources at much lower price than is paid to NIFINCO. This argument, however, overlooks two very important factors viz:

- (1) that bags purchased from overseas sources are paid for in scarce foreign currency and therefore costs the country a lot;

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and (ii) that foreign companies which release their bags to markets like Nigeria at ridiculously low prices are only able to do so as a result of high subsidy by their home governments. This policy of 'dumping goods' in import markets is deliberately pursued in order to prevent developing countries like Nigeria from manufacturing the bags they need locally from their own resources.

5. During the discussion referred to in paragraph 3 above, His Excellency, the Military Governor expressed the strong view that all government-sponsored projects should be actively encouraged to be viable. To this end, His Excellency has directed that a representation should be made to your Board to pay, with immediate effect, economic price for the bags produced for it by NIFINCO; and as analysed above, 5/- is the correct economic price that can be quoted. Your co-operation in this matter will be greatly appreciated.

(Mrs. F. M. Akintunde-Ighodalo),  
Chairman, Board of Directors of NIFINCO.

Our Ref. No. INV.577/575A.  
Ibadan: 31 March, 1970.

Copy to:

Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.

Permanent Secretary,  
Ministry of Finance,  
Ibadan.

For information, please.

2. You were present at the meeting in the office of His Excellency, the Military Governor where the subject of the price which the Western Nigeria Marketing Board pays for NIFINCO bags was discussed.

3. This letter contains the representation being made to the Board on the matter.

71  
(Mrs. F. M. Akintunde-Ighodalo),  
Chairman, Board of Directors of NIFINCO.  
c/o Ministry of Trade & Industry.

PS (P&A)

3/4/70  
CR

p. 252 - 255 2/1/70

PA

CONFIDENTIAL

Seen on 10/4/70

re-submit  
19/1/70

'CONFIDENTIAL'

KENAF FARMERS' ASSOCIATION

Telephone 24073 Ibadan. Secretary (Mr Erinoso)

c/o F.A. Erinoso,  
P.O. Box 1993,  
I b a d a n.

Telephone 2328 7th (Rev. A.O. Osehoju who lives near the President)

30th December, 1970.

His Excellency,  
The Military Governor of the Western State,  
Agodi,  
Ibadan.

Your Excellency,

KENAF INDUSTRY

We representatives of Kenaf Farmers in the Western State feel obliged to present our problems for your Excellency's kind consideration and early attention.

2. Our original problem has been one of consistent annual loss on Kenaf project but recently the new changes in Kenaf weighing system as well as the payment system imposed upon us farmers undue inconvenience. In addition the unreliability of official statements made by some senior officers of the Company and even by the General Manager made us feel that there is need for a drastic action if the Company is to overcome her present difficulties. Some notable farmers who at the introduction of Kenaf Industry into the Western State were interested in Kenaf project had dropped out as a result of losses sustained; in this regard we may mention the names of Chief Akinrinade near Iseyin, Mr. Sanda near Oyo and recently Chief J.A. Ayorinde a retired notable Agricultural Officer. If highly experienced public men such as the above were, out of frustration moved out of Kenaf Industry; something should be done to :

- (a) remove the cause of farmers' financial losses;
- (b) remove the cause why cultivation charges due to the Government cannot be recovered from Kenaf farmers;
- (c) remove the cause why NIFINCO suffers suicidal losses

3. To enable you appreciate the extent of individual farmer's annual loss, we append hereunder a typical farmer's Kenaf account for 1969 :-

1969 KENAF ACCOUNT

To Workers' Wages	- £709.12. 5d	By Income	
See pages 1-84 of Wages Book		16,168 Kilos	
Land Rent	25. -- --	at £30 per ton	= £485. --.10d
House Rent (Ilcra)	9. -- --	3940 Kilos at	
(Receipts available)		£42 per ton	= £165. 9. 7d
Amount due to M.A.N.R. Not paid		1,652 Kilos at	
		£70 per ton	= £ 80.12.10d
(a) Tractor services	248. -- --	21,260 Kilos	£731. 3. 3d
62 acre at £4 per acre			
(b) 5 tons fertilizer	£103.15. -d.	By Gross loss	c/d £891.19. 8d
(c) Kenaf Seeds	9. 7. 6d	£361. 2. 6d	
Cost of transport			
Car No. WAU 431			£1,623. 2.11d
IB/Oyo/Ilora/Igbo-ope and back - 80 miles at 1s per mile (30 times)	£118. 8. -d.	By gross los	b/d £891.19. 8d
Assessed Salary for self at £400 p.a.	400. -- --		
	£1,623. 2.11d	X Deduct amount not paid to M.A.N.R.	£361. 2. 6d
		X Net Loss to self	£530.17. 2d

See p. 262  
p. 278

/2.....

4. It would be noted that in the above account the revenue of £361.2.6d due to the Government from a single farmer was irrecoverable because the farmer himself lost £530.17.2d. Subsidising farmers is an economic desideratum provided there is a foreseeable end to the subsidy; in addition the Government should help farmers to steer clear of financial losses by providing technical aid and guidance. To do this equitable prices should be paid for farm products. Before any equitable prices can be fixed for kenaf the average kenaf yield per acre should be ascertained. Officials of the Ministry of Agriculture and Natural Resources informed us that the highest yield is 1½ tons per acre and the lowest one-half ton per acre; this information is grossly misleading. In the above account the total yield realised on 62 acre kenaf is only 21,260 kilos i.e. 343 kilos per acre or ½ of a ton. It is evident that the farmer realises £731.3.3d or £11.15.10d per acre on which he spends £1,623.2.11d ÷ 62 i.e. £26.3.7d per acre.

5. It is clear from the foregoing figures that the low yield per acre is directly responsible for kenaf farmers financial losses; it is advisable therefore to ascertain the causes of the low yield; these are traceable to the following factors:-

- (a) Unsuitability of soil or insufficient fertilisation;
- (b) Inefficiency arising from insufficient cultivation whereby unploughed or unrooted grasses rise and overtake the growth of kenaf; with discipline of staff this can be improved upon;
- (c) General laxity among N I F I N C O outdoor workers e.g. when a decorticating or refining machine breaks down it is hardly repaired within the harvest season.
- (d) Lack of weeding in the past; this has been taken care of in 1970;
- (e) Lack of rain; this is an Act of God over which there is no easy human control;
- (f) Untruthfulness by the General Manager - he stated that the lauded cost of retted fibre C.I.F. Apapa was £70 both for grade A (A) and also for grade (B); this has been proved false at a subsequent meeting.
- (g) The idea that NIFINCO resorted to the low tricks of deliberately delaying the weighing of kenaf delivered at Eruwa until the weight has reduced :-
  - (i) to keep off farmers from demanding immediate payment for goods delivered not yet weighed;
  - (ii) to short-pay the farmers their normal entitlements by the value of the reduced weight. For this reason we have asked that Shrinkage Allowance be paid; no reply has been given.

6. Experience has proved:-

- (a) that the soil in the Western State is reasonably fertile for kenaf production;
- (b) that the cost of production cannot be reduced substantially; kenaf purchase prices should therefore be stepped up steeply; yea doubled if the heavy losses being suffered by the farmer and the Government are to be absorbed into the total amount realisable from the total tonnages sold. Thus the new prices should read :

- (i) £60 per ton for Decorticated ribbons
- (ii) £84 per ton for Handstripped ribbons
- (iii) £140 per ton for retted fibre.

7. The prices suggested show the moderation of kenaf farmers and their earnest intention to co-operate with the Government and the Company; they are fully aware of the actual cost of kenaf ribbons produced by the Company itself during the past three years :-

- 1967 about £460 per ton;
- 1968 about £270 per ton;
- 1969 about £430 per ton.

8. Any intelligent and experienced businessman will unhesitatingly come to the irresistible conclusion that NIFINCO's cost of production is definitely suicidal. The question then arises; what should be done :

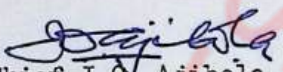
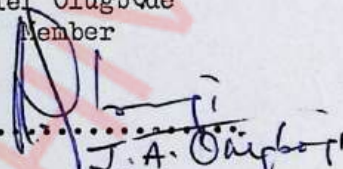
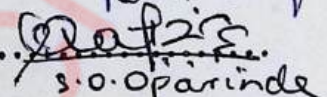
- (a) to prevent futuro losses;
- (b) to retrieve past losses ? The answer is simple;

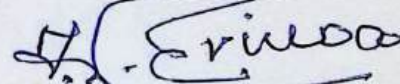
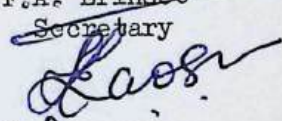
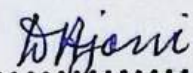
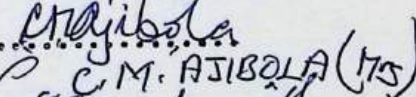
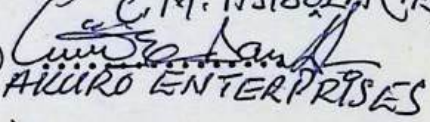
Transfer the undertaking to a body of responsible people and grant them special powers to manage the industry purely as a commercial concern, Government media of information and publicity being placed at their disposal as in the case of cotton project.

9. As stumping or soil preparation should start by the end of January Your Excellency's early attention and decision is earnestly solicited to enable us decide whether or not we should get ourselves prepared to plant kenaf in 1971.

We are,

Your Excellency's Obedient Servants,

- (i)  Chief J.O. Ajibola  
President
- (iii) Chief Olugbode  
Member
- (v)  J.A. Ogburn
- (vii)  S.O. Oparinde
- (ix) Mrs. M.L. Adeniran
- (xi) .....

- (ii)  F.A. Erinsoe  
Secretary
- (iv)  Mr. D. Laosun  
Member
- (vi)  D. AJANI
- (viii)  C.M. AJIBOLA (MS)
- (x)  AKURO ENTERPRISES
- (xii) .....

- Copies to:
- (i) The Hon. Commissioner,  
Min. of Trade & Industry, Ib.
  - (iii) Permanent Secretary,  
Min. of Agric. & Natural  
Resources, Ibadan

- (ii) The Chairman,  
NIFINCO,  
c/o Min. of Trade & Ind. Ib.
- (iv) The Chairman,  
W. N. M. B., Cocoa House,  
Ibadan.

- (v) The Secretary,  
Kenaf Farmers' Association,  
P.O. Box 1993,  
Ibadan.

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CR

Resubmit to me in file at once pl.

Bob  
U.S.  
17/1/71

US

Submitted from p 256

as directed please.

1 journal  
CR  
20/1/71

A-5 (S.C)

Let me have your comments on pp 256-8  
please.

Bob  
U.S.  
21/1/71

Y.E.  
via P.S. (P. & A.), 26/11

Pp. 256-8 contain representations made by the Kenaf Farmers' Association. (These are farmers being encouraged by Govt., through various subsidies - seedlings, fertilizers, insecticides etc., to grow kenaf for the use of NIFINCO, a subsidiary of the M.T. & I).

2. In the representation, the Association claims that their members are suffering great financial losses and as such are unable to either show the demonstration effects of Govt. subsidies or pay cultivation charges to Govt. - pls. see XX on table at p.256. This has made many renowned farmers to give up the cultivation of kenaf.

3. The chief cause of these financial losses, according to the Union, could be attributed to the low yield per acre and many reasons are given for this as at p.257. These reasons may be linked particularly with NIFINCO and also with our MANR. The Union then goes on to suggest that by reducing the production cost of kenaf ribbons by NIFINCO and possibly raising the price of kenaf payable to farmers, previous losses could be retrieved while future losses could be prevented. The Union then emphasizes the need for management of the Industry to change hands.

4. Although there is a lot of confusion and muddle in the arguments put forth by the Union, yet certain issues are clearly spelt out:

- (i) revenue accruable to kenaf farmers does not justify the level of expenditure;

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- (ii) losses have led to many farmers giving up the cultivation of kenaf whereas Govt. has been trying to encourage the cultivation of the plant;
- (iii) a lot of the kenaf farmers' hardship could be attributed to the pricing policy of NIFINCO (this is vital and it pervades subsidiary companies associated with either W.N.D.C. or M.T. & I.);
- (iv) our M.A.N.R needs to step up their activities in order to encourage the farmers.

5. Above is for Y.E.'s information only at this stage, as further submission will be made on the subject after receiving from P.S.M.A.N.R. and P.S.M.T.I. their comments on the petition.

*S.O.B.*  
 (S. O. Babalola)  
 U.S.  
 25/1/71

Let me have comments from  
 PS MANR and PS M.T. I please

*STAS*  
 27/1

W.S. action accordingly.

*2-11*

262

CONFIDENTIAL

SP/C.124/5/Vol.II/262

27 January, 1971

The Permanent Secretary,  
Ministry of Trade and Industry,  
Ibadan.

(For the attention of Mr. D. O. Agbeja)

The Permanent Secretary,  
Ministry of Agriculture and Natural  
Resources,  
Ibadan.

(For the attention of Mr. M. S. Adigun)

Kenaf Farmers' Petition

I am directed by His Excellency the Military Governor to request you to comment early on the Kenaf Farmers' Association's petition dated 30th December, 1970, addressed to His Excellency and copied to you and/or your Commissioner.

*SOB*  
(S. O. Babalola)  
for Permanent Secretary  
(Political and Administration)



CONFIDENTIAL

CR

*Pl dispatch & b.u. on 12/2/71*

*SOB*  
*U.S*  
*27/1/71*

*263, 265*

MINISTRY  
OF AGRICULTURE



AND  
NATURAL RESOURCES

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications should be  
addressed to the Permanent Secretary  
quoting

Our Ref. No..... E.16/1/Vol.9/995

29th  
Date..... January, 1971.....

The Permanent Secretary,  
(Political and Administration),  
Office of the Military Governor,  
Ibadan.

(For the attention of Mr. S.O. Babalola)



Kenaf Farmers' Petition

With reference to your letter No.SP/C.124/5/Vol.II/262 of  
27th January, 1971, there is no record of your letter dated 30th  
December, 1970 having been received in this Ministry. I shall  
be grateful for a copy together with a copy of the petition  
from the Kenaf Farmers' Association.

(M.S. Adigun),  
for Permanent Secretary,  
Ministry of Agriculture & Nat. Resources.

please p-264

P. 262

ARCHIVE

CONFIDENTIAL

SP/C.124/5/Vol.II/264

9 February, 1971

The Permanent Secretary,  
Ministry of Agriculture and  
Natural Resources,  
Ibadan.

(For the attention of Mr. M. S. Adigun)

Kenaf Farmers' Petition

*p. 263*  
With reference to your letter No. E.16/1/Vol.9/995 of 29th January, 1971, I forward herewith one copy of the above-named petition dated 30th December, 1970, a copy of which was reported to have been forwarded to you last December.



*S.S.*  
(S. O. Babalola)  
for Permanent Secretary  
(Political and Administration)

*see p. 270*  
CONFIDENTIAL

CR

Pl. ignore my min at p. 262, but b.u. now on 24/2/71.

*S.S.*  
U.S. 10/2/71

MINISTRY OF TRADE



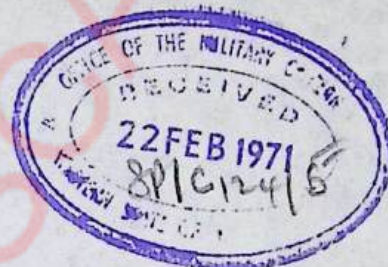
AND INDUSTRY

DEVELOPMENT DIVISION  
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No. INV.577/3/354

Date 20 February, 1971

The Permanent Secretary,  
(Political & Administration),  
Office of the Military Governor,  
Ibadan.



Kenaf and Farmers' Petition

I am directed to refer to your letter  
No. SPC.124/5/Vol.II/262 of 27th January, 1971 and to  
comment on the above mentioned petition as follows:

When in 1965, the Ministry of Agriculture and Natural Resources launched a propaganda for the cultivation of kenaf in the State various means including radio, television and publications were employed in educating the public on the new crop. In the process, people formed the mistaken impression that kenaf cultivation involved only simple farming operations lasting for a few months in the year and yielding very high profits. As a result a good number of people with very little or complete lack of agricultural or farming experience rushed at the opportunity in the belief that they could make quick fortunes from the new crop.

2. The Kenaf production field was, therefore, dominated by "absentee farmers" most of whom had their regular occupation and just took kenaf planting as supplementary. These people were unable to afford the meticulous and regular attention which kenaf farming required. It is, therefore, not surprising that such farmers lost money on kenaf production. Apart from the primary reasons of absenteeism, inexperience, and lack of adequate attention on the part of the category of kenaf farmers earlier mentioned other reasons contributed to the failure of the petitioners, these included:

- (i) the failure of kenaf crop in 1968 due to excessive rainfall;
- (ii) kenaf production in 1970 was jeopardised by inadequate rainfall during the planting period,
- (iii) most of the petitioners faced the problems of inadequate availability of labour to do timely harvesting;
- (iv) Some of the petitioners resorted to the employment of contractors to harvest for them but the contractors duped them and did little or no work;

- (v) due to inadequate attention some planters had their kenaf set on fire during the annual bush burning. This certainly contributed to the losses of such planters.

3. I would at this juncture like to expatiate on some specific allegations made in the petition;

- (i) Reasons for the withdrawal of Chiefs Akinrinade, Ayorinde and Mr. Sanda from Kenaf Cultivation.

Chief Akinrinade is a full time farmer resident on his farm. His principal farming enterprises were tobacco, vegetables and ranching. He tried his hand on kenaf production in 1966 with 100 acres but found it extremely difficult to get enough labour for his tobacco, vegetables and kenaf as all the crops were labour intensive and their harvesting times coincided. He therefore, abandoned kenaf planting in the interest of the other long established enterprises. Chief Ayorinde and Mr. Sanda planted kenaf in 1968 when, unfortunately, excessive rainfall ruined their crop. In addition, there was acute shortage of labour to harvest all their 100 acres of kenaf in good time. Much of the crop got dried and wasted.

(ii) Typical Farmer's Account: The accounts presented in the petition prove in a way how difficult it is for absentee farmers to produce kenaf at reasonable costs. It is stated that the farmer in question visited his farm about 40 miles from his residence, only 30 times in the year and spent £118 on transport. Had he been a true farmer, he would have been resident on his farm and transport expenses would have been avoided. He would have visited his farm more than 30 times a year and supervision would have been more thorough resulting in better yield. The payment of such a high amount as £709: 12: 5d for harvesting 21,000 kilos of kenaf must have resulted from inadequate supervision. I am informed that he should normally not have spent more than £400 on that item. The farmer has also charged an amount of £400 as salary for managing 62 acres of kenaf. A manager's salary of £400 for only 62 acres of planting is on the high side and is in any case an item which would not have entered a true farmer's costing.

(iii) Delay in weighing - The allegation of deliberate delay in weighing has also missed the point. In the past years, some farmers were in the habit of cheating NIFINCO by bringing wet and improperly dried kenaf to the weighing centre. It is understood that some even went to the extent of weighing their kenaf bales by the inclusion of stones, pebbles, and logs. In 1970, however, the company was more vigilant in the inspection of kenaf bales; wet and improperly dried bales were kept aside until such a time when they were properly dried before weighing. This was to forestall the tricks of certain farmers.

(iv) Shrinkage allowance - The question of shrinkage allowance raised by the farmers is completely out of place, because once kenaf is properly dried it never shrinks. Only improperly dried kenaf can shrink.

(v) Laxity among NIFINCO field workers: The allegation of laxity among NIFINCO field workers is untrue. The fact is that farmers always demanded more than their shares of machinery. Refusal to meet such excessive and unwarranted demands has been termed as laxity.

4. It might be necessary at this juncture to state that my Ministry and the Board of NIFINCO have spared no efforts in seeing that there is increase in the quantity and improvement in the quality of kenaf produced locally and that a lot of farmers benefit from kenaf cultivation. As you are no doubt aware, the company was conceived as an agro-industrial complex with the hope that the products of its plantation and those bought from local farmers would eventually feed the factory. However, it was discovered that the technical partners in the project had only been paying lip service to the idea of producing kenaf locally and were in fact more interested in making the Badagry factory a satellite of their other companies in Dahomey and Ivory Coast by dumping the surpluses from these two places on NIFINCO. The Board of the Company with the support of this Ministry and the Ministry of Agriculture and Natural Resources have, therefore, taken up the challenge and went ahead to overhaul the kenaf production machinery of the company.

5. Consequently, early in 1970 a highly qualified and experienced Agricultural Manager was appointed and he has already taken bold steps to improve the quality as well as increase the quantity of kenaf grown locally. Also, a number of capable kenaf production personnel have been appointed to assist in the organisation of small farmers' groups to produce kenaf cheaply. Through the extension services of the personnel of the Agricultural Division of the Company a large number of genuine farmers have now taken up the cultivation of the crop and with favourable weather it is hoped that a large quantity of kenaf would be produced this year.

*Handwritten initials*

*Tajin Alakija*  
 (Mrs. T. Alakija)  
 for Permanent Secretary,  
 Ministry of Trade and Industry.

*US*  
 to see pp 265 ff. in reply  
 to p. 262. There is also the  
 b. u. on p. 264 please.

*(Signature)*  
 CR 24/2/71

ARCHIVED COPY

A-S (S.C)

Submit with comments thro' me the papers at pp 265-7. You shd also call for D.A.N.R's comments as requested at p. 264 & submit to me after receiving such comments.

AS  
17/2/71

note

Telephone Mr. Shukla of the MAWR who promised to get in touch with the office regarding the above and advise accordingly

AS  
AS(Sy)  
25/2/71

OK, KIV and bu on Monday 1/3/71

AS  
AS(Sy)  
25/2/71

AS SC

Above b.u. is submitted please.

(signature)  
CR 1/3/71

269

SP/C. 124/5/269

CONFIDENTIAL

9 March, 1971.

The Permanent Secretary,  
Ministry of Agriculture &  
Natural Resources,  
Ibadan.

Kenaf Farmers' Petition

I am directed to refer to my letter No. SP/C.124/5/  
Vol.II/264 of 9th February, 1971 and to request for a  
reply.



*[Signature]*  
for Permanent Secretary,  
(Political & Administration).

CONFIDENTIAL

CR, Pls despatch etc

*[Signature]*

AS (SC)

9/3/71

MINISTRY  
OF AGRICULTURE



AND  
NATURAL RESOURCES

IBADAN - WESTERN STATE OF NIGERIA

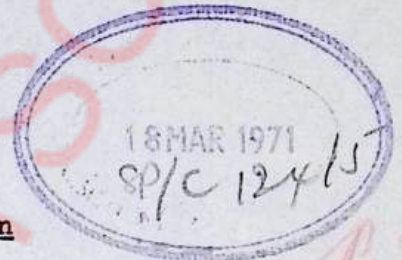
Your Ref. No.....  
All communications should be  
addressed to the Permanent Secretary  
quoting  
Our Ref. No. E.16/1/Vol.9/26

Date 16th March, 1971,.....

The Permanent Secretary,  
(Political & Administration),  
Office of the Military Governor,  
Ibadan.

(For the attention of Mr. S. O. Babalola)

Kenaf Farmers' Petition



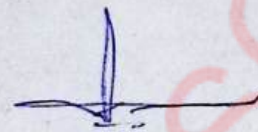
I am directed to refer to your letter No. SP/C.124/5/Vol. II/264 of 9th February, 1971 and the attachment and to say that after carefully examining the petition from the Kenaf Farmers' Association, I would advise that copies thereof be forwarded to the Permanent Secretary, Ministry of Trade and Industry, who has under her charge the Nigerian Fiber Industries Company, because most of the issues raised in the petition will more properly be dealt with by the Company and that Ministry.

2. My comments on issues relating to this Ministry which were raised in the petition are stated hereunder:

- (a) Seed-bed preparation: It is true that the greatest limitation to ultimate crop yield in Kenaf is the timing of planting because, for planting to be effectively carried out, land preparation for kenaf has to be done much earlier than has been possible in the past. The initial ploughing must be done at such a time that would allow proper decomposition of trash, while the second ploughing would probably be required to be followed by discing and sowing. In many areas, growing Kenaf and food crops in the Savannah parts of the State, we have set up Tractor Hiring Units where farmers can hire tractors owned by this Ministry for ploughing, ridging and discing their land prior to sowing. Unfortunately, the demand for tractors soars to a very high extent during the planting period because of the many early season crops involved, such as maize, rice, tobacco, and, of course, kenaf; a good number of kenaf farmers also apply late for tractors, so that by the time it comes to their turn, it will be late for planting, and their crops are adversely affected. With the recent Federal Government's special grant for Agriculture, this Ministry has been able, fortunately, to acquire more tractors and thereby relieve pressure in the field. It is therefore hoped that the complaint about land preparation for kenaf growing will be removed now that the situation with regard to availability of tractors has considerably improved.
- (b) Profitability of Kenaf: This depends on a number of factors among which are satisfactory land preparation (which has been mentioned above) and the personal attention of the farmer, himself, particularly during the planting operation. With regard to the latter factor, it will be observed that the bulk of the petitioners reside 30 or 40 miles away from their respective farms, thus showing that their kenaf plantations lack their own personal day-to-day supervision which is necessary. The situation whereby they delegate their own

supervisory duties to other people is not a satisfactory one and must have accounted for the generally poor performance which they are complaining about. Furthermore, a kenaf project which has to accommodate a fixed salary and mileage claims for the farmer is not likely to show a credit balance in view of the present level of management and the small size of the respective plantations.

3. The petitioners' complaints about the weighing and payment system and about the prices paid for kenaf are more appropriately dealt with by the Permanent Secretary, Ministry of Trade and Industry.



(M. S. Adigun)  
for Permanent Secretary,  
Ministry of Agriculture and Natural Resources.

*Handwritten initials*  
1/22/3

CONFIDENTIAL

AS SC

To see from p. 270 further  
to minutes on p. 268 please.

( *Handwritten signature* )  
CR

22/3/71

ARCHIVES OF FOIA

Pp. 265-7 contain comments we called for from the MT&I on the petition addressed to HEMG by Kenaf farmers - pp. 256-8. Pl. recall that the substance of the petition was the alleged hardship, loss of revenue and <sup>n</sup>ubearable level of expenditure being incurred by the kenaf farmers; a situation which the farmers linked with bad policy and management on the part of NIFINCO, a subsidiary of the MT&I.

2. The MT&I held that, first and foremost, the farmers had been lured by the propoganda lunched by the MANR into having a false impression about the possible booming trade expectations of kenaf cultivation. Besides this fundamental factor, the MT&I also attributed the position in which the kenaf farmers found themselves to the following factors:

- (i) Most of them are "absentee farmers" and could thus not devote necessary attention to the cultivation of the plant - this not only affected low yields, but also stepped up expenditure on transport and running costs.
- (ii) Excessive or inadequate rainfall which affected the plant;
- (iii) Inadequate cheap labour needed for kenaf cultivation coupled with the dishonest attitude of contractors employed by the farmers; and
- (iv) Bush-burning which destroyed the plant.

3. It was also asserted that full time farmers like Chief Akinrinade decided to aban<sup>n</sup>kenaf cultivation not because of bad pricing policy and management on the part of NIFINCO or MANR but because of reasons given as (ii) & (iii) above.

4. Over the question of delay in weighing, the MT&I held that this was a **con**scious attempt to detect fraud as many farmers sometimes included pebbles, logs and stones in the kenaf con-  
signment. The Ministry also held <sup>that</sup> the question of shrinkage raised by the farmers was out of place since kenaf does not

shrink once it is properly dry.

5. On the question of laxity among NIFINCO farmers, it was held that the farmers were merely demanding out-of-proportion attention and services, and failure to have these led to allegations of laxity.

*This is serious.*  
*gab*  
*4.5*  
*24/3/71*

6. Finally however, the MT&I draw<sup>s</sup> attention to the fact that the Technical Partners of NIFINCO had merely been paying lip service to locally produced kenaf, for they had in fact made the Badagry factory a satellite of the factories in Dahomey and Ivory Coast and kenaf surpluses from these were dumped at the Badagry factory. The Ministry with the Board of NIFINCO had risen up to the challenge by appointing an incompetent Agricultural Manager in an attempt to overhaul the kenaf production machinery of NIFINCO. Besides, capable personnel had been appointed to organise grouped farming which would make for cheaper production of the crop by genuine farmers.

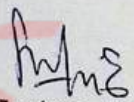
7. The comments of the MANR are on pp. 270-271. That Ministry pointed out that the chiefest aspects of the petition should be answered by the <sup>MT&I</sup> ~~MI&T~~. Fair enough, the comments of the MT&I had been quite exhaustive. The only issue which the MANR touched on was the complaint against timely and adequate supply of farming machinery to kenaf farmers. The MANR admitted this but held that the causes of this were the high demand for the machineries by other farmers and the fact that application for the use of the limited number of machinery from kenaf farmers always came rather late. But the Ministry further stated that the position would improve following the recent Federal Government's special grant for Agriculture which made the MANR to be in a position to purchase more tractors to relieve pressure in the field.

8. From above, the following issues could be easily perceived:

- (i) Many of the kenaf farmers could not stand up to the demands which the cultivation of the plant requires and this had led to frustration;

- (ii) Unfavourable weather conditions had contributed to the hardship of the kenaf farmers ;
- (iii) NIFINCO had consciously and deliberately frustrated the efforts of the kenaf farmers through its policies;
- (iv) Government functionaries connected with the enterprise had been able to discern the problems of the enterprise, even though this had not come early enough to possibly lessen or forestall the hardship of kenaf farmers and the consequent loss of revenue to Government through the inability of the farmers to pay up loans due to Government. The steps currently being taken by the Board of NIFINCO, MANR and MT&I should be endorsed as pertinent and should therefore be vigorously pursued not only as affecting the generality of kenaf farmers but <sup>also the</sup> NIFINCO policies.

9. The petition of kenaf farmers has got a lot of substance although the farmers themselves, by not devoting the needed time to the cultivation of the plant, and by having the wrong impressions of profit galore from the enterprise, and this in no time, had contributed to their present plight. Considering the above, together with the recent efforts being made by the Board of NIFINCO, the MANR and the MT&I to improve the situations, it could be suggested that a meeting of the farmers' representatives, Government functionaries connected with kenaf industry and this office could be arranged where the above issues could be exhaustively discussed. This will help to re-generate the dying enthusiasm of the farmers over kenaf cultivation.

  
 (S. Olaiya Oni)  
 A.S.(S.C.),  
 23/3/71

P.S (PRA)

I commend the above mins by A.S(S.C) to your consideration and approval. I further suggest that the meeting recommended in para 9 of the

275

mins be chaired by you. Subject to your convenience the meeting will be preferably after 5/4/71, when file returns.

POB  
U.S.  
24/3/71

US

Agreed to a meeting as proposed by with you as chairman. Inasmuch I think you should report back to me in view of his minute p. 261.

P. 261.  
O. THOMAS

Y.E.  
via P.S. (P. & A.),

last saw this file at p.261. In para.5 of my minute at p.261 I promised to make further submissions when the comments of P.S. M.A.N.R. and P.S. M.T.I. are received. We have now received these <sup>m</sup>coments, which have been summarized in the minutes at pp.272-4. It is now being proposed that a meeting headed by the U.S. of this Office be held with the representatives of NIFINCO, M.A.N.R., M.T.I. and the farmers in order to resolve some of the difficulties listed at pp.272-4.

2. For your information only.

POB  
(S. O. BABALOLA)  
U.S.  
26/3/71

~~Notes~~  
29/3

29/3

A-S (S.C)

As proposed in para 9 of your min at P-274, please invite representatives of M.A.N.R., M.T.I, NIFINCO, and kenaf farmers to a meeting in my room, <sup>at 10a.m.</sup> on Wednesday, 14/4/71, on the kenaf farmers' problems. You shd refer to each Ministry's last letter addressed to us on the matter and emphasize that the meeting will be chaired by the D.P.S of this Office.

2. You should let me have this file back by Monday, 12<sup>th</sup> inst.

U.S.  
1/4/71

ARCHIVES

CONFIDENTIAL

SP/C. 124/5 Vol.V/277

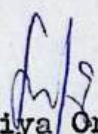
2 April, 1971

The Permanent Secretary,  
Ministry of Trade & Industry,  
Ibadan.

Kenaf Farmers' Petition

P. 265  
I am directed to refer to your letter No. INV. 577/3/354 of 20th February, 1971, and to invite representatives of your Ministry and those of the Board of NIFINGO to a meeting scheduled to take place in the office of the Deputy Permanent Secretary, Office of the Military Governor on Wednesday, 14th April, 1971 at 10.00 a.m.

2. The discussion at the meeting will centre around problems facing the Kenaf farmers as high-lighted in your letter under reference.

  
(S. Olaiya Oni)  
for Permanent Secretary,  
(Political and Administration).

CONFIDENTIAL

278

SP/C.124/5 Vol.V/278

2 April, 1971

The Permanent Secretary,  
Ministry of Agriculture and  
Natural Resources,  
Ibadan.

Kenaf Farmers' Petition

P.270  
I am directed to refer to your letter No.EM6/1/Vol.9/26 of 16th March, 1971 and to invite representatives of your Ministry to a meeting scheduled to take place in the office of Deputy Permanent Secretary, Office of the Military Governor on Wednesday, 14th April, 1971 at 10.00 a.m.

2. The discussion at the meeting will centre around problems facing the Kenaf farmers.



(S. Olaiya Oni)  
for Permanent Secretary,  
(Political and Administration).

CONFIDENTIAL

SP/C.124/5 Vol.5/279

April, 1971

The Secretary,  
Kenaf Farmers Association,  
P. O. Box 1993,  
Ibadan.

Dear Sir,

Kenaf Industry

I am directed to invite your attention to a petition dated 30th December, 1970, and addressed to His Excellency the Military Governor by the Kenaf Farmers Association, and to inform you that a meeting is being arranged to take place in the office of the Deputy Permanent Secretary, Office of the Military Governor on Wednesday, 14th April, 1971, at 10.00 a.m. to discuss the issues raised in the petition. In effect, I am to request the representatives of the Kenaf Farmers Association to please attend the meeting.

I am, Sir,

Your obedient servant,



(S. Olaiya Oni),  
for Permanent Secretary,  
(Political and Administration).

CONFIDENTIAL

CR, pls despatch & file on 9/4/71 ✓  
h/jc  
BS (sc) 2/4/71

TELEGRAMS: PERMIND

TELEPHONE NO.: IBADAN 21011/471  
DIRECT LINE: 24111



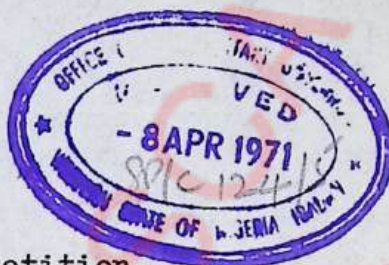
MINISTRY OF TRADE AND INDUSTRY

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No... SP/C. 124/5 Vol.V/277  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No... INV. 577/3 Vol.III/386

Date... 8th April, 1971.

The Permanent Secretary,  
(Political and Administration),  
Office of the Military Governor,  
Agodi,  
Ibadan.



Kenaf Farmers' Petition

I am directed to refer to your letter of 2nd April, 1971, and to say that it is not understood what purpose is meant to serve by holding a meeting of the representatives of this Ministry and the Board of Directors of the Nigeria Fibre Industries Company Limited in the office of your Deputy Permanent Secretary to discuss the problems facing the kenaf farmers. This is because NIFINCO is a Company under this Ministry which is a Department of Government charged with full authority to dispose of matters within its portfolio and not operate as a Division of another Department of Government.

2. The petition from the farmers to His Excellency the Military Governor is just like any one from members of the Western State public to the Head of their State. The usual procedure is that after receiving the comments of this Ministry on the petition, whatever decision is arrived at by His Excellency the Military Governor is referred back to this Ministry for action.

3. For your information, however, the representative of the writers of the petition commented on in my letter No. INV.577/354 of 20th February, 1971 has held discussions with the officials of this Ministry on the subject of their petition. He has also met and discussed with the Commissioner for Trade and Industry who has explained what action was being taken to improve the planting of kenaf and advised him and other kenaf farmers to go and co-operate with the Agricultural Manager of NIFINCO and the staff of the Ministry of Agriculture and Natural Resources to ensure a good crop this year.

*[Signature]*  
for Permanent Secretary,  
Ministry of Trade and Industry.

13/4

265

P. 277

# CHIEF J. O. AJIBOLA

BARRISTER — AT — LAW  
SOLICITOR & ADVOCATE

AJIMATI LODGE  
SW6/537B  
AGBOKOJO, IBADAN  
NIGERIA

DATE 30th December 1970.

The General Manager,  
Nifinco,  
Cocoa House,  
Ibadan.

Dear Sir,

## Kenaf growing by private farmers.

This is to let you know how deeply sorry we are that my wife and I embarked upon the cultivation of Kenaf again this year. The following reasons are as follows:

1. The cost of labour in getting the plot ready for planting is considerably high and gets higher from year to year.
2. We sometimes find that the planting by the Agricultural department is badly done, but that did not happen to us this year.
3. After the planting, we did necessary weeding so as to get good harvest. All this costs a lot of money.
4. This year the weather was not favourable, and the growth was bad.
5. When it was time for harvesting, necessary machines were not available in time. We first got a decorticating machine, but as the growth was bad, it was the refining machine that could cope with these thing trees and we could not get one until late in November when most of the trees had dried up.
6. When it was time to harvest, we found it difficult to get any contractor who would produce a ton of fibre for less than £20.
7. The cost of preparing the plot, of ploughing, harrowing, planting, fertilising and weeding together with the cost of harvesting is already over £30 per ton, and when the growth is bad due to bad weather, the result is enormous loss for the farmer.
8. Your firm is apathetic to all these difficulties which a farmer experiences by paying a farmer only £30 per ton. The farmers bear all the difficulties and all the losses, your firm's concern is only what you can gain by the project.
9. Furthermore, your firm gives extra hardship to the farmers:
  - (1) by not weighing the fibre in time when it is delivered at Eruwa. Some had to wait for a long time until it has lost a lot of weight.
  - (2) When it is not weighed in time, how can the farmers get money to the workers?

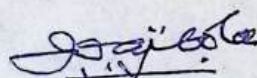
(3) Sometimes the Nifinco operator to repair the machine is not available. For instance, we have not had one for the past two weeks.

10. Farmers find it easier to get labour for harvesting crops like maize, cotton or tobacco than to get for harvesting Kenaf because of its itching effect, and yet what does a farmer get for all these worries £30? a ton.

11. I started this letter by saying we are deeply sorry for embarking on planting kenaf this year because although we planted almost 50 acres of kenaf, owing to all these difficulties we <sup>have</sup> not yet got up to 5 tons harvested and weighed. The last two loads we sent to Eruwa, for instance, I understand, will not be weighed until sometimes next January. What a big loss! It were better, we had not made any attempt to grow kenaf.

12. I have learnt from some other farmers that these difficulties enumerated above are not peculiar to us alone. If therefore you want farmers in this locality to grow kenaf, you have to reconsider your dealings and the price given to the farmers.

Yours faithfully,



J. O. AJIBOLA.

Copy to:

1. Senior Agric. Officer,  
M.A. N.R.  
Oyo.
2. The Agric. Credit Corporation Officer,  
Atiba Hall,  
Oyo.

U.S.,

Your attention is respectfully invited to the fact that a meeting to consider the Kenaf farmers' petition is scheduled to take place in your office tomorrow, 14th inst. In this connection, please refer to p. 280 where the P.S.M.T&I is questioning the rationale behind this meeting, considering the fact that petitions to HEMG are usually dealt with in a particular way as indicated in para. 2 of the letter on p. 280 .

2. The PSM.T.&I. held further that the case had been dealt with departmentally and the Kenaf farmers had been advised on what to do.

3. While one may agree that petitions from an outside body are dealt with in a certain way, I respectfully wish to observe that the information now being conveyed by PSMT&I as at para. 3 of her letter on p. 280 ought to have come along with her comments sent earlier on - pl. see pp. 265-7, and when the petitioners could have been duly advised along the same lines straightaway. But since this had not been known to this office, the meeting scheduled for 14/4/71 may still hold and the discussion could take off from where the farmers' representatives ended with the M.T.&I as indicated above pl.

(S. Olaiya Oni),  
A.S.(S.C.)

13/4/71

A.S (S.C)

We spoke. Let me have before 10 a.m tomorrow draft minutes of the meeting held on this matter this morning.

SOB  
U-S  
14/4/71

284

U.S.,

Reference your minute at bottom of opposite page, pls find draft of the minutes of meeting held in your office on 14/4/71 abc.

mfz  
AS (C)  
15/4/71.

A-5(S-C)

Please retype the minutes as draft and submit to me before 10 a.m tomorrow for further consideration.

Sob  
U.S  
15/4/71

U.S,

Please find the draft minutes duly retyped abc.

mfz  
AS (C)  
16/4/71.

P.S (P+H)

As directed by you at p. 275, I arranged a meeting with the kenaf farmers last Wednesday the minutes of which you may wish to see at b.c. before it is faired.

Sob  
U.S  
16/4/71

Draft seen. T.S.

U-16/4

285  
A.S. (S.C)

Fair minutes at b.c. and send a copy each to P.S.M.A.N.R., P.S.M.T.I. NIFINCO, and the three representatives of kenaf farmers who attended the meeting.

2. In your covering letter, you should draw attention specifically to the urgent need to inform farmers of the prices of kenaf for the current year, as indicated in paras of 2, 3, 5 & 6 of the minutes. The minutes must be ~~posted~~ despatched today unfailingly.

U.S.  
16/4/71

SP/C.124/5/Vol.II/286.

16 April, 1971

The Permanent Secretary,  
Ministry of Trade & Industry,  
Ibadan.

The Permanent Secretary,  
Ministry of Agriculture and  
Natural Resources,  
Ibadan.

The Chairman,  
Nigeria Fibre Industries Co. Ltd.,  
c/o Ministry of Trade & Industry,  
Ibadan.

Kenaf Farmers' Petition

I am directed to forward to you a copy of the minutes of meeting held in the office of the Deputy Permanent Secretary, Office of the Military Government on Wednesday, 14th April, 1971 at 10.00 a.m. to discuss the issues raised in the petition addressed by the Kenaf Farmers' Association to His Excellency the Military Governor.

2. I am to draw your attention specifically to the urgent need to inform the Kenaf Farmers of the prices of kenaf for the current year as indicated in paragraphs 2, 3 and 5 of the minutes.



(J. Olaiya Oni),  
for Permanent Secretary,  
(Political and Administration).

Ref. No. SP/C.124/5/Vol.II/286

Office of the Military Governor,  
Ibadan. 16 April, 1971.

The Secretary,  
Kenaf Farmers' Association,  
P. O. Box 1993,  
Ibadan.

Above for your information and guidance.

2. Please find attached three copies of the minutes of the meeting for each of the members who attended the meeting.

ER, Pls dispatch duplicate file.

MZ  
08 (SC) 6/4/71

(J. Olaiya Oni),  
for Permanent Secretary,  
(Political and Administration).

'CONFIDENTIAL'

No. 2961/s.1/Vol.II/190.

29th April, 1971.

The Permanent Secretary,  
Ministry of Trade and Industry,  
Secretariat,  
Ibadan.

MINUTES OF 23RD (EMERGENCY BOARD MEETING OF  
N I F I N C O):

We have not received a copy of the above minutes, but have had copy of a letter No. EG/MA of 15th April, 1971 from Adriano Gardella and Company making corrections thereto. That letter was addressed to you.

2. In the penultimate paragraph of page 1 of the letter, there is a statement claimed to have been made by the Adriano Gardella group members on the Board to the effect that

"the majority shareholder (the government) who through an Agency of his, the W.N. Marketing Board, had secured a monopoly for the purchasing of bags imposing uneconomic prices to the benefit of the said Agency and to the detriment of the minority shareholders."

The statement is completely and absolutely untrue and the Board has refuted it whenever anybody has in ignorance made the assertion. The position is that to assist NIFINCO over its rather long lasting establishment difficulties, the Board has been paying substantially more for jute bags than it need have done by purchasing bags from the company rather than importing. You will recall a memorandum submitted when the present price was being negotiated with you in which this matter was dealt with at some length. I attach hereto a copy for ease of reference. The fact is that whereas at the moment, we are paying 4/- par bag to NIFINCO, we could be importing at 2/9d to 3/6 par bag which on our annual usage of 6,000,000 bags means that the Board is incurring additional bagging costs to the tune of over £300,000.

PP 288-300

3. This point should be borne in mind in the event that the matter does go to international arbitration.

AR

(A.A. LADEINDE),  
GENERAL MANAGER,  
WESTERN NIGERIA MARKETING BOARD.

cc.  
The Secretary to the Military Government and Head of Service,  
Office of the Military Governor,  
Ibadan.



Proposed Increase in Selling Price of  
Jute Bags from Nigeria Fibre Industries  
Company Limited

APPENDIX

780

The attached Memorandum on "Proposed increase in Selling Price of Jute Bags from Nigeria Fibre Industries Company Limited" was presented to the Board at its 90th Meeting on 28th May, 1970 following upon a request by the Ministry of Trade and Industry that the price of jute bags purchased by the Board from Nigeria Fibre Industries Company Limited be increased from 3/3d to 5/- per bag. The advice of the Board's Executive and the reasons for turning down the Ministry's request are detailed in the memorandum.

2. However, the Board deferred discussion of the issue and directed instead that negotiations be entered into with the Ministry of Trade and Industry and the Nigeria Fibre Industries Company Limited with a view to reaching a compromise on the issue. Attached as Annex II are minutes of the negotiation meetings. Those minutes contain in sufficient detail the arguments advanced by both sides at the negotiation at which agreement was reached to increase the price of bag purchases to 4/- per bag. The basis of the agreement reached as stated at paragraph 5 of the minutes of the meeting of 3rd July, 1970 were:

- (i) that it was completely unrealistic to expect NIFINCO even when it should be producing under the most favourable circumstances, to have an output of 10,000,000 bags per year.
- (ii) the General Manager of the Company informed the meeting that the factory was then working 2 shifts, the output of which may be taken as equivalent to that of 1½ full shifts because of the various difficulties, e.g. rapid staff turnover, which he mentioned. Therefore when in full production the factory might produce say 5,000,000 bags a year.
- (iii) a re-analysis of the cost statement to correct the various wrong assumptions revealed that cost per bag would be 3/10d. To this cost was added some allowance for fluctuation in variable costs and a small profit margin.
3. On the above basis, it was agreed that the Board be invoiced at a rate of 4/- per bag exclusive of excise duty at whatever rate should be levied by the Federal Government.
4. The Board is invited to ratify the above agreement.

PROPOSED INCREASE IN SELLING PRICE OF JUTE BAGS FROM  
NIGERIA FIBRE INDUSTRIES COMPANY LTD.

Application has been received from Nigeria Fibre Industries Company Limited to raise the price of its bags from the present level. Two letters have been received from the Company, the first letter written by the General Manager essayed to make a case for an increase in price from 3/3d to 4/5d, but in the second letter written by the Permanent Secretary, Ministry of Trade and Industry in her capacity as Chairman of the Company, the request is modified to an increase to 5/- per bag. The present price of 3/3d was agreed in 1967, and included a subsidy element to the Company because at that date the Board was importing bags at a lower rate per bag. The Board's Chairman in a letter dated 6th March, 1967, resisted the proposal of Nigeria Fibre Industries Company Limited to sell bags to the Board at a cost in excess of that at which bags were imported. In that letter, he said inter alia

"you will appreciate that this Board rightly expects that the product of your factory should be cheaper than its imported equivalent, other things being equal, in view of the fact that your cost would in any case not include, amongst other things, freight and insurance."

Nigeria Fibre Industries Company Limited replied stating that their cost of production per bag was at that date still relatively high because the rate of manufacture was still low, but that as the rate of manufacture went up, and fixed overheads became more thinly spread the cost per bag would be considerably reduced and

"it will be possible not only for our Company to make a reasonable profit, but also if desirable reduce the price of bags to your Board."

In the same letter they went on to say that after the Board accepted the price of 3/3d per bag fixed for that year, future prices would be negotiated with the Board annually with a view to determining by how much such price could be brought down.

2. In the present application, the following points are being made in support of a price increase. Leaving aside the rhetorics of the General Manager of Nigeria Fibre Industries Company Limited, he enumerates in his letter that

- (i) the cost of labour, raw materials, and other charges has risen significantly;
- (ii) the cost of raw materials and labour is cheaper in other producing countries than in Nigeria;
- (iii) there is uncertainty of supply of raw materials as it has to be imported;
- (iv) contingencies arise like 816 bales of imported fibre out of a total order of 4,760 bales catching fire at Apapa;
- (v) there is difficulty in obtaining skilled labour and a rapid loss of skilled personnel after training;
- (vi) there is also delay in obtaining spare parts for machinery - this he accepts should no longer be a problem with the end of the Civil War.

3. All the above is supported by a mass of statistics which is open to question and upon it an increase of rather more than 33% in current price levels is requested.

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- 2 -

4. In her letter, the Chairman of the Company takes her starting point from the statistics of price increases used in support of the General Manager's letter. These are:-

- (i) increase in price of imported fibre;
- (ii) custom handling charges;
- (iii) custom duty on imported spare parts;
- (iv) a rise in wages and salaries;
- (v) increases in cost of transportation and of fuel and lubricants;
- and (vi) rise in the cost of locally grown fibre.

5. Further to this, it is averred that 5/- per bag is being paid to a factory located in a neighbouring African country and that the Northern and Lagos State Marketing Boards pay that price for supplies obtained from Jos and that therefore, there is some element of subsidy being given to this Board by Nigeria Fibre Industries Company Limited!!

6. To begin with, we would like to know how much reliance can be placed upon statistics and forecasts emanating from NIFINCO. The Board has been fed with a mass of such statistics from the commencement of the factory and on each occasion that these figures are produced they tend to contradict and be at variance with all that went before. In detailed analysis of prospects made to the Board in November, 1967, it was indicated that if only NIFINCO had adequate funds with which to operate, production would soon touch such high levels that any question of the Company being in difficulties in the future would be completely ruled out. Those funds were duly made available by this Board and yet the present position has arisen.

Dealing one by one with the points made in both the letter of the General Manager, and the Chairman of NIFINCO.

- (i) it is indeed true that there has been a rise in wages and other charges, but that was not an unforeseen contingency and was allowed for in the profitability study made in 1967. On the other hand, it is certainly not the case that there has been a rise in the price of imported raw material. Fluctuations in world price are a normal feature of the market and it is only a reflection of the capacity of the management of NIFINCO that they have not entered the market at the lower levels. It also pin-points the weakness of the policy of obtaining their supplies through the agency of the technical partners in the enterprise when the whole market in raw jute is open directly to them.
- (ii) It is claimed that wage levels are lower in Pakistan than in Nigeria. One does not know upon what basis this claim is made, but be that as it may, it is obviously a contradiction of the statement by the Chairman of NIFINCO that low selling price of imported bags is consequent upon large subsidies provided by the Government of that country to its exporters. This is touched on again below.
- (iii) NIFINCO further claim uncertainty of supply of raw material, but right from 1966, the whole basis of making NIFINCO viable and profitable has been that the factory should depend upon locally grown kenaf. All the feasibility studies of the factory were based upon this concept, but for various reasons, it would appear that no sustained effort has been made in this direction and there is a suspicion that the Technical Partners through whom supplies of kenaf from abroad have been arranged have not been too eager to see the scheme for growing kenaf locally succeed.
- (iv) The fact of the fire at Apapa has been made much of by NIFINCO. The facts of the case are that the consequent loss was largely

traceable to errors of omission on the part of the management. Firstly, there was undue delay in clearing the stocks of fibre from the Port, secondly there was not adequate insurance cover. In any case, the percentage of lost bales to total order was such that replacement could have been done quite speedily and should not have led to any slow down of production at the factory.

7. Now going to the letter from the Chairman of the Company, she mentioned

- (i) a rise of 3d per bag in the price of imported fibre. As has been stated above, this claim is not acceptable.
- (ii) Also mentioned are custom handling charges and custom duties on spare parts. Both these items are claimed to lead to increase in price in the aggregate of just about 1d per bag.
- (iii) A rise is also claimed of wages, motor running expenses, fuel and lubricants which altogether come to less than a penny per bag.
- (iv) A further claim is that the cost of locally grown fibre has gone up to the extent of 6d per bag. This claim entails a bit of double counting for firstly, we are informed that there is a rise of 3d per bag in the cost of imported fibre, then also of 6d per bag in the cost of locally-grown fibre. This is on the assumption that either is being used 100% in the manufacture. To the extent that that is not the position, the total increase in cost is not the aggregate of 6d and 3d. It can only be fractionally higher than 3d since most of NIFINCO output is from imported fibre.

8. But even allowing in total all the claims that have been made, we would point out

- (i) It completely ignores the forecasts of an increase in production made in 1968 and which the Board financed to the tune of £700,000; all the costs are based upon an output of 5 million bags per annum. No more is heard of their manufacturing capacity of twice that rate per annum.
- (ii) It also glosses over the fact that local production of kenaf should have been stimulated to replace imported fibre.

9. In her letter, the Chairman of the Company states that:-

"Bags purchased from overseas sources are paid for in scarce foreign currency and therefore costs the country a lot."

That statement is based upon an incomplete analysis of the position. For the foreign exchange expenditure content in the manufacturing costs of NIFINCO is about equal to the total cost of the imported bag to the Board.

10. Further, it is claimed that foreign companies are able to dump their output in the developing countries like Nigeria because of subsidies from their own Governments. This is true to the extent that various duty rebates are given to the foreign companies by their Governments. That is the extent of assistance that the home Governments give them. It must not be forgotten that countries like

13. The letter from the Chairman of NIFINCO ended upon the following note

"during the discussion referred to in paragraph 3 above, His Excellency, the Military Governor expressed the strong view that all government-sponsored projects should be actively encouraged to be viable. To this end, His Excellency has directed that a representation should be made to your Board to pay, with immediate effect, economic price for the bags produced for it by NIFINCO; and as analysed above, 5/- is the correct economic price that can be quoted. Your co-operation in this matter will be greatly appreciated."

Following upon this, NIFINCO communicated to the Board that it would with effect from 1st of April be invoicing bags delivered to the Board at 5/- each. This the Board's Executive have rejected and no further deliveries of bags from NIFINCO have been taken from 20th of May. The quoted directives of His Excellency has not been communicated to this Office, it is in any case conditional upon agreeing what is an economic price for the bags. Such agreement has not been reached and any unilateral increase in prices would be contrary to the undertaking given to the Board by NIFINCO in their letter No.NFIC/IB/AC.61/14 of 31st January, 1968 to the effect that

"(i) our company will not request your Board to pay higher price for bags made from imported raw material than has already been negotiated unless the two parties agree in future to a new price level."

The Board is invited to consider the above and to direct.

File C/W.2961/Vol.III.  
25th May, 1970.

ARCHIVES

MEETING OF OFFICIALS OF NIFINCO/MINISTRY OF TRADE  
AND INDUSTRY WITH WESTERN NIGERIA MARKETING BOARD  
TO CONSIDER THE PROPOSED INCREASE IN SELLING PRICE  
OF JUTE BAGS FROM NIFINCO HELD ON TUESDAY, 23RD JUNE, 1970

ANNEX II

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PRESENT:

REPRESENTING WESTERN NIGERIA MARKETING BOARD

Mr. A. A. Ladeinde	...	General Manager, W.N.M.B.
Mr. E. O. Elemide	...	Secretary, W.N.M.B.
Mr. J. A. Afuwepe	...	Marketing Manager, W. N. M. B.

REPRESENTING NIFINCO/MINISTRY OF TRADE AND INDUSTRY

Dr. A. Provenzano	...	General Manager, NIFINCO.
Mr. Morakinyo	...	Accountant, NIFINCO.
Mrs. T. Alakija	...	Chief Development Officer, Ministry of Trade & Industry.
Mr. Okuboyejo	...	Ministry of Trade & Industry.
Mr. J. B. Alakuro	...	- do -

IN-ATTENDANCE:

Mr. R. O. Opooshun	...	Stenographer, W. N. M. B.
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The General Manager, Western Nigeria Marketing Board, Mr. Ladeinde, opened the discussion and made it clear that the Board had been as helpful as can possibly be expected towards the NIFINCO since its inception. He thought it needless to catalogue the assistance rendered both to the Government for the formation of the Company and to the Company itself. Mr. Morakinyo could confirm that when £700,000 was given to NIFINCO to get it going, it was in fact worked out that £500,000 was to buy raw materials and £200,000 to meet running expenses which the Company never asked for. Earlier the Company had asked for a loan of £1 million which was turned down by the Board as the request had not been backed by any acceptable data. The General Manager said that an increase of 2/- a bag as now requested would mean an addition to bag costs to the Board of £600,000. The increase could not be regarded as reasonable as the Board could get bags for less amount than even the current price paid to NIFINCO. He mentioned that a memorandum prepared on the subject by the Board and which had earlier been circulated had set out what the Board thought about the increase. The memorandum is attached as an appendix to these minutes. He emphasised that Dr. Provenzano had been more rhetorical than accurate in his analysis of his company's position and his Chairman had taken her stand from this analysis. From paragraph 6 of the memorandum members would see what the views of the Board are on the various proposals being put forward.

Everybody connected with the venture claimed at the beginning that 10 million bags would be produced annually by NIFINCO but unfortunately this has never been. Instead production had been very low and the forecast of a reduced unit cost per bag as production increased has of course not been fulfilled. Also it had been hoped to reduce cost by using locally grown kenaf rather than imported fibre but the plantations have never got going. The General Manager did not see, if the company considered them sound, why the economic arguments advanced by it cannot be tested in open market. There must be more concrete and better suggestion for operational management. The General Manager did not agree to the comparison being drawn between Pakistan and Nigeria in this matter. He said factories in Pakistan are privately owned and that no government anywhere in the world ever assisted private industries by giving them money. The only help government could afford is to protect an industry by making its tax burden as light as possible e.g. by not levying export duties.

Discussion turned first on the question of kenaf, it was pointed out that right from 1966, the whole basis of making NIFINCO viable and profitable had been that the factory would rely on

locally grown kenaf. Mrs. Alakija promised that improvement in the growing of kenaf would be vigorously pursued. Mrs. Alakija still speaking for the Ministry of Trade and Industry, as well as NIFINCO said the officials of the Ministry, NIFINCO and Western Nigeria Marketing Board are fully aware of the problems facing the Company and that in any event there is no reason why the Board should continue to pay the same price paid in 1967 in 1970 as prices of goods have since gone up. The General Manager said commodity prices could not be compared with the prices of goods as conceived by Mrs. Alakija as they are two distinct things.

Mrs. Alakija went further to state that her Ministry is aware of the various assistance given by the Board in the running of the company. She promised going to Badagry with Dr. Provenzano in order to find ways and means of increasing the production of jute bags; but she was still of the opinion that even if full production is maintained the previous price should increase by 1970. She requested the Board to clear the bags uncollected at the factory at the old price and that this arrangement should in no way prejudice the new measures to be taken in regard to the new price.

The General Manager stated that most of the points made by Mrs. Alakija are already answered in the memorandum referred to earlier and everything could be studied there. Commodity market works in a different way. In 1958/59 for this purpose cocoa was selling for various prices up to £480 per ton. It went down to £84 per ton in 1964/65; for various reasons in 1969/70 it was about £480 at peak and dropped to about £200 later. That is the commodity market. Almost the same price was paid by the Board in respect of jute bags bought from abroad in 1963/64, 1965/66 and 1968/69. The General Manager thought NIFINCO is a dead horse but Mrs. Alakija felt this remark was unfair to the Company.

Mrs. Alakija stressed several times that her Ministry is working hard to improve on the productivity of the company and because the stages of such improvement are not yet conclusive she was therefore unable to announce the steps being taken at a meeting such as this.

The General Manager said the position would change if the Company could produce 10 million bags per annum based on local fibre; cost would reduce and both parties would benefit but this is the very basis that is being swept off by the Ministry's officials. He doubted in any case if even in the best conditions the machines at Badagry could ever make 10 million bags per annum. He on his part does not feel able to convince his Board to the increase in cost of £600,000 without any definite number of years in view within which the circumstances of NIFINCO should change for the better. The Ministry's officials were of the opinion that about 8 million bags would be produced in near future - but the General Manager was extremely sceptical that the machine could even cope with this figure. According to Mrs. Alakija and Dr. Provenzano, the main problem is the rapid labour turnover at Badagry. Non-availability of machine spare parts, loss of trained personnel or even of newly recruited men from Ibadan have also been responsible for the low production. The General Manager thought that Dr. Provenzano had agreed at one time that the machinery problem is only a passing phase which ought to improve and therefore not a permanent problem.

Dr. Provenzano still on their difficulties said sometimes about fourteen people could be missing on a loom. The General Manager cut in and asked if Badagry was then a write-off to which officials of the Ministry of Trade answered no. The General Manager advised that NIFINCO needs more drastic measures and an examination of whether a new location is desirable than Badagry. Mrs. Alakija repeated herself on the point of new price for 1970. After a prolonged argument on the new

new price, Mrs. Alakija said the price compared with the one in Jos but the General Manager told the meeting that the two factories do not work under the same conditions and as such the argument is not tenable. In any case the Jos venture was such a fraud that it should never be cited as example.

Finally it was agreed that NIFINCO should provide the following information for a resumed meeting:-

- (a) The maximum production capacity of the factory.
- (b) The ratio at which the Company would increase the use of locally produced kenaf. Any proposed increase in the use of locally grown kenaf must be supported with a statement as to the proposed increase in acreage.
- (c) The costs of production analysed as between fixed and variable costs.

Mrs. Alakija delegated Messrs. Okuboyejo and Morakinyo to note all the points for negotiation carefully and to prepare the papers on them before the next meeting which was fixed for Friday, 3rd July, 1970 at 11 a.m.

ARCHIVES OF O.S.O.

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MEETING OF OFFICIALS OF NIFINCO/MINISTRY OF TRADE  
AND INDUSTRY WITH WESTERN NIGERIA MARKETING BOARD  
TO CONSIDER THE PROPOSED INCREASE IN SELLING PRICE  
OF JUTE BAGS FROM NIFINCO HELD ON FRIDAY 3RD JULY,  
1970

PRESENT:

REPRESENTING WESTERN NIGERIA MARKETING BOARD

Mr. A. A. Iadeinde	...	General Manager, W. N. M. B.
Mr. E. O. Elemide	...	Secretary, W. N. M. B.
Mr. W. B. Ayeni	...	Assistant Marketing Manager, Western Nigeria Marketing Board.

REPRESENTING NIFINCO/MINISTRY OF TRADE AND INDUSTRY

Dr. A. Provenzano	...	General Manager, NIFINCO.
Mr. Morakinyo	...	Accountant, NIFINCO.
Mrs. T. Alakija	...	Chief Development Officer, Ministry of Trade & Industry
Mr. Okuboyejo	...	Ministry of Trade & Industry
Mr. J. B. Alakuro	...	- do -

IN-ATTENDANCE:

Mrs. M. O. Oduwole	...	Confidential Secretary, W.N.M.B.
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This was a resumption of the meeting held on 23rd June, 1970.

2. Messrs Nigeria Fibre Industries Company Limited presented a paper "Statement of Costs of Production for Different Levels of Production up to the Factory's Maximum Capacity". The Paper is attached as Annexure to these minutes.
3. The Board contended that the figures on the Paper were not based on any analytical approach but were deliberately cast to support a case for increase in the price paid for the product of the Company. It took many things for granted relying mainly on information said to have been obtained from the General Manager of the Company even on matters which could manifestly not be so. For instance from available knowledge it seemed obvious that the Company could not raise its production up to the height postulated in its paper and at the rate projected therein since its performances in reality over the last three years of its existence did not conform to these calculations.
4. The Ministry of Trade however held that the figures given should be taken as factual. Projection of production made in the paper, in the opinion of the Ministry, should also not be regarded completely unrealistic for additional measures had been taken on personnel and administrative sides to increase efficiency in the Factory and thereby raise production to a higher level.
5. After a through analysis of the various factors involved in production and related costs, it was the consensus of opinion that it would be rather far from reality to expect NIFINCO. to produce 10 million bags in a year. In all probability, the Company could achieve when in full production an annual output of 5 million bags. On its current rate of operation of 1½ shifts daily its production stood at under 3 million bags a year. In the light of this understanding, some alterations were proposed to the figures given by NIFINCO. on its projection so that the anticipated production of 5 million bags for 1972 was adopted for 1970 and the production cost per bag worked out as 3/10d. To this cost was added some allowance for fluctuation in variable costs and some margin for profit. The price agreed for each bag was then put at 4/-.

6. It was further made a condition to the agreement reached in determining the new price of 4/- per bag that the Company would endeavour speedily to reach this figure of 5 million bags annually so that it would not come back to the Board again requesting for an upward review of the price if it should fail to reduce unit cost as visualised by inadequate production.

/AKIN:

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NIGERIA FIBRE INDUSTRIES COMPANY LIMITED  
STATEMENT OF COSTS OF PRODUCTION FOR DIFFERENT LEVELS OF PRODUCTION  
UP TO THE FACTORY'S MAXIMUM CAPACITY

ANNEXURE

Years	E S T I M A T E S								A C T U A L		
	1970	1971	1972	1973	1974	1975	1976	1977	1967	1968	1969
Production Levels Considered	3,000,000	4,000,000	5,000,000	6,000,000	7,000,000	8,000,000	9,000,000	10,000,000	1,023,000	1,917,000	2,850,000
Quantity Of Raw Material Required	3333 tons	4444 tons	5555 tons	6666 tons	7777 tons	8888 tons	9999 tons	11,111 tons	1125 tons	2175 tons	
Imported Fibre In Tons	3003	3238	2825	2886	3367	3638	3699	4181	740	2041	2897
Local Fibre In Tons	330	1206	2730	3780	4410	5250	6300	6930	385	258	505
Cost Of Imported Fibre Per Ton	£105	£105	£105	£105	£105	£105	£105	£105	£102	£96. 10/-	£81 = =
Cist Per Ton Of Local Fibre	£266	£124.5/-	£98	£89	£87	£84.10/-	£79	£78	£350	£494.5/-	£315
<b>Variable Costs</b>											
Imported Fibre	315,315	339,990	296,625	303,030	353,535	381,990	388,395	439,005	75,677	196,568	210,006
Local Fibre	87,780	149,929	265,787	338,612	384,137	443,313	497,312	541,412	134,182	127,568	158,858
Fuel and Lubricants	38,100	50,800	63,500	76,200	88,900	101,600	114,300	127,000	18,960	36,314	37,200
Animal Fats	1,440	1,920	2,400	2,880	3,360	3,840	4,320	4,800	742	1,435	1,438
Cassava Starch	2,550	3,400	4,250	5,100	5,950	6,800	7,650	8,500	1,230	2,250	2,421
Arabic Gum	495	660	825	990	1,155	1,320	1,485	1,650	395	450	473
Dye Stuff	213	284	355	426	497	568	639	710	102	185	199
<b>Semi-Variable Costs</b>											
Factory Wages	90,000	90,000	90,000	100,000	110,000	120,000	130,000	140,000	67,800	85,505	88,500
Spare Parts	18,000	18,000	20,000	22,000	22,000	23,000	24,000	24,000	1,100	7,000	15,308
Factory Overheads	27,000	27,000	27,000	28,000	28,000	28,750	28,750	30,500	24,480	26,000	26,675
Administrative Overheads	49,000	49,000	49,000	49,500	49,500	50,000	50,000	51,000	37,550	48,200	49,000
<b>Fixed Costs</b>											
Factory Buildings	19,051	19,051	19,051	19,051	19,051	19,051	19,051	19,051	19,051	19,051	19,051
Plant and Machinery	109,481	109,481	109,481	109,481	109,481	109,481	109,481	109,481	109,481	109,481	109,481
Vehicles	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190	5,190
Furniture and Equipment	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
	766,615	867,705	956,964	1,063,460	1,183,756	1,297,902	1,383,573	1,505,299	408,940	668,197	726,800
Cost Per Bag	= 5. 1	= 4. 4	= 3. 9	= 3. 6	= 3. 4	= 3. 3	= 3. 1	= 3. =	= 9. 1	= 6. 11	= 5. 2
<u>EXCISE DUTY AND SURCHARGE NOT INCLUDED</u>											

(Sgd.) J. A. MORAKINYO,  
2nd July, 1970

~~PAS (A)~~ A.S. (S.C)

To see from p. 287 please

(Jensen  
CR

3/5/71

PAS (A),

The letter on p. 287 together with the annexes deal with the proposed increase in bags (jute) manufactured by MAFICO, a subsidiary of our mt. 2. This is submitted for information; but on return of file, I shall acknowledge receipt and request to know the outcome of the matter.

My 2

AS (SC)

5/5/71.

A.S. (S.C)

Noted pl Thanks

~~Handwritten signature~~  
PAS (A)  
7/5

SP/C.124/5/302

May, 1971

The General Manager,  
Western Nigeria Marketing Board,  
Ibadan.

Minutes of 23rd (Emergency Board Meeting  
of N I F I N C O)

I am directed to acknowledge with thanks receipt of your letter No. 2961/S.1/Vol.II/190 of 29th April, 1971, addressed to the Permanent Secretary, Ministry of Trade and Industry, a copy of which was sent to this office, and to request you to inform this office of the outcome of the matter when it is resolved.

P.287



*[Signature]*  
(S. Olaiya Oni)  
for Secretary to the Military  
Government and Head of Service

ck,

Please despatch to dispatch office

*[Signature]*  
AS(SC)  
1975

TELEGRAMS: PERMIND



MINISTRY OF TRADE AND INDUSTRY

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
 All communications to be addressed  
 to the Permanent Secretary quoting  
 Our Ref. No. INV.....577/878.

Date.....9th August, 1971.

The Secretary to the Military  
 Government and Head of Service,  
 Office of the Military Governor,  
 Ibadan.

The Role of the Daily Sketch as an Agency for  
 Publicising Government's Activities

You will recall that I had occasion, when in the Ministry of Lands and Housing, to complain very bitterly about the role being played by the Daily Sketch in the promotion of happy and cordial relations between the Government and the public and a general understanding not only of Government's policies and programmes but also of the many problems associated with the implementation of such programmes. At that time, the Daily Sketch, under the headline "Officials in £20,000 Deal" sought to establish that officials of the Lands Division of the Ministry of Lands and Housing were not only involved in corrupt deals with crop compensation claimants but were also siphoning public funds into their pockets. Investigation later revealed that it was the claimants themselves who engaged so-called Estate Agents to help in collecting their claims from the Ministry for a fee of 2/- in the £ and that the allegations against the officials were grossly unfounded. I took that opportunity to draw your attention to the dangerous consequences of such unfounded publications by a Government-sponsored newspaper against a Government Department. You kindly referred the matter to the Chairman and General Manager of the Sketch Publishing Company and I thought the lesson had been learnt.

2. Surprisingly, I now find that the authorities of the Daily Sketch, in their blind pursuit of sensationalism, are still bent on destroying the image of this Government through the publication of materials likely to bring the Government and its agencies into disrepute. On Sunday, 1st August, 1971, the Daily Sketch came out with an article under the banner headline "NIFINCO IN BIG CRISIS" alleging inter alia:

- (i) that the Company is in a state of anarchy and may soon go bankrupt;
- (ii) that the factory was out of production;
- (iii) that the Company's precarious financial position stemmed from mismanagement, awards of doubtful contracts, non-delivery of machinery worth £124,000 etc.
- (iv) that the Company had been substantially swindled by Mr. S. Nagaty who, according to the Sketch, was one of the partners in the business.

3. As you are aware, the factory had been closed down since 15th March, 1971, due principally to lack of fibre, its dominant raw material. We have since then been making every effort to re-open the factory and to re-commence production. Following my discussions with Mr. Gardella during my last visit to Genoa, he agreed to supply us with fibre at world prices (plus of course a

small margin to cover his commission and interest charges for deferred payment) provided we guarantee payment on presentation of documents. We had made approaches to several banks for the required guarantee and finally succeeded in convincing the Ibadan Manager of the United Bank for Africa to provide additional accommodation of £50,000 to cover the proposed guarantee. On this basis, we agreed to confirm the order to Mr. Gardella and to re-open the factory on 9th August, 1971, using the raw materials now available at the factory pending the delivery of the new consignment. We had also started a gradual reduction of our overheads and plugged all avenues for wasteful spending to ensure that we at least keep our heads above water pending a full re-organisation programme which I should be submitting to the Cabinet in due course as envisaged in our Four-Year Development Plan.

4. I do not intend to minimise the seriousness of some of the allegations contained in the Daily Sketch and I am taking steps to have them investigated with a view to identifying precisely the area of losses in the past and the responsible members of staff with a view to bringing them to book. Mr. Omonira, the newly appointed Financial Controller of the Company, has already in the last few weeks been doing a quick survey of the position and if his findings justify a full-scale internal inquiry by, I suggest, Government's professionally qualified Accountants into the finances of the Company, I will not hesitate to recommend accordingly.

5. Now to the Daily Sketch. I must say that the attempt to portray Mr. Nagaty as being in partnership with this company (and he is not) is mischievous in the extreme. To say that the company is in a state of anarchy is an over-statement characteristic of gutter journalism and to publish to the world that the Company is out of production before the Company itself so declares is a calculated attempt to destroy its credit-worthiness and encourage a run on the company by its admittedly many creditors.

6. It is indeed puzzling that we should continue to tolerate a situation whereby one arm of the Government tends to destroy what another arm of the same Government is trying to build. If the writers of the Daily Sketch will stop and think of the implications of their publication on the image of the Government and its agencies, they will certainly discover that they have not only failed very largely in their task of promoting cordial relationship between the Government and the governed but they have very often been the provider of information and materials, some of them baseless and inaccurate, which in the hands of an enemy, could be used against the Government itself.

7. The Nigerian Fibre Industries Company Limited is a commercial enterprise which like similar enterprises in the private sector must have its own secrets. It is common knowledge that a good many companies in this country are in similar financial circumstances as NIFINCO but they make every effort to keep their secrets secret until they succeed in getting out of trouble. The Daily Sketch is probably in a special position, as a quasi-Government establishment, to be in possession of some information about Government enterprises but it owes it as a duty to the same Government to check on its facts before publishing, and indeed not to publish if such publication is likely to be detrimental to the overall public interest.

8. I should like to report that following the Sunday publication, our negotiations with the United Bank for Africa for overdraft accommodation of £50,000 for supply of fibre has fallen through and our prospects of a regular flow of fibre to remain in production seriously jeopardised. The United Bank for Africa Authorities now say that the Daily Sketch is a Government

newspaper and whatever it publishes about the Government or any of its agencies should be accepted. Other creditors are already flooding into the offices of NIFINCO demanding immediate payment. The mere association of Mr. Nagaty's name with the business, as we have found at WESTEXINCO, is a definite disincentive to credit facilities and could in fact scare away all reputable business concerns from having any dealings with the Company.

9. I think it is high time the illiterate writers of the Daily Sketch are called to order. A clearly defined editorial policy should in my view be formulated for the newspaper and its role in the scheme of things re-emphasized for its future guidance.

*B. A. Oduntan*

(B. A. ODUNTAN),  
Permanent Secretary and  
Chairman N.I.F.I.N.C.O.

CONFIDENTIAL

PSOM6.

*pls. read above and arrange to be present at a meeting I have fixed with Mr. Oduntan to be held in my office tomorrow, 11.8.71 at 12 noon. I wd. want The Gen. Manager, Asst. G.M. and Editor of the Sketch to be present!*

*12/8/71  
10 a.m.*

*Al*

*[Signature]*  
1978

*P.A.*

*Al 12/8*

NIFINCO KENAF PLANTATION WORKERS' UNION OF NIGERIA

PS (P. A).

HEADQUARTERS SECRETARIAT:  
46, Lagos Bye-Pass,  
Oke-Bola,  
IBADAN, S.W.7

Our Ref: NIF/Vol.1/8-56

5th August, 1971.

His Excellency Col. O. Rotimi,  
Western State Military Governor,  
Military Governor's Office,  
Agodi, IBADAN.

SP/C 124/5

Your Excellency,

ENQUIRY INTO COMPANY'S ADMINISTRATION

My Union would wish to make reference to the publication in the Sunday Sketch issue of 1st August, 1971 on the deplorable management situation of our hitherto promising Nigeria Fibre Industries Company Limited (NIFINCO).

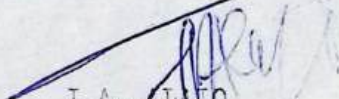
The revelation made in the publication is what has always constituted a great concern to us and which we have always striven to make clear to the quarters concerned. In our opinion, the near-bankrupt position of the Company must constitute as much concern to your government which holds 72% shares in the establishment as it does to our Union members who are tax payers and whose means of livelihood are at stake.

From all indications, all efforts are being made by some selfish and greedy elements to sabotage all efforts made by the government to put the Company on a good managerial and financial position.

On the face of the above, we wish to subscribe to the call of the Sunday Sketch for a full scale inquiry into the NIFINCO. In other words, we submit that an open full scale public inquiry be set up to look into the Nigeria Fibre Industries Company Limited and that needs be done now. My Union shall be prepared to give evidence before the inquiry to prove some irresponsible acts from some quarters.

Thanks for the co-operation.

Yours in the National Reconstruction,

  
J.A. ALAFO  
GENERAL SECRETARY.

PAS (K) Above; M. forward a copy to the Chairman — Perm. Sec, MTR I & ask for comments for MTR's consideration.

AL  
2/8

307

Cont: Sec

M. prepare a copy of p 306  
and an endorsement to Mr B. A.  
Ochintan, Chairman NIFINCO for  
his early comments

Asup  
26/8

ARCHIVES OF

308  
SCAC  
Our Ref. No. SP/C.124/5/308  
Office of the Military Governor,  
Ibadan.

1 September, 1971

1.306  
Copy to:

Mr. B. A. Oduntan,  
Chairman,  
NIFINCO,  
c/o Ministry of Trade & Industry,  
Ibadan.

Above for information and your early comments for His  
Excellency's consideration.

*M. A. Popoola*  
(M. A. Popoola)  
for Secretary to the Military  
Government and Head of Service.

CONFIDENTIAL

C. R.

Despatch e b. u. 22/9 ✓

*M. A. Popoola*  
119



# Nigeria Fibre Industries Workers Union

Branches:- Eruwa & Wasimi  
Regional Head Office - 40 Lagos Bye Pass Oke Bola, Ibadan  
Headquarters P. O. Box --- Badagry

309  
(46) SW7.

TEL. - 43678

Head Office

Our Ref .....

SM/K. 124/5

9, AJE STREET,  
YABA - LAGOS.

Your Ref .....

30th August, 1971.

PS (OMG)

The Governor,  
Western State,  
State House,  
IBADAN.

Your Excellency,

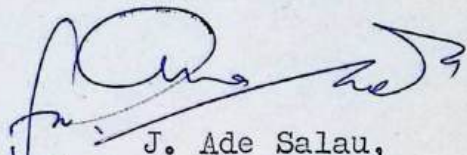
Request for a Meeting:

I am directed by the Central Executive Council of the above named union to request for a meeting with your Excellency on Wednesday the 15th September, 1971, at 10 a.m. in your office or at any convenient time your Excellency may approve.

Hoping you give your fatherly assistance to this our humble request.

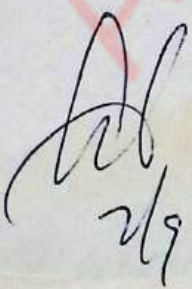
Thanking you.

Yours faithfully,

  
J. Ade Salau,  
General Secretary.

PAS to

Pl. reply, requesting that the Union should state in writing the purpose and object of the meeting; thereafter, they should wait for a reply from this office.



C. R.

2/9

A file & resubmit

310  
3 September, 1971.

SP/C.124/5/310.

The General Secretary,  
Nigeria Fibre Industries Workers Union,  
9, Aje Street,  
Yaba,  
Lagos.

Request for a Meeting

1209  
I am directed to refer to your letter dated  
30th August, 1971 and to request you to kindly state  
in writing the purpose and object of the meeting with  
His Excellency. It is after the subject matter is  
known that His Excellency will decide the suitable  
time to meet your Executive.



*M. A. Popoola*  
(M. A. Popoola)

for Secretary to the Military Government  
and Head of Service.

*R.*  
*Despatch e k. l. v.*

*Avell*  
*3/c*

*500 p. 315*

# HINDLEY & CO. LTD.

(A member of the Lewis & Peat Group)

PLANTATION HOUSE, MINCING LANE,  
LONDON, EC3M 3JA

Telephone:  
01-623 3111  
Codes:  
Private  
A.B.C. 6th Ed.  
Bentleys Complete  
Bentleys 2nd Phrase

In reply please refer to.....JMK/LB.....

Your reference.....

Inland Telegrams: Hindley London Telex  
Foreign Telegrams: Hindley London EC3  
Inland Telex: London 887975  
International Telex: 887975

4th August, 1971.

CONFIDENTIAL.

The Permanent Secretary,  
Ministry of Trade and Industry,  
Ibadan,  
Western Nigeria.

Dear Sir,

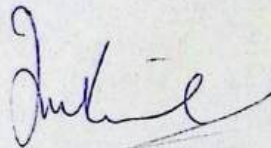
NIFINCO

We understand that there is a possibility that you may soon be considering finding technically experienced individual(s) with a view to reorganizing your jute fibre industry in order to make same more profitable.

Our Company, part of the Lewis & Peat Group (a brochure of the Group operations is enclosed) has specialised in jute trading for over 100 years and we would very much like the opportunity of discussing with you any plans or reorganization which you may have in mind as we feel sure that our years of experience in the trade may be of some help to you.

Perhaps you will be kind enough to let us have your views on this whole matter at your earliest convenience.

Yours faithfully,  
for HINDLEY & CO. LTD.



J.M. King.  
(Director)

PAS.(A)

c.c. Mr. P. Odumosu.

filed  
8/9

Above letter is submitted p1.

*A guide  
to the activities of*  
**LEWIS & PEAT LTD**

C. R.

I do not think P 311 is  
in the right file. If there is no  
file for it a new one should be  
opened pl.

✓  
PASA  
8/9/71

PAS. @

Thanks for above. The letter has been  
removed into Westexaco file to which it  
belongs. Attention is now invited to the letter  
at p. 311 pl.

Her  
9/9

C. R.

N. f. a as P 311 is  
merely an endorsement to B. It  
is a matter for M.T. et. where  
it has been properly addressed

✓  
PASA  
10/5

314

PAS(A)

B.u. on p 308 is submitted  
please.

(Judson  
CR

22/9/71

B. V. 6/10 ✓

ARCHIVES OF OYSCAC

# Nigeria Fibre Industries Workers Union

Branches:- Eruwa & Wasimi  
Regional Head Office — 40, Lagos Bye Pass Oke Bola, Ibadan  
Headquarters P. O. Box — Badagry

TEL. — 43678

Head Office

Our Ref .....

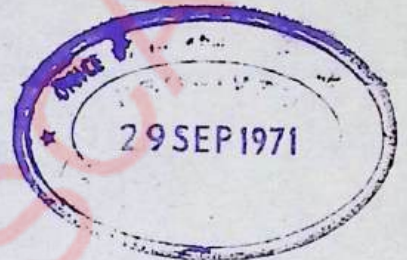
9, AJE STREET,  
YABA — LAGOS.

Your Ref .....

24th September, 1971..

His Excellency,  
Colonel Oluwole Rotimi,  
Military Governor,  
Western State,  
Ibadan - Nigeria.

*Pass to Chairman NIFINCO  
for this*



Your Excellency,

## MEMORANDUM

With due respect, I am directed to acknowledge receipt of your letter reference No.SP/G.124/5/310 of 3rd September, 1971 and to place before you, our observation on those features we considered are disturbing economic viability of the £2.6 million Fibre factory and how is adversely affecting the workers under the employment of the establishment.

We took this special interest, because we are fully conscious of the amount of public fund invested in the Company. The state of the company affairs today is the motive which prompted our observation and representation.

On March 15th, 1971 more than 1,000 workers were asked to go home on compulsory two weeks leave. No proper excuse was given for the action; in fact it is a subtle "LOCK-OUT". However, at the end of the two weeks, workers were not allowed to return to work. Eventually, the "Lock-Out" lasted five months without pay.

The factory re-opened on August 9th to our dismay with only 300 (three hundred) of its former 1,000 workers. This is actually a real state of anxiety which is causing us uneasiness about the future of the factory and our own employment.

The future of the factory, under the present management practice and some individuals having interest in jute bag importation, leave much to be said. Furthermore, the factory is always in constant shortage of raw materials i.e. (Kanaf). The sources of raw materials are from the plantation and from importation. Apart from the fact that raw Kanaf from the plantation is of low quality, the trouble with foreign exchange to pay for the imported ones has been minimised by the suggested arrangement of Messrs Andrano Gadella. But for obvious covert interest in imported jute bag by "big shots" in the Company and in the Marketing Board no move was made.

This rendered the factory far low some time of the production period invariably, it affects the working labour force, hence leading to the closure of the factory sometime ago. All this, is a result of calculated bad management.

...../2.

Economically, the Western State like any other states in the Federation depends largely on cash crops which makes jute bags indispensable containers. It follows, the forgoit of the state government to establish the factory is to meet the demand of jute bags. We as workers are therefore convinced in the viability of the project. Rightly too, the marketing Board can not deny the economic importance and viability of the factory. But, we are surprised at the attitude of the Marketing Board towards the factory. This gave us the notion, that there is certain interest which is at cross-end with the factory.

Apart from the fact, that workers should address themselves to their better condition of services still more than that, conscientious workers should take special interest when it comes to national industries owned by the State through the public money.

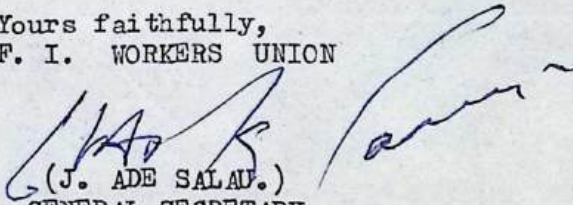
In order not to allow £2.6 million to go into drain, we are humbly appealing to your excellency to consider

1. The plight of WORKERS who have lost their jobs through mischievious practice of the management and the marketing board. Three hundred (300) were allowed to return to work and seven (700) hundred workers were sacrificed to the alter of mis-management. This is a serious situation which we are looking upon your Excellency for rectification. We have maintained patience and still to remain so, with firm belief in your Excellence's stand on the side of justice and fair play to all.
2. The practice of some top management members and their connection with Marketing Board members. We can offer a simple clue, which touches the strength of this group. If your Excellency ordered immediate stoppage of marketing board buying jute bags from other sources except from Badagry Factory, we are sure, the factory will work to its optimum and meet the demand. Hence, there will not be necessity for "Lock-Out" or retrenchment.
3. Presently, workers who had not returned to work as the result of March closure of the factory are suffering terrible hardship. The cause of the hardship is that they have not been paid since March.

In all, we have no other place to carry our grievances to, except to your honourable Excellency. We beg and appeal for redemption.

We look forward to your leaderly reply.

Yours faithfully,  
for: N. F. I. WORKERS UNION

  
(J. ADE SALAU.)  
GENERAL SECRETARY

Accordingly, the Western State like any other states in the  
 organization largely on open crops which makes this data  
 indispensable. It follows, the report of the state  
 Government to establish the factory is to meet the demand of  
 data. We are working the statistics compiled in  
 the project. Right, too, the statistical data of  
 economic importance and vitality of the factory. It is  
 analyzed at the estimate of the existing plant towards the  
 factory. It is the nature, that there is certain interest  
 which is of course with the factory.

A.S. (S.C.)

Take action on HEMG's

minute at p 315 pl.

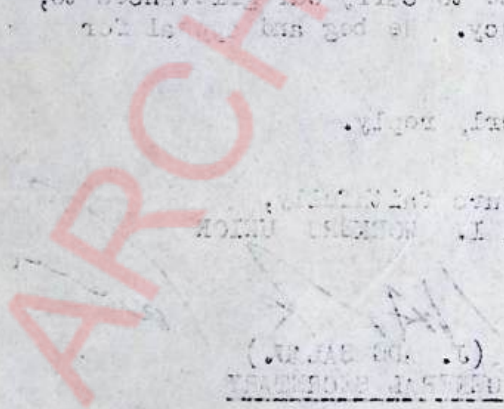
to their better condition of services will have to be  
 considered. Workers should take special interest when it comes  
 to national industrialization by the state through the public  
 money.  
 In order not to allow C.S. to be taken to go into details, we are  
 hereby appealing to your excellency to consider

*[Handwritten signature]*  
 29/11

1. The right of WORKERS who have lost their jobs in  
 miscellaneous branches of the management and the  
 board. (Since hundred (100) were allowed to  
 work and seven (700) hundred workers were entitled to  
 the office of management. This is a very  
 situation which we are looking upon your  
 for resolution. In view of the fact that  
 still to remain as, with the belief in your excellency's  
 stand on the side of justice and fair play to all.
  2. The question of some top management members and their  
 cooperation with the existing group members. The can either  
 a single one, when working the strength of this group.  
 If your excellency ordered immediate steps of  
 marketing board paying the wages from other sources  
 except from factory factory, to see that the factory  
 will work to the optimum and meet the demand. Hence,  
 there will not be necessary for "lock-out" or  
 retrenchment.
  3. Presently workers who had not returned to work as the  
 result of March closure of the factory are suffering  
 terrible hardship. The cause of the hardship is that  
 they have not been paid since March.
- In all, we have no other place to carry our grievances to,  
 except to your honorable excellency. We beg and  
 petition.
- We look forward to your friendly reply.

Yours faithfully,  
 K. M. S. I. WORKERS UNION

(S. M. S. I.)  
 SECRETARY



CONFIDENTIAL

319  
20 September, 1971

SP/C. 124/5 Vol.II/318

Mr. B. A. Oduntan,  
Chairman,  
NIFINCO,  
C/o Ministry of Trade & Industry,  
Ibadan.

Retrenchment of Workers at NIFINCO

I am directed to draw your attention to a memorandum (copy attached) addressed to His Excellency the Military Governor by the General Secretary to NIFINCO Workers' Union over the plight of some of its members who were recently 'laid off'. I should be grateful for your comments on the issues raised in the memorandum.



*hys*  
(S. Olaiya Oni),  
for Secretary to the Military  
Government and Head of Service.

CONFIDENTIAL

319

3 September, 1971

SP/C. 124/5 Vol.II/319

Mr. J. Ade Salau,  
General Secretary,  
Nigeria Fibres Industries Workers Union,  
9, Aje Street,  
Yaba, Lagos.

Memorandum

I am directed to acknowledge receipt of your memorandum dated 24th September, 1971, addressed to His Excellency the Military Governor and to inform you that the issues raised in the memorandum are being closely investigated.

*Wfs*  
(S. Olaiya Oni),  
for Secretary to the Military  
Government and Head of Service.

CR, Pls despatch abv p. 318 on 25/1/71. ✓

*Wfs*

AS (54)

3/9.

CONFIDENTIAL



320

PAS(A)

B u. on p. 314 is  
submitted please:

( journal  
CR

6/10/71

C. R.

N. f. a. in view of pp 315-19 p

Amel  
dco

ARCHIVES OF OSCAR

## MINISTRY OF TRADE AND INDUSTRY



## ADMINISTRATION AND GENERAL DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting

Our Ref. No. INV. 577/4 Vol. IV/402

Date 11<sup>th</sup> October, 1971.

The Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.

Retrenchment of Workers at NIFINCO

I refer to your letter No. SP/C.124/5/Vol.II/318 of 30th September, 1971, under cover of which you forwarded a copy of the Memorandum addressed to His Excellency by the Workers' Union of the Nigeria Fibre Industries Company Limited.

2. It is true that most of the factory operatives of the company were asked to proceed on compulsory leave in March this year because the factory, having exhausted its stock of raw materials and having no wherewithal to replenish it, was forced to close down. Only the most essential skeleton staff were kept. You are no doubt conversant with all the efforts made by this Ministry and Government-nominee Directors to secure jute or procure a loan for its purchase. It was after very strenuous efforts that the factory was able to re-open in August with a stock of kenaf fibre that could last about a month. It can thus be seen that the retrenchment of some workers between March and August this year was dictated by financial expediency.

3. The factory re-opened on 9th August, 1971 with the hope that the company would be able to secure a loan to pay for a consignment of fibre shipped by our Technical Partners to supplement the existing stock. However, the smear campaign carried out on the pages of the "Sunday Sketch" frustrated all attempts by the company to secure a loan from a commercial bank. You would remember that the only bank prepared to grant a loan to the company is now asking for Government guarantee in this respect. In order, therefore, to spread the existing stock of raw materials over a period of time and to avoid a situation where the factory will have to close down barely a month after re-opening, the management of the company decided that only about 300 workers should be engaged in rotation. This arrangement was meant to ensure that those of the factory operatives still staying in Badagry would be able to earn something for a living.

4. On the allegation that Messrs. Adriano Gardella had offered some proposals to minimise the difficulties encountered by the company as regards the importation of jute, I wish to comment that the Italian Company actually imposed more stringent conditions for their continued supply of fibre mainly because the company is heavily indebted to it on account of fibre supplied in the past. One of such conditions is the payment against the presentation of shipping documents when it is generally known that the company has no funds to meet such an obligation. I am not aware of any more favourable terms offered by the Gardella Group.

5. As regards some allegations levelled against the management of the company and the Western Nigeria Marketing Board, I do not intend to hold brief for any of these bodies but I would like to correct some obvious falsehood. Firstly, the entire top management

.... / 2 ..

of the company (with one exception) is made up of qualified Nigerians of ~~proven~~ ability who have everything to lose if the company is forced to go into liquidation. I do not believe, and there is no evidence that they have been working in collusion with officials of the Marketing Board to stop work at the factory. It is inconceivable that the officials of the Marketing Board and those of the company would be interested in the closure of the factory, for if the company were working at full production level, it could only meet a very small proportion of the total demand for jute bags by the Board. Of necessity the Board imports a greater percentage of the jute bags it needs. The question of restricting the Board to one source of supply, therefore, is not relevant to the issue.

6. The Marketing Board, to my knowledge, has no vested interest in the company except that it desires to be supplied enough jute bags at a reasonable price. It would even be to the advantage of the Board and the country as a whole if the company can achieve maximum production and thus save the country some scarce and much-needed foreign exchange. The company, however, recently approached the Board for a loan or an advance payment for jute bags which the Board ~~mainly~~ refused because the company is already owing it a large sum of money.

7. I must say that the problems of the company are greater and more involved than those narrated by the Workers' Union. The present investigation being conducted by the Economist Intelligence Unit, will certainly reveal these problems and, I hope, offer lasting solutions.

*B. A. Oduntan*

(B. A. ODUNTAN),  
Permanent Secretary,  
Ministry of Trade and Industry and  
Chairman, NIFINCO.

C O N F I D E N T I A L

AS(5C)

Correspondence from p 321  
is submitted please.

(*Jedman*)  
CR 12/10/71.

INV.577/Vol.X/990

12<sup>th</sup> October, 1971.

The Permanent Secretary,  
Ministry of Finance,  
Ibadan.

(For the attention of Mr. H. S. A. Adedeji)

Nigeria Fibre Industries Company Limited (NIFINCO),  
Request for Government Guarantee for Loan of  
£50,000 from United Bank for Africa

P. 325  
444  
With further reference to my letter No. INV.577/Vol.X/912 of 29th September, 1971, I forward herewith, photostat copy of a letter dated 8th October, 1971 from Dr. Provenzano, General Manager of the Nigeria Fibre Industries Company Limited (NIFINCO), which speaks for itself, for favour of an early decision on the matter of Government guarantee for a loan of £50,000 from United Bank for Africa on behalf of the company. If granted, this loan will bring to a limit of £150,000 overdraft facilities granted to NIFINCO by the United Bank for Africa. As I have repeatedly stated in my previous correspondence on this matter, the situation is so desperate that unless action is taken within the next few days, we may be left with no other alternative than to close down the Badagry factory.

2. From the £50,000 to be borrowed from U.B.A. some imported kenaf will be bought; the cost of harvesting the company's kenaf plantation from which about 2,000 tons of kenaf can be obtained within the next few months, will be met; enough fuel oil for processing some 500 tons of kenaf will be bought; while the remaining amount will be paid as salaries and wages for the company's staff for this month. Perhaps I should add again that the company will be able to generate enough income from this £50,000 loan from which to pay off a part of its existing debt before the detailed rehabilitation programme which will follow the current examination of this project by the E. I. U. is implemented

3. In view of the seriousness of the situation, I am sending a copy of this letter to the Secretary to the Military Government and Head of Service for information and necessary action.

(B. A. ODUNTAN),  
Permanent Secretary,  
Ministry of Trade and Industry.

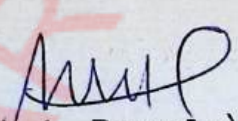
see P. 329, 330

326  
P.S.

Please see at p.324 the endorsement from the P.S.M.T.I who is also the Chairman of NIFINCO in which he is informing this Office of the delay by the P.S.M.F. in the assurance that Government would guarantee an over-draft facility of £50,000 being sought from the United Bank for Africa as a working capital for the Company.

2. From the tone of the letter at p.323 especially in para. 2 of that letter, one could understand why P.S.M.F. has been dragging his feet on the issue. ~~for there~~ It is stated <sup>there</sup> that the money would enable the Company to generate enough income to pay up a part of its existing debt before the detailed rehabilitation programme which will follow the current examination of the project by the E.I.U. is implemented. From that sentence one can see that it is very unlikely that the Company will be in a position to be able to repay the over-draft and it is not unlikely that Government will be called upon to pay the £50,000 in order not to reduce the credit worthiness of the Government and thereby reduce its chance of being regarded as a trust-worthy guarantor in the future. Moreover it would appear that the result of the E.I.U. investigation may not be out for some time and as soon as the Company exhausts the £50,000 over-draft, it will come back, like Oliver Twist, to ask for more.

3. In the light of the fore-going, the Chairman of NIFINCO just has to wait until P.S.M.F. has thought out well the implication of standing as a guarantor for NIFINCO.

  
(M. A. Popoola)  
P.A.S. (Admin.)

14 October, 1971

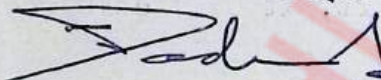
327  
SMG & HS

Pl. see the endorsement at p. 324. I take the liberty to refer it to you because you previously handled the matter.

Augustine Febray  
15/10

PSOMG.

There is not much I can do in a matter like this if Perm. Secs. wd. not learn to deal with each other at personal level in urgent matters such as this. I have written and said enough on the value of personal contacts and d/o letters. I must leave this to you and the other P.S.'s concerned to deal with as you seem best.

  
SMG 19/11

NOTE

SMG's minute above. I spoke with Mr Odunban, PS MT9I & impressed on him the importance of SMG's minute.  
Kiv.

Al  
nlw

& Ben. 10/11



MINISTRY OF FINANCE  
THE TREASURY

PRIVATE MAIL BAG 5341 · IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications on this matter  
should be addressed to the Permanent  
Secretary quoting No. 322/49 Vol.IV/993

Our Ref. No.....

Date 18 October, 1971

The Permanent Secretary,  
Ministry of Trade & Industry,  
Ibadan.

(For the attention of Mr. B. A. Oduntan)

Nigeria Fibre Industries Company Limited (NIFINCO)  
Request for Government Guarantee for Loan of  
£50,000 from United Bank for Africa

I am directed to refer to the correspondence on the above subject resting with your letter No. INV.577/Vol.X/990 of 12th October, 1971 and to inform you that this Ministry shares your concern and anxieties about the present plight of the Nigeria Fibre Industries Company Limited.

2. However, before this Ministry can support your request for a Government guarantee for the loan of £50,000 being negotiated with the United Bank for Africa, it would be necessary for you to indicate, clearly, the arrangements which the Fibre Company is making to ensure that the proceeds of sales of the jute bags, for the production of which the loan is required, are made available to the Bank towards the liquidation, within one year, of the loan and the interest charges thereon.

3. I am also to state that although this Ministry would not, on satisfaction being given to the issue raised in the preceding paragraph, have any objection to an initial approach being made to His Excellency, the Military Governor on the request, because of the urgency attaching thereto, it is my view that a matter of this nature should normally be placed before the Executive Council by way of a memorandum.

4. As you have forwarded a copy of your letter of the 12th October to the Secretary to the Military Government and Head of Service, I am also sending to him, for his information, a copy of this letter.

Fola Adebajo  
(S. A. Adebajo),  
for Permanent Secretary.

Our Ref.No. F.322/49 Vol.IV/993A

Ministry of Finance, Ibadan.

18 October, 1971

Copy to:-

Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.



Overleaf for information, please, with reference to letter No. INV.577/Vol.X/990 of 12th October, 1971 from the Permanent Secretary, Ministry of Trade and Industry, a copy of which was forwarded to you.

*S. A. Adebajo*  
(S. A. Adebajo),  
for Permanent Secretary.

PAS(A)

Submitted from p 328  
please

*(Signature)*  
UR

21/10/71

Note

In view of X/ at p 327  
and para 3 of p 328 no f.a.  
at this stage

*(Signature)*  
2/11/71

ARCHIVES

F.322/49/05

29<sup>th</sup> October, 1971.

The Permanent Secretary,  
Ministry of Trade and Industry,  
Secretariat,  
Ibadan.

Government Guarantee for a Loan of £50,000  
for NIFINCO from United Bank for Africa

I am directed to refer to your letter No. INV.577/T/6 of 28th instant with attachment and to convey support for a Government guarantee of the loan of £50,000 by the United Bank for Africa to the Nigeria Fibre Industries Company Limited (NIFINCO) on condition that neither NIFINCO nor your Ministry would revoke the arrangement that all proceeds of sales for jute bags delivered by NIFINCO to the Marketing Board should be paid directly to the United Bank for Africa, as outlined in the attachment to your letter referred to above, without the prior approval of this Ministry.

2. I am again sending a copy of this letter for the information of the Secretary to the Military Government and Head of Service.

O. Olutayo  
for Permanent Secretary  
Ministry of Finance



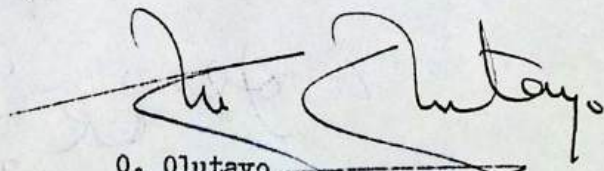
Our Ref.No.F.322/49/05A  
Ministry of Finance,  
Ibadan.

29<sup>th</sup> October, 1971.

Copy to:

Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.

The above is for your information please, further to my endorsement No.F.322/49 Vol.IV/993A of 18th instant and with reference to a letter No. INV.577/Vol.X/990 of 12th instant endorsed to you by the Permanent Secretary, Ministry of Trade and Industry.

  
O. Olutayo  
for Permanent Secretary  
Ministry of Finance

331

P.S.

You may wish to see f.i.  
only pp 328-330 pl.

Handwritten initials  
PAs(A)  
3/11/71

Seen, 7.7.

Handwritten signature  
3/11/71

P.A.



A S (S C)

It does not appear  
that pp. 321/322 have been  
attended to please

Handwritten signature

3/11/71

P.S.

With reference to the petition of the Workers' Union of NIFINCO at pp.315-6 of this file which H.E.M.G. said in the minute at p.315 should be directed to the Chairman, you may wish to see at pp.321-2 the comments of the Chairman.

2. If you have no objection, the substance of the reply of the Chairman will be conveyed to the Union with a view to correcting some misgivings in the Union's petition, please.

*M.A. Popoola*  
(M. A. Popoola)  
P.A.S. (Admin.)

30 Nov., 1971

*the Union presses for a reply, unless*

*30/11*

*P.A*

ARCHIVES OF OYSA

# NIGERIA FIBRE INDUSTRIES COMPANY LTD.

"NIFINCO"

Factory at Badagry—Phones 1&21.

23rd. Floor Cocoa House,  
P. O. Box 1644,  
IBADAN, Nigeria

Cables: NIFINCO, IBADAN.  
Phone: 21302.

The Managing Director,  
Agip (Nigeria) Ltd.,  
2, Commercial Road,  
Apapa, Lagos.



Our Ref. NFIC/

Date 9th December, 1971

Dear Sir,

### Outstanding Indebtedness.

I refer to your letter LD 005923 dated 24th November, 1971, copied to the Chairman of our Company and to the Secretary of the Military Government. Following the conversation we had on my office on the 7th December, 1971, I hereby confirm that fresh order to your Company of petrol products should be paid by cash while our Company would make concerted efforts towards liquidating our outstanding debt with you soonest, by instalments.

Perhaps it would be useful to disclose to you that, during the last Board of Directors Meeting, the question of our indebtedness to your Company was given due attention. As a result of that, our Vice-Chairman, Mr. A. Gardella, who was instrumental to your securing the opportunity to be our petrol products supplier, undertook to establish necessary contacts at all appropriate level in your Company on this matter.

This letter should be considered as a manifested token of our willingness and preparedness in settling in the most amicable and direct way all the problems involving both our Companies, without your unpleasant resorting to legal action, but working in mutual spirit of co-operation.

Yours faithfully,  
for: NIGERIA FIBRE INDUSTRIES COMPANY LTD.

*Provezano*  
A. PROVEZANO  
GENERAL MANAGER

cc: The Chairman,  
NIFINCO,  
c/o Ministry of Trade & Industry,  
Secretariat, Ibadan.

The Secretary to the Military Government,  
Secretariat,  
Ibadan.

DPS,  
Above submitted for information only please.

*DPS*  
AR (SC)  
12/12

*Seen. J. J.*

*Edo. 14/12/71*

*ca. Financial Mess. MR AS(20) 17/12*

324

TELEPHONE 42081  
41918  
41919  
P.O. BOX 921-LAGOS  
Cables: NIGERIA GIP-LAGOS  
Telex: 21504 NIAGIP



(NIGERIA) LTD.

BOARD OF DIRECTORS

- A. Ojara (Chairman) (Nigerian)
- G. Conti (Managing Director) (Italian)
- A. O. Abudu (Nigerian)
- G. Carbone (Italian)
- M. Del. Bo (Italian)
- R. Di Stefano (Italian)
- R. Sangiul (Italian)

*D.P. SOMG.  
Ph. investigate  
Snap report  
early  
15/3*

*S.M.G.  
Pse deal.*

Our Ref.	Your Ref.
----------	-----------

7th March, 1972

LAGOS,  
2, COMMERCIAL ROAD-APAPA



MEMO TO HIS EXCELLENCY, BRIGADIER C. O. ROTIMI  
MILITARY GOVERNOR OF WESTERN STATE

We wish to thank your Excellency for the opportunity given us to pay a courtesy visit to you, on 3rd March, 1972.

Our Company is one of the three Companies operating in Nigeria belonging to ENI Group which is owned by Italian Government.

We are operating in the Research and Production with the Nigerian Agip Oil Company, in which the Federal Government is Shareholder of 33 1/3%. The Company is at present producing 2,000,000 tons of oil per year and gives job opportunities directly to more than 300 and indirectly to about 1,000 Nigerians.

The second Company is AGIP (Nigeria) Ltd. which is responsible for petroleum marketing. It operates throughout the country and gives direct job opportunities to 280 and indirectly to 1,500 Nigerians.

The third Company is Saipem (Nigeria) Ltd., engaged in drilling and engineering and gives job opportunities to more than 100 Nigerians.

On the same occasion, we mentioned to your Excellency some of the problems we are facing with some Western State Corporations and Companies which your Government has direct control. Your Excellency was kind enough to ask us to put the problems we are facing in writing.

We are the official supplier of W.N.D.C., W.N.H.C., Various Ministries, W.N.M.B., Cocoa Research, Westexinco, Nigersol and Nifinco, and our overall credit is over £130,000.

While some of the above organisations are paying regularly, others have not been keeping to the terms of payment which were entered into. Those which are giving us a lot of difficulties on payments are the following:-

- 1. Nifinco total outstanding as at January 1972 is £38,417
- 2. Westexinco " " " " " " " " £44,595
- 3. Nigersol " " " " " " " " £23,201

We have tried all our possible best to cooperate with the above three Companies but it seems that due to their financial difficulties (particularly for Nifinco and Nigersol), we have not been able to receive any payments since almost two years.

INCORPORATED IN NIGERIA

*C/R I file and submit to the Comd Early - Sat 15/3*



335

We have asked the Ministry of Trade and Industry to co-operate with us by giving directives to these Companies to effect payments and we must say that our position has been fully appreciated by the Ministry. But with the exception of Westexinco from which we now receive payments, for the other two, nothing has been received. We have, therefore, requested both Companies, in consideration of their difficulties to pay, to give us any kind of security.

We effected supplies on credit bearing in mind that the above Companies are partly or fully owned by the Western State Government, which was for our Company a sort of guarantee. Furthermore, as regards the Nigersol, we have received in the past, letters of guarantee of payment of all the outstanding from the W.N.D.C. which, unfortunately, has not been honoured.

We would, therefore, appeal to your Excellency to consider our case favourably and hope that we shall receive payments or a guarantee for the above two Companies.

We thank your Excellency for your attention and cooperation.

Yours very sincerely,

(G. Conti)  
Managing Director

DPS

Pp. 334/335 are submitted please.

(G. Conti)  
CR  
15/3/72.

ARCHIVES OF  
Sup 345

336

U R G E N T

18 March, 1972

SP/C.124/5/336

The Permanent Secretary,  
Ministry of Trade & Industry,  
Ibadan.

'NIFINCO': Settlement of Petrol Bill

His Excellency the Military Governor has received representations from the Firm of Messrs Agip (Nigeria) Ltd. dealers in petroleum, to the effect that debt owed them by 'Nifinco' in respect of petrol supplied to the Company has not been paid in spite of several demands. The amount due from 'Nifinco' was put at £38,417 as at January 1972.

2. His Excellency considers that if this report is true the situation is a serious one indeed, being capable of adversely affecting the credibility not only of 'Nifinco' as a Company but also, and more importantly, that of the Government of this State to which the Company belongs. His Excellency has therefore asked me to call for a full report of the situation from you, together with a statement of the efforts which 'Nifinco' has made or is making to settle the debt.



E. Ade. Emuleomo

(E. A. Emuleomo),  
Secretary to the Military Government  
and Head of Service

CR

3-20 P. 340

337

16 March, 1972

SP/C.124/5/337

The General Manager,  
Western Nigeria Development Corporation,  
Ibadan.

Nigersol Construction Company: Outstanding  
Petrol Bills

His Excellency the Military Governor has received representations from the Firm of Messrs Agip (Nigeria) Ltd., dealers in petroleum, to the effect that debt owed them by the Nigersol Construction Company for petrol supplied to the Company has not been settled in spite of several demands. The amount due as at January 1972 was put at £23,201. His Excellency considers that if this report is true, the situation is a very serious one indeed as it is capable of affecting the credibility of the State Government to which the Nigersol Construction Company belonged.

2. His Excellency is aware that the Company has since gone into liquidation but considers that there should be an arrangement for settling genuine debts owed by it when it was in operation.

3. His Excellency has, therefore, directed me to ask you to report to him as a matter of urgency the arrangements which you are making for the settlement of this outstanding amount.



*E.A.*

(E. A. Emuleomo),  
for Secretary to the Military Government  
and Head of Service

B. U. 23/3/72 ✓

*E.A. DRS*

DPS

Bill on p-337 is  
submitted please.

(~~John~~  
CR

23/3/72.

CR

Thank you. Again on

34/3/72

Feb 23/3/72

WESTERN NIGERIA DEVELOPMENT CORPORATION

(A STATUTORY ORGANISATION OF THE WESTERN NIGERIA GOVERNMENT)

Telephone No.: IBADAN 22811  
Telegrams: WESCORP, IBADAN

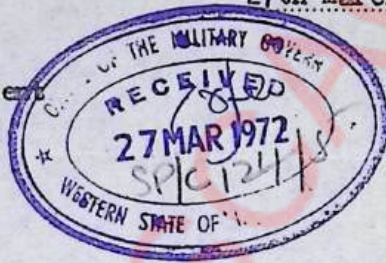
COCOA HOUSE,  
IBADAN  
PRIVATE MAIL BAG 5085



Our Ref. F/C.1/14/Vol.3/T/75  
Your Ref. SP/C.124/5/337.....

27th March, 1972.

Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Secretariat,  
Ibadan.



Nigersol Construction Company: Outstanding  
Petrol Bills

I am directed to acknowledge receipt of your letter No. SP/C.124/5/337 of 16th March 1972 and to inform you that Nigersol Construction Co. Ltd., in liquidation is owing Agip (Nigeria) Ltd., as well as other big creditors.

*how much?*

2. May I mention that one of the legal functions of the Sole Liquidator is to establish the claims of all creditors and pay them from the proceeds of sales of the company's assets. The Liquidator, in compliance with the relevant Companies Decree advertised sometime ago that creditors should submit their claims and be prepared also to prove them.

3. It is therefore hoped that Agip (Nigeria) Ltd., had already complied with the advertisement as this is the only way by which the debt can be recovered.

4. For your information, the W.N.D.C. had already done so in respect of its claims of £1,178,510. 4.11d due from Nigersol Construction Company Limited.

S. A. Oladeinde,  
For General Manager.

*sjr*  
As sc

*Please send a reply to  
skc. reminder to page 336,  
bringing up the file against 14/4/72  
Ede 28/3/72*

## MINISTRY OF TRADE AND INDUSTRY

IBADAN - WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting

Our Ref. No. INV. 577/T2/81...

Date 29<sup>th</sup> March, 1972.

The Secretary to the Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.

Nigeria Fibre Industries Company Limited (NIFINCO):  
Settlement of Debt owed to Messrs. Agip  
(Nigeria) Limited

I refer to your letter No. SP/C.124/5/336 of 16th March, 1972, in which you expressed the concern of the Government over the debt of £38,417 owed to Messrs. Agip (Nigeria) Limited by the Nigeria Fibre Industries Company Limited (NIFINCO) - a company in which the Government of this State is the majority shareholder. NIFINCO, as you are probably aware, is heavily indebted to many other people and organisations. How it came to owe so much to so many, I think, is not an issue that could be discussed in this letter.

2. However, the question of the NIFINCO's indebtedness to Messrs. Agip (Nigeria) Limited was first brought to my notice in a letter Ref. LD. 5923 dated 24th November, 1971, which was addressed to the Company and copied to you and me by Messrs. Agip (Nigeria) Limited. On the receipt of this letter, I immediately made enquiries on the matter from NIFINCO and was informed by the Management of the Company that they had held several discussions with the representatives of Messrs. Agip (Nigeria) Limited and had reached broad agreements on the liquidation of the debt and payment for subsequent purchases. These agreements were confirmed in NIFINCO's letter dated 9th December, 1971, addressed to the Managing Director of Agip (Nigeria) Limited and copied to you and me.

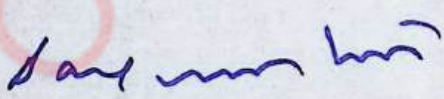
3. On the 7th of December, 1971, Dr. Conti and Mr. Molen, District Sales Director and District Sales Manager respectively of Messrs. Agip (Nigeria) Limited met me in my office and discussed matters relating to the outstanding claims and their Company's future relationship with NIFINCO. They confirmed that the General Manager of NIFINCO had agreed in principle that future purchases of petroleum products from the Company would be paid for in cash and that efforts would be made to settle part of the debt, but the General Manager did not commit himself on the specific amount to be paid monthly knowing fully well the financial position of his Company. Dr. Conti suggested that £3,000 be paid each month in view of the large sum of money owed to his Company. Having explained the rather precarious financial position of the Company, I assured them that immediately the report of the investigation being carried out by the Economist Intelligence Unit was known and a decision taken on the future of the Company, their outstanding claims would receive adequate attention. I did not, however, make any firm promise on the payment of the debt as NIFINCO factory was then temporarily closed down because it had exhausted its stock of fibre (the main raw material) and was looking for suppliers who could take its orders without necessarily insisting on the opening of irrevocable letters of credit which indeed are beyond the financial ability of the Company.

.... /2.

4. In fulfilment of the promises made by me and NIFINCO, a sum of £1,000 was paid as part-settlement of the debt in January, 1972, and the Company has since paid cash for all its purchases from Messrs. Agip (Nigeria) Limited. It is, however, in place to mention that Messrs. Agip (Nigeria) Limited probably felt constrained to approach His Excellency after they had failed to obtain a Government guarantee which they asked for in their letter reference PD. 000075 of 7th January, 1972, (copy attached) in respect of the outstanding claims and future purchases. In it, Messrs. Agip (Nigeria) Limited wanted a guarantee either from the Government or NIFINCO in respect of the outstanding amount as well as for future credit, but neither the Government nor NIFINCO is, in my view, in a position to give the type of guarantee demanded.

5. The financial position of the Company is such now that the senior staff of the Company had not received their February, 1972 salaries and it has again just been compelled to close down its factory at Badagry temporarily because it could not obtain raw materials due to its inability to procure the necessary finance.

6. It is impossible to state categorically now how soon the Company can start settling the claims of Messrs. Agip (Nigeria) Limited. The ability of the Company to pay this and other debts, therefore, depends mostly on how soon the decision of the Government on the report of the Economist Intelligence Unit is known as this will determine whether the Company should be wound up or whether additional funds should be injected into it partly in the form of working capital and partly for the purpose of paying off some of its old creditors, including Messrs. Agip (Nigeria) Limited.

  
(B. A. ODUNTAN),  
Permanent Secretary,  
Ministry of Trade and Industry.

C O N F I D E N T I A L

/C O P Y/

342

A G I P  
(NIGERIA) LTD.

TELEPHONE (41918  
( (42082

P.O. BOX 921-  
LAGOS

The Permanent Secretary,  
Ministry of Trade & Industries,  
Western State,  
I b a d a n.

REF. NO. PD.000075

LAGOS. 7th. January, 1972.  
2, COMMERCIAL ROAD-APAPA

Dear Sir,

NIGERIAN FIBRE INDUSTRIES COMPANY LIMITED  
GUARANTEE FOR SUPPLY OF PETROLEUM PRODUCTS

While we thank the Permanent Secretary and the Chairman for his promises and co-operation towards the settlement of the outstanding against Nifinco, but in view of the very huge outstanding please permit us to submit to you a proposal which is, as a matter of fact, a request by our Principals.

We would humbly request the Western State Government to give us a guarantee in respect of the amount outstanding as well as for future credits that may be given, alternatively to make it possible for the Company itself to provide us with such guarantee or security.

As you are aware at the end of December, 1971, the outstanding was £39,880. 10s. 1d (Thirty nine thousand, eight hundred and eighty pounds, ten shillings, one penny), this amount had been at the same level for 1½ (one and a half years) inspite of all our efforts to get it reduced. We would take this opportunity to mention that we are supplying products to some of major projects of Western State Government such as Nigersol, Western Textile Company, Western Nigeria Development Corporation, etc. and the outstanding against these Companies at the moment is above £120,000 (One hundred and twenty thousand pounds).

We hope therefore to receive your further co-operation which shall be very much appreciated.

Yours faithfully,

(Sgd.) ? ?  
AGIP (NIGERIA) Ltd.  
MANAGING DIRECTOR  
(G. Conti)

cc: Chairman,  
NIFINCO,  
Ibadan.

cc: District Manager,  
AGIP (Nigeria) Limited,  
Ibadan.

343

ADOLE

1971  
THE  
1971  
1971

DPS  
REF. NO. PD.000075  
340/342 are submitted  
please.  
CR  
30/3/72

MINISTRY OF TRADE AND INDUSTRY  
LONDON

While we thank the Government Secretary and the Chairman for his promise and co-operation towards the settlement of the outstanding amount, but in view of the very large outstanding amount we are unable to submit to you a proposal which is, as a matter of fact, a request by our Principals.

We would humbly request the Eastern State Government to give us a guarantee in respect of the amount outstanding as well as for future credits that may be given, alternatively to us a suitable form of security to provide us with such guarantee or security.

As you are aware at the end of December, 1971, the outstanding was £29,850,000 (twenty nine thousand, eight hundred and fifty pounds, four shillings, one penny), this amount had been at the same level for 14 (one and a half years) but due to our efforts to get it reduced, we would like this opportunity to mention that we are supplying products to some of the major projects of Eastern State Government such as water, power, health, etc., and the outstanding against these companies at the moment is above £120,000 (one hundred and twenty thousand pounds).

We hope therefore to receive your further co-operation which shall be very much appreciated.

ARCHIVED

1971  
1971  
1971

cc: Chairman  
cc: Director  
cc: Secretary  
cc: Assistant Secretary

S.M.G.&H.S.,

S.M.G. last saw this file on p.334 when he directed that I should investigate the complaint lodged with H.E. by Messrs. Agip (Nig.) Ltd. that several thousands of pounds owed them by the Nigersol Construction Coy (now in liquidation) and the Nifinco remained unpaid in spite of repeated demands.

2. I have since checked from the two companies which have now written on pp.339 & 340 confirming their indebtedness to the Agip. The Nifinco is owing £38,417 but, unfortunately, the letter on p.339 did not state the amount owing by the Nigersol. In its own statement of claim on p.334, the Agip put the amount owing at £23,201. I am seeking confirmation from the writer of p.339. While expressing their willingness to pay the debts, the two companies regretted that they were not in a position to do so immediately.

3. The Nigersol Construction Coy has gone into liquidation and payment - whether in part or in whole - of any debts owed by that Coy will have to await such a time as its assets are sold. Already all creditors of the Coy, including the Agip, have been invited by the liquidator to submit their statements of claims. This makes the position of the Nigersol quite clear.

4. The prospects on the side of Nifinco are, however, less assuring. The present financial position of the Coy, with indications of a still more uncertain future, is described in paras. 5 & 6 on p.341. In substance, the Coy does not see any hope of its being in a position to pay anything at all until its whole future is determined after the consideration by Govt. of the E.I.U. report.

*EAB*  
(E. A. EMULEOMO)  
D.P.S.  
4/14/72

D.P.S.  
Pls. send a suitable  
reply to p. 334 accordingly.  
4/4

SP/C.124/5/345

5 April, 1972

Mr. G. Conti,  
Managing Director,  
Agip (Nig.) Ltd.,  
P.O. Box 921,  
LAGOS.

Sir,

Memo to His Excellency, Brigadier C.O. Rotimi  
Military Governor of Western State

His Excellency the Military Governor, Western State, has directed me to acknowledge receipt of your letter dated 7th March, 1972 which was a follow-up to the courtesy visit which you paid to him on 3rd March, 1972.

2. His Excellency had caused the subject-matter of the letter to be taken up with the two Companies concerned namely, the Nigersol Construction Company, and the Nigeria Fibre Industries Company Limited (NIFINCO). As regards the former i.e. the Nigersol which, as you probably know, has since gone into liquidation, the position is that its assets are being sold to get some fund to pay its genuine debts. It is understood that the liquidator has served notices on all creditors of the Company to submit statements of their claims and it is hoped that your Company will be submitting its own claims to the liquidator if it has not already done so.

3. With regard to the NIFINCO, the findings are that the Company is actively engaged on finding ways and means of liquidating the debt by instalments and it is hoped that it should, in due course, be in a position to come forward with concrete proposals agreeable to both parties.

Yours faithfully,

E. Ade. Emuleomo

(E. A. Emuleomo),  
for Secretary to the Military Government  
and Head of Service

CR

Please despatch to dis pose.



Eab 5/4/72  
org

346

**EXECUTIVE COUNCIL, WESTERN STATE OF NIGERIA  
CONCLUSION EXTRACT**

For: File Reference

(1) O.M.G. Action/Infm. SP/C.160

To

(2) Action/Infm.

GPI 269/371/2500

25th Meeting of 197 2 held on 9 / 8 / 197 2

Subject... REPORT OF THE ECONOMIST INTELLIGENCE UNIT ON THE  
NIGERIAN FIBRE INDUSTRIES COMPANY LIMITED.

Memorandum M.G. (72 )142..... by HEMG.

**CONCLUSION REFERENCE** M.G.E.C. 25 (72 ) 2

HEMG.

CONCLUSION 2.

Report of the  
Economist Intelli-  
gence Unit on the  
Nigerian Fibre  
Industries Company  
Limited.

M.G.(72) 142  
(SP/C.160).

Council -

- (a) agreed that the choice of further investment in NIFINCO was preferable to the liquidation of the Company and accordingly directed that the Company should continue to operate;
- (b) directed that the Head Office of the Company should be transferred from Ibadan to Badagry in order to ensure effective management and avoid duplication of administrative processes;
- (c) endorsed the recommendation that, for the implementation of (b) above a sum of £40,000 be provided as part of the loan capital for the erection of additional office buildings and bungalows for top management staff, in Badagry;
- (d) endorsed the recommendation that the present Agricultural Division of the Company be disbanded and that no new agricultural company should be established in its place;
- (e) agreed that the supply of kenaf to the factory should be obtained by encouraging farmers to grow kenaf and sell to the Company. The Company should import whatever quantity the supply from farmers could not meet;
- (f) directed that, in pursuance of (d) and (e) above, the purchase prices of the different grades of kenaf should be announced by the Company in advance before the planting season;
- (g) agreed that as part of Government's policy to encourage farmers in the diversification of economic crops, there should be a provision of about \$35,000 in the Government Annual Budget for the supply of kenaf seeds, fertilisers, etc. to kenaf growing farmers;

- (h) agreed to the injection of fresh funds into the Company to the tune of £290,000 to be made available in the form of commercial loan, if possible with a two-year moratorium period;

(i) endorsed the recommendation that...

SP/C.160/T/3

17th August, 1972

Mr. B. A. Oduntan,  
Permanent Secretary,  
Ministry of Industries,  
Ibadan.

Report of the Economist Intelligence Unit  
Nigerian Fibres Industries Company  
Limited

346  
You will recall that at the last meeting of Executive Council at which you were present, the Council considered and took decision on the Report of the Economist Intelligence Unit on the Nigerian Fibre Industries Company Limited. I attach to this letter a copy of Executive Council Conclusion on the subject. I would be grateful if you would now proceed with necessary action to implement the decision of Executive Council.

(Sgd.)  
(A. O. ADEBAYO)  
for Secretary to the Military  
Government & Head of Service.

Our Ref.No. SP/C.160/T/3A  
Office of the Military Governor,  
Ibadan.

17th August, 1972.

Copy to:

The Permanent Secretary,  
Ministry of Finance,  
Ibadan.

Above for information.

(Sgd.) A. O. ADEBAYO,  
for Secretary to the Military  
Government & Head of Service.


 MINISTRY OF INDUSTRIES

 INVESTMENT DIVISION  
 IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications to be addressed  
to the Permanent Secretary quoting

Our Ref. No. INV. 577/T3/2

SP/C.160

Date 17 September, 1972.

The Secretary to the Military  
Government and Head of Service,  
Office of the Military Governor,  
Ibadan.

(For the attention of Mr. Akingbade)

Report of the Economist Intelligence Unit:  
Nigeria Fibre Industries Company Ltd.

347 I am directed to refer to your letter No. SP/C160/T/3 of 17th August, 1971 and the attachment thereto and to observe that one important decision taken during discussion of the above mentioned Report, at the Executive Council meeting of 9th August, 1972, was not recorded in the conclusions on the subject.

2. There was, during discussion, a long debate on what to do with the existing assets of the company and it was finally agreed that they should be revalued and that any valuation arrived at, should form the basis of the current operation of the company, for a proper assessment of its future profitability. It is the considered opinion of this Ministry that, this is a very important aspect of the rehabilitation measures, which, if not undertaken, would continue to falsify the actual operations and future profitability figures of the Company and could frustrate the efforts of its Management.

3. In view of the foregoing, it would be appreciated if you would examine the records of the meeting referred to in paragraph 1 above, and bring necessary amendments to the conclusions to the notice of the President.

Teju Alakija

 (Teju Alakija) Mrs.  
 for Permanent Secretary,  
 Ministry of Industries.

PS

Above memo is submitted further  
to p. 347 of 208 please.

 (Jewell)  
 CR 6/9/72

See P353

349

US(CD)

p-348; grateful for  
comments pls

August Debye

11/9  
DS.

AS(CD),

Please place abc. the full  
Conclusions of the 25th Meeting,  
and resubmit.

~~AS~~ 11/9/72.

U.S. (C.D.),

I submit abc. the full  
Conclusions of the 25th Meeting as  
instructed above, pls.

Jth  
AS(CD)  
12/9/72.

ARCHIVES OF ICSAC

CONFIDENTIAL

350

TELEGRAMS: PERMIND

TELEPHONE NO: IBADAN 62100/



MINISTRY OF INDUSTRIES  
ADMINISTRATION AND GENERAL DIVISION  
IBADAN · WESTERN STATE OF NIGERIA



Your Ref. No.....

All communications should be to the Permanent Secretary, quoting

Our Ref. No. INV.577/535

Date 25<sup>th</sup> October, 1972

The Secretary to the Military  
Government and Head of Service,  
Office of the Military Governor,  
Ibadan.

(For the attention of Mr. J.K. Akingbade)

Report of the Economist Intelligence Unit:  
Nigeria Fibre Industries Company Ltd.

P.348

I am directed to refer to my letter No. INV.577/T3/2 of 1st September, 1972, to which no reply has been received, and to request you to give the matter the urgent attention which it deserves.

*Teju Alakija*  
(Mrs. Teju Alakija)  
for Permanent Secretary,  
Ministry of Industries.

See P.353

CONFIDENTIAL

357  
S.M.G.H.S.,

One of the Executive Council Memoranda which were taken when you were recently abroad on vacation leave was the E.I.U. Report on NIFINCO. During the discussion in Council, the Commissioner for Industries remarked that neither the E.I.U. nor the Committee of Officials which studied the E.I.U. Report touched on the need to revalue the assets of the Company and to re-structure its capital <sup>assets</sup> particularly to take account of Government's investments in the Company through the loans granted to it, with a view to converting part of the loans to equity shares and thereby reducing the effect of loan servicing on the Company. The President agreed with the above views expressed by the Commissioner for Industries. Please see 'X' and 'Y' in the discussion part of the relevant Conclusion Extract at back cover.

2. The P.S., Ministry of Industries, has written as at p.348 to observe that the Conclusion Extract did not reflect the above. I presume that the letter must have been at the instance of the Commissioner for Industries himself. I agree that the issue raised by the Commissioner for Industries is one of the important rehabilitation measures which should be taken on NIFINCO, and that it would have strengthened the hands of the Ministry of Industries if it was reflected in the Conclusion Extract. I however hold the view that -

(i) since the Company is under the direct control of the Ministry, it did not require to wait for the specific directive of Council to get the Board of the Company to undertake a revaluation of its assets and a restructuring of its capital, in the present circumstance of the Company, if it considered that it was in the best interest of the Company to do so;

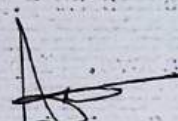
and (ii) admitting that this was a vital decision omitted from the Extracts of the relevant meeting, it would have been more helpful if somebody had pointed it out at the subsequent meeting of Council when the minutes of the meeting were being adopted. I have however found out that the Commissioner for Industries was absent from the subsequent meeting.

352

3. I have discussed this matter with the Commissioner for Industries and have suggested to him that he should raise the issue in Council in the usual manner and obtain approval for us to amend the relevant Conclusion Extract. I gave the alternative suggestion that since his Ministry had obtained the consent of Council to his suggestion that the capital assets of the Company should be revalued and restructured, it should proceed with action accordingly as part of the measures designed for the rehabilitation of the Company and keep Council briefed on any significant result or progress. He chose the alternative suggestion.

4. Unless you hold the view that the matter should be raised again in Council, and unless you otherwise direct, I propose to send a reply to p.348 reflecting the substance of my paragraphs 2 and 3 above.

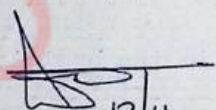
don't No. 9

  
M. A. Adesiyan,  
Under-Secretary (C.D.),  
9th November, 1972.

9/11

AS(CD),

Please see from p. 351 and pu.  
draft of a suitable reply f.m.c. and s.  
TODAY, pl.

  
13/11

ARGUMENTS OF

353  
21<sup>st</sup> November, 1972.

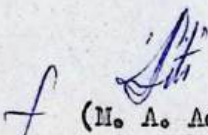
The Permanent Secretary,  
Ministry of Industries,  
Ibadan.

E.I.U. Report on NIFINCO

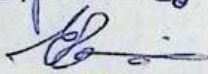
P 350  
I am directed to refer to your correspondence on the above subject ending with your letter No. INV.577/535 of 20th October, 1972, and to apologise for the delay in sending this reply.

P 348  
2. As you have rightly observed, the issue raised by your Commissioner to which reference was made in paragraph 2 of your letter No. INV.577/T3/2 of 1st September, 1972, was one of the important rehabilitation measures which should be taken on NIFINCO and it is agreed that it would have further strengthened the hands of your Ministry if it was reflected in the relevant Conclusion extract. It is, however, believed that since the Company is under the direct control of your Ministry, you did not require to wait for the specific directive of Council to get the Board of the Company to undertake a re-valuation of its assets and a restructuring of its capital if it is considered in the best interest of the Company to do so.

3. It should perhaps be mentioned that this matter was briefly discussed with your Commissioner whose opinion was that since his Ministry had obtained the consent of Council to his suggestion that the capital assets of the Company should be re-valued and restructured, action would proceed accordingly as part of the measures designed for the rehabilitation of the Company and the Executive Council would be briefed as necessary on any significant result or progress. Unless your Commissioner proposes to exercise his right to raise the issue in Council in the usual manner and obtain approval for us to amend the relevant Conclusion extract, it will be assumed that you will proceed with action as indicated in the preceding paragraph.

  
(M. A. Adesiyani)  
for Secretary to the Military  
Government and Head of Service.

Despatched

  
21/11/72

CONFIDENTIAL

TELEGRAMS: PERMIND

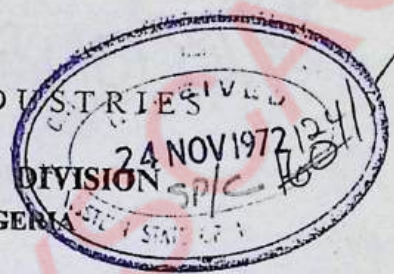
TELEPHONE NO: IBADAN 62100/



MINISTRY OF INDUSTRIES

ADMINISTRATION AND GENERAL DIVISION

IBADAN · WESTERN STATE OF NIGERIA



Your Ref. No.....  
All communications should be  
to the Permanent Secretary quoting  
Our Ref. No. INV.577/557

2ND REMINDER

Date 26 November, 1972

The Secretary to the Military  
Government and Head of Service,  
Office of the Military Governor,  
Ibadan.

(For the attention of Mr. J.K. Akingbade)

Report of the Economist Intelligence Unit:  
Nigeria Fibre Industries Company Limited

I am directed to refer to my letter No. INV.577/T3/2 of  
1st September, 1972 and subsequent reminder reference No. INV.577/  
535 of 25th October, 1972. I hope you will now give the matter  
the urgent attention it deserves and forward an appropriate reply  
to my letter under reference.

*T. Alakija*  
(T. Alakija) (Mrs.)  
for Permanent Secretary,  
Ministry of Industries.

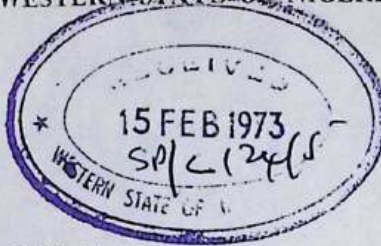
*See p 353*

CONFIDENTIAL

MINISTRY OF INDUSTRIES



IBADAN · WESTERN STATE OF NIGERIA



Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No. INV. 577/4/600.

Date...14th February, 1973.

The Secretary to the Military  
Government and Head of Service,  
Office of the Military Governor,  
Ibadan.

Proposed Assignment of Mr. A. Adesida  
Principal Textile Officer to the  
Nigeria Fibre Industries Company Limited

You will recall that the Executive Council recently approved a rehabilitation programme for the Nigeria Fibre Industries Company Limited, Badagry and agreed to provide to the company a loan in the sum of ₦580,000 for this purpose. As part of this rehabilitation, it became necessary to fill the post of General Manager which had been vacant for some time and, in view of the size of the factory and its many management and financial problems, we decided that the incumbent of this post should be of the highest calibre available anywhere in the world. We therefore invited the Nigerian Institute of Management to help with the recruitment exercise.

2. The reaction of the existing Nigerian personnel who had entertained false hopes of advancement to the post of General Manager was swift and sudden. The Financial Controller, Mr. O. Omonira, who had no previous training or experience in industrial management resigned and we quickly had to bring in a firm of Accounting Consultants to take over from him and lay down a proper system of accounting and financial control pending the recruitment, also through the Nigerian Institute of Management of a suitably qualified Accountant. Last week, information reached the Ministry that the Factory Manager, who basically was a Mechanical Engineer with some experience in the old E. C. N., and who also felt he was competent to hold the post of General Manager, had given notice of his intention to resign his appointment. In compliance with the organisational structure approved by the Executive Council, we intend to advertise immediately for a Production Superintendent with previous training and experience in textile production as well as for Mechanical and Electrical Superintendents with H. N. D. or equivalent qualifications to look after the machinery.

3. Meanwhile, and in order to avoid the factory grinding to a halt on the imminent departure of the Factory Manager, I should be grateful if you would kindly agree to the assignment/secondment to the factory of my Principal Textile Officer, Mr. A. Adesida, to keep the factory going pending the recruitment of the General Manager whose first responsibility would be to ensure the establishment of sound management personnel in the factory.

.../2.

4. If this proposal is approved, I would suggest the payment to Mr. Adesida, during the period of his service with the company, of an allowance equivalent to 50% of the difference between his salary of £1, 950 and the salary of the post which is £3,300.

5. I should be grateful for your early approval as Mr. Bangboye, the Factory Manager, will be due to leave the factory finally within the next few weeks.

*B. A. Oduntan*

(B. A. ODUNTAN),  
Permanent Secretar.

C O N F I D E N T I A L

*As (H/S)*

*pls. reply that I approve in principle  
the release of*

ARCHIVES

357

SP/C.124/5/357

16 February, 1973

The Permanent Secretary,  
Ministry of Industries,  
Ibadan.

Release of Mr. A. Adesida, Principal  
Textile Officer to the Nigeria Fibre Industries  
Company Limited

With reference to your letter No. INV.577/4/600 dated 14th February, 1973, I am prepared to approve in principle the release of the above-named officer to the Nigeria Fibre Industries Company Limited as a temporary arrangement pending the recruitment of a General Manager for the company. I observed that you yourself are not yet clear in your own mind whether the release of this officer should be on the basis of an assignment or a secondment as you have chosen to use both terms (which you must know are not interchangeable) in your letter. You are also no doubt well aware of the fact that the procedure for the two types of release is not the same.

2. I shall need to seek the advice of the Permanent Secretary, Ministry of Establishments and Training on the proposal contained in paragraph 4 of your letter. It might be quicker if before you communicate further with me, you first discuss the proposal with him and let me have an indication of his reaction.



(P. T. Odumosu),  
Secretary to the Military Government  
and Head of Service. P.A.

CONFIDENTIAL

258

TELEGRAMS: PERMIND

TELEPHONE NO: IBADAN 62100/



MINISTRY OF INDUSTRIES

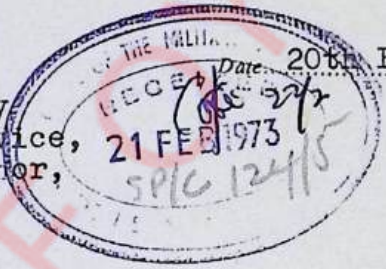
ADMINISTRATION AND GENERAL DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications should be to the Permanent Secretary quoting

Our Ref. No. INV.577/4/603.



20th February, 1973.

The Secretary to the Military Government and Head of Service, Office of the Military Governor, Ibadan.

Release of Mr. A. Adesida, Principal Textile Officer to the Nigeria Fibre Industries Company Ltd.

P. 357 I am grateful for your reply No. SP/C.124/5/357 of 16th February, 1973 approving in principle the release of Mr. A. Adesida, Principal Textile Officer, for service with the Nigeria Fibre Industries Company Limited. I recommend that the release should be on the basis of a temporary assignment pending the appointment of a permanent Factory Manager in due course.

P. 355

2. With regard to the question of remuneration, I have discussed the proposal in paragraph 4 of my letter No. INV.577/4/600 with the Permanent Secretary, Ministry of Establishments and Training who has indicated his support of my recommendation for which I now seek your kind approval.

3. A copy of this letter has been forwarded to the Permanent Secretary, Ministry of Establishments and Training in confirmation of the discussion referred to in the preceding paragraph.

Pls. reply that I approve of assignment and of the terms proposed.  
A 2/2

*Signature*

(B. A. ODUNTAN),  
Permanent Secretary,  
Ministry of Industries.

CONFIDENTIAL

See P. 359

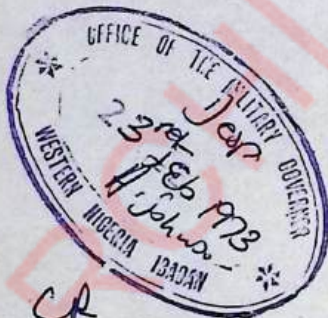
SP/C.124/5/359

29 February, 1973

Mr. B. A. Oduntan,  
Permanent Secretary,  
Ministry of Industries,  
Ibadan.

Release of Mr. A. Adesida, Principal Textile Officer  
to the Nigeria Fibre Industries Company Ltd.

I refer to your letter No. INV.577/4/603 of 20th February, 1973 and wish to inform you that the Secretary to the Military Government and Head of Service has approved of the assignment of Mr. A. Adesida, Principal Textile Officer to the Nigeria Fibre Industries Company Limited and of the terms proposed.



*S. I. Omotola*  
(S. I. Omotola)  
Assistant Secretary to the  
Head of Service.

CP  
Pl. despatch  
no  
22/2

P. A.  
no  
23/2



MINISTRY OF INDUSTRIES

INVESTMENT DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed to the Permanent Secretary quoting  
Our Ref. No..... INV.577/T/2/85



11 September, 1973

The Secretary to the Military Government and Head of Service, Office of the Military Governor, Ibadan.

International Telephone Call

I am directed to seek permission to book an international telephone call to Mr. Adriano Gardella of Genoa, Italy. There is an urgent need to discuss with Mr. Gardella, who is our Technical Partner in the Nigeria Fibre Industries Company Limited, matters concerning the supply of spare parts, the lack of which is adversely affecting output and continued existence of the Company's factory.

2. I should be grateful for an immediate approval.

*Teju Alakija*  
(Mrs. Teju Alakija),  
for Permanent Secretary,  
Ministry of Industries.

Approved  
\*  
13/9

see + 361

CONFIDENTIAL

SP/C.124/5/361

15 September, 1973.

The Permanent Secretary,  
Ministry of Industries,  
Ibadan.

International Telephone Call

I am directed to refer to your letter No. INV.577/T/  
2/85 of 11th September, 1973 and to convey approval for you  
to make an international call to Mr. Adriano Gardella of Genoa,  
Italy.



(J. K. Akingbade)  
for Secretary to the Military  
Government & Head of Service.

CONFIDENTIAL

MA.



MINISTRY OF INDUSTRIES

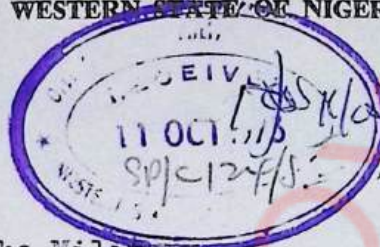
INVESTMENT DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications to be addressed  
to the Permanent Secretary quoting

Our Ref. No.....Inv..577/975



Date.....11 October, 1973

The Secretary to the Military  
Government and Head of Service,  
Office of the Military Governor,  
Ibadan.

*Attention of Mr. Alakija*

International Telephone Call

I am directed to seek permission again, to book an international telephone call to Mr. Adriano Gardella of Genoa, Italy. The Board of Directors of the Nigeria Fibre Industries Company Limited is scheduled to hold an emergency meeting within the next fortnight to discuss and find solutions to some urgent problems facing the company. However, because of the short notice for the meeting and the unsatisfactory mailing system in the country, it will take about a week for an air mail letter to get to Genoa in Italy, it is now necessary to contact Mr. Gardella, our Technical Partner in the project, on the telephone to seek his convenience for the meeting.

2. I should be grateful for an immediate approval of this request.

*Taji Alakija*  
(Mrs. T. Alakija),  
for Permanent Secretary,  
Ministry of Industries.

365

S.M.G. & H.S.

The application on pg. 362 from the P.S.M.I. for permission to make an international telephone call to Genoa, Italy is submitted for your kind approval.

*T. Kingbade*  
(J. K. Akingbade)  
D.P.S.

11/10/73.

*Appd.*  
*11/10*

ARCHIVES OF OYSCA

364

SP/C.124/5/364

11 October, 1973.

The Permanent Secretary,  
Ministry of Industries,  
Ibadan.

International Telephone Call:

I am directed to refer to your letter No. Inv.577/975 of 11th October, 1973 and to convey approval for you to make an international call to Mr. Adriano Gardella of Genoa, Italy.

(J. K. Akingbade)  
for Secretary to the Military  
Government & Head of Serv

Recd. by me  
*[Signature]*

CONFIDENTIAL

Note  
Mrs Alabiye  
approved by

has been informed of his  
phone. N/A.  
11/10

APPROVED  
Pg. 363

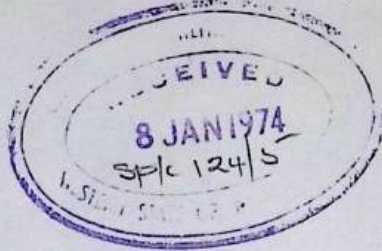


TEL. NO. 25876  
20857

From: Mr. S. Zafarul Islam,  
Ambassador.

EMBASSY OF PAKISTAN  
20, KEFFI STREET,  
P. O. Box 2450  
LAGOS

No. EMP.3/72



December 15, 1973.

Dear Mr. Secretary,

Some time back your Government had requested us for assistance in securing the services of an expert in management of a fibre mill that was being set up in the Western State. Although we did submit to you a number of names at that time, none of them was found suitable by the authorities concerned.

2. I have now been able to find a person who, I think, could admirably fill the bill since he has actually served as manager of a large jute mill in East Pakistan. I am sending you three copies of his bio-data herewith together with an equal number of copies of a certificate from the former General Manager under whom he worked, and should be grateful if you could kindly let me know whether you could make use of his services. If so, the authorities concerned may like to contact him directly, or through the Nigerian Embassy in Pakistan, under intimation to this Embassy. Since he has been recently repatriated from India, he would be available for immediate employment.

3. Please do not hesitate to let me know if we can be of any other assistance to you.

Enc: As noted.

Yours sincerely,

Zafarul Islam  
(S. Zafarul Islam)

Mr. P. T. Odumosu,  
Secretary to the Military Government,  
Western State,  
IBADAN.

PS.

Pb. endorse copy of above together with the attachments (in original forms) to P.S.M.I. and ask him to let us know his reactions as a matter of urgency. 7/1/74

CR. Please resubmit this in an appropriate file urgently by hand. ASPS 8/1/74.

P.S.

I resubmit pp.365/367 as directed. But I do not remember any file where this Office made a direct approach to the Pakistani Embassy in Lagos for the purpose of securing a fibre mill expert. However, there is on pp.167/170 a record regarding an advertisement placed in local and overseas newspapers for the recruitment of a G.M. for the Nigerian Fibre Industries Ltd. in 1968. That advertisement emanated from the former M. T. & Industries please.

*(Signature)*  
(C. O. Ojewumi),  
C.R.  
8<sup>th</sup> Jan., 1974.

ARCHIVES OF OYSON

SF/G.124/5/369

100  
January, 1974

The Permanent Secretary,  
Ministry of Industries,  
Ibadan.

(For the kind attention of Mr. B.A. Oduntan)

Mr. Nasir Abbas Zaidi

P 365  
I forward herewith photocopy of a letter Ref. No.EMP.3/72 of December 15th, 1973, together with two copies of the attachments, in original forms, received from the Ambassador of Pakistan in Lagos, on the above-named person, and would be grateful if you would be good enough to let me have your comments or reactions as a matter of urgency.

*M. A. Adesiyān*

(M. A. Adesiyān)  
for Secretary to the Military Government  
and Head of Service.



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SP/C.124/5/370

15 January, 1974.

His Excellency,  
Mr. S. Zafarul Islam,  
Ambassador,  
Embassy of Pakistan,  
20, Keffi Street,  
P. O. Box 2450,  
Lagos.

*Handwritten notes:*  
45/1/11 ...  
45/1/20 ...

Your Excellency,

I have been asked by Dr. Peter Odumosu, Secretary to the Military Government in this State, to acknowledge with thanks the receipt of your letter No. EMP.3/72 of December 15th, 1973 together with its attachments. The information contained therein has been passed to our Ministry of Industries and as soon as the reactions of that Ministry are known a further correspondence will be addressed to you.

With renewed assurances of the highest regard of Dr. Odumosu.

Yours faithfully,

(M. A. Adesiyan)  
for Secretary to the Military  
Government and Head of Service.

ARCHIVED



*Handwritten note:*  
C.R. Please despatch letter and  
bu. p. 369 on 25/1/74 ✓  
AS 15/1

371

P.S.

The b.u. of the foot of page 370  
is submitted please.

4

G. G.

25/1/74

CR.

Thanks. Pl. bu. 11/2/74. ✓

~~25/1/74.~~

~~25/1/74~~

CR.  
have checked letter and  
sent p. 370 on 25/1/74

~~25/1/74~~



ARCHIVES OF P. O. Y. S. C. A. O.



MINISTRY OF INDUSTRIES

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting  
Our Ref. No. INV. 3/I/A/1/94



24<sup>th</sup> January, 1974.  
Date.....

The Secretary to the Military  
Government and Head of Service,  
Office of the Military Governor,  
Ibadan.

Mr. Nasair Abbas Zaidi

With reference to your letter No. SP/C.124/5/369 of 10th January, 1974, I confirm that as a result of the sudden resignation of some key personnel in the Nigeria Fibre Industries Company Limited, we made an informal approach to the Pakistani Embassy for assistance in the recruitment of qualified Pakistanis with suitable experience in the jute industry. Six Pakistani nationals were proposed but none of them appeared to us suitable for any of the posts we had in mind and the Embassy was so informed. Since then, new proposals have been received from both the Gardella Group and another Swiss concern for the rehabilitation and management of this company and as we would not wish to prejudice our negotiations with these organisations, we do not consider it prudent to pursue the proposed recruitment of Pakistanis to the company for the present. The present applicant will, however, be kept in view and as soon as the position becomes clearer, we should, I suggest, communicate direct with him and inform the Pakistani Embassy appropriately.

*Nasair Abbas Zaidi*

(B. A. ODUNTAN),  
Permanent Secretary,  
Ministry of Industries.

P.S.

Above letter is submitted, please.

(S. O. ASETUN)

CR  
28/1/74

373

SP/C.124/5/373

29 January, 1974

His Excellency,  
Mr. S. Zafarul Islam,  
Ambassador,  
Embassy of Pakistan,  
20, Keffi Street,  
P. O. Box 2450,  
Lagos.

Your Excellency,

Mr. Nasir Abbas Zaidi

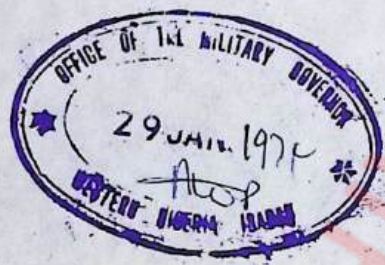
I wish to refer to my letter No. SP/C.124/5/370 of 15th January, 1974 on the above subject and to inform you with regret that for the present, our Ministry of Industries would not require the services of Mr. Zaidi. He will, however, be kept in view, and as soon as there is any opportunity for his services to be employed, he will be contacted direct and your Embassy appropriately informed.

With the assurances of our highest consideration.

Yours faithfully,

M. A. Adesiyan

(M. A. Adesiyan)  
for Secretary to the Military  
Government & Head of Service.



ARCHIVES

S.M.G. & H.S.,

The Ambassador of Pakistan in Nigeria sent a letter (p.365) to you in December last year forwarding the biographical data of a Pakistani whom he recommended as an expert on Fibre Industry.. He considered that he might be able to fulfil the need of the Government in the Fibre Mill at Badagry in connection with which an approach was made to his Embassy sometimes ago for the services of Fibre Industry Management experts.

2. The papers were referred to the Min. of Industries on your direction and a temporary acknowledgement was sent to the Ambassador at p.370. P.S.M.I. has now replied as at p.372 saying, in effect, that the services of the Pakistani gentleman are not required, at least for the moment. I have therefore addressed another letter to the Pakistani Ambassador as at p.373.

3. For your information only.

(M. A. Adesiyan)  
Principal Secretary

31/1/74.

*h/a*

*CR. / File may p.a. pl.*

*AS 11/2/74.*

*P.S. B.U. on p 371 is submitted, please.*

*CR  
11/2/74*

*PA. AS 11/2/74.*

His Excellency,  
Brigadier Oluwole Rotimi,  
Military Governor's Office,  
Ibadan.

375  
NIFINCO,  
BADAGRY,  
17th May, 1974

Dear Sir,

Please, I would be much obliged if you would delegate some people to investigate about some misconducts which were going on at NIFINCO FACTORY, BADAGRY.

1. The Factory Manager does not stay in the Factory. He stationed in Lagos where his driver used to collect him everyday and around 2.00 p.m., sometimes he used to report for duty, whereby, the petrol that the car is consuming, is very exorbitant. Right from January to this month - May 1974, what he was posted there you could please investigate his whereabouts from the Securitymen who is incharge of his daily movement book.
2. He is not capable to be responsible for the post of the Factory Manager, who would not have interest on the progress of the factory instead, he faced his private job in Lagos. Moreover, where the factory was built is very far to the seat of the Western State Government, this gives him priority and free access to move to Lagos any how.
3. Therefore, I appeal to His Excellency to please be kind enough to look into this matter before it was too late to correct this malicious attitude.
4. All the Factory Managers which we had ever before him did not play with their jobs. This present Manager did not care about the production.
5. Please recruit an Expatriate to be the General Manager if His Excellency wants the progress and stability of the Factory.

As I have mentioned earlier, please take prompt attention to this Factory, because things are going very wrong day in day out.

I hope His Excellency will not hesitate to carry out his order to investigate this matter.

Yours faithfully,

A CITIZEN OF WESTERN STATE.


c.c. The Secretary,  
To the Military Governor,  
Military Governor's Office,  
Ibadan.



376  
D. P. S.

We have received at page 375, an anonymous letter addressed to H.E.M.G. and copied to this Office. The writer alleged that the Factory Manager of NIFINCO, Badagry is not punctual at work and that since he stays in Lagos from where he travels to Badagry everyday, it is not uncommon for him to report for work at 2 p.m. It is also alleged that the Manager has private business in Lagos to which he devotes his energies. The writer has therefore requested for an investigation into the Manager's activities.

2. NIFINCO is under the direct control of the Min. of Industries. You may therefore want to direct that we endorse the letter to that Min. for proper investigation in spite of its anonymous nature please.

  
(S. O. Oladapo),  
A. S. (Admin.),  
23<sup>rd</sup> May, 1974.

AS(A)

Thank you

2. Pl. take action as proposed in para. 2 above.

gko

Hj. SPS

23/5/74

377

CONFIDENTIAL

SP/C.124/5/377.

24<sup>th</sup> May, 1974.

The Permanent Secretary,  
Ministry of Industries,  
Secretariat,  
Ibadan.

NIFINCO, BADAGRY

I am directed to forward herewith a copy of an anonymous letter received in this Office recently.

2. It will be appreciated if you will investigate the allegations made therein with a view to taking whatever corrective steps are considered necessary.



(S. O. Oladapo),  
for Secretary to the Military Government  
and Head of Service.

CONFIDENTIAL

C.R.

Pl. by on 24/6/74.

AS (SC)

AS (A)  
24/6/74 -

Above by is submitted,  
please: CR

CR  
24/6/74  
We don't need a  
reply to the above  
letter.

378

Nigerian Fib. Ind. Co. Ltd.,  
Badagry,  
26th July, 1974

His Excellency,  
Brigadier Rotini,  
Military Governor's Office,  
Ibadan.

Attention: H.E. Brid. Oluwole Rotini

Dear Sir,

This is to inform you that the present Factory Manager could not run the factory successfully for the following reasons:-

- (1). You engaged him as Factory Manager on about N546.00 not salary yet he would not stay at the job. He spent most of the time at Ikeja running his own business.
- (2). Up till to-day he takes a basic car allowance of N40.00 without using his personal car to job. This is a broad-day rubbery on tax payers.
- (3). He practices nepotism, tribalism. The management is divided now, Mr. Akerele on one side, Mr. Afolabi on another side, the technicians are neutral. Then comes Mr. Ajagbe Amole, who was brought to NIFINCO by Mr. 'Biodun Akerele, today, they are enemies. Mr. Akerele felt Amole blackmailing him. Mr. Amole was given N400.00 to buy a car while Mr. Afolabi was on a short leave a thing that Mr. Afolabi will not agree to.

Mr. Akerele fears that the Ministry may in future wants to know his movement, hence, he instructed the Security-ment not to record the movement of the company's car Number ABG 222. I shall like you to call for expenditure on petrol driver's overtime.

From these you will see extravagant spending public interest is in jopady, public money is going into the gutter.

During a comfortation with Factory Manager, Akerele said even, a Permanent Secretary has his own private job and if they worry him, he will leave the job, he is very mouthy.

(He discusses) Akerele with a Lagos State to Officials to advise Lagos State Government to buy NIFINCO off from the Western State Government he thinks he would not be removed because Mr. Bayo is behind him. These are the Politicians of the day.

Those who have spent 6 - 8 years, are not capable of any advancement or loan. We would suggested an Independent enquiry on NIFINCO Management. There is bush administration going on here. The Company owes N155,000.00 to the Marketing Board. The Kenaf there, now cannot produce bags worth this balance.

If you want a success of the company, please make an expert-riate as the General Manager. This will prevent any learning of nepotism, tribalism and etc.

The Nigerians of today are thieves who wants to build empire within a short time.

Yours faithfully,

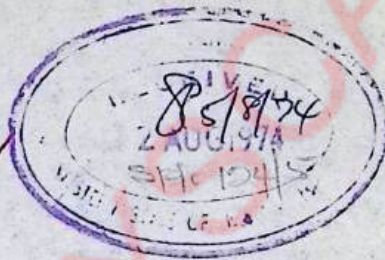
A Citizen of Nigeria.

c.c. The Permanent Secretary,  
Ministry of Industry,  
Ibadan.

c.c. Mr. A. K. Degun,  
Ministry of Finance,  
Ibadan.

c.c. Mr. Augustus Adebayo,  
Head of Service,  
Military Governor Office, ✓  
Ibadan.

c.c. Mr. Alakuro,  
Ministry of Industry,  
Ibadan.



ARCHIVES OF OYO STATE

D.P.S.,

Please see the anonymous letter at page 378.

2. The letter is similar to the one at page 375. It is not unlikely that the latest one from 'a Nigerian Citizen' was written by the 'Citizen of Western State' who wrote the first one. You however kindly agreed that the first one be copied to the PSMI for investigation with a view to taking whatever steps are considered necessary. I feel the last letter should be similarly treated if only to speed up whatever actions are being taken from that end.

3. Your directives please.

*Tony Osanyin*  
 (Tony Osanyin)

AS(A),

8/8/74.

AS(A)

Thank you.

- 2. We won't need to forward a copy of p.378 to the PSMI as the author had done so himself; see p.379.
- 3. I have spoken to Mr Olubayo, Ag. DPS (w.e.f. 15/8/74) who has confirmed that pp.375 & 378 have been dealt with. We should expect a letter from the Min. in a couple of days. If there is no letter herefrom by August 16, please get in touch with Mr Owi, Ag. Senior Investment Management Officer.

910  
 Ag. DPS  
 9/8/74

CR, *[Signature]* B.U. 16/8 ✓  
*[Signature]*  
 AS(A)  
 9/8

the bad siting of the factory, the selection of which Mr. Gardella was personally responsible. The problems confronting the plantation section of the venture were also partly caused by the Gardella Group and the management staff supplied by them. Once the difficulty of siting and supply of raw materials were solved, NIFINCO would run as a profitable concern.

6. After further discussion on the matter, His Excellency directed that the NIFINCO factory should be transferred to Oshogbo and another suitable project other than a jute bag project should be established at Badagry. Mr. Gardella then went back to the question of siting at Oshogbo. He expressed fear that Oshogbo might turn out to be another mistake. He was however given every assurance that Oshogbo had everything that could make the project succeed like ample labour supply; adequate and easy form of transportation; moreover, the town was in the centre of kenaf growing areas.

7. His Excellency then reiterated his earlier views that if Mr. Gardella did not want to move the factory from Badagry, he would direct that the management of the Company should be left entirely in his hands so as to make the project profitable. His Excellency pointed out that Mr. Gardella's original proposal was that he would move the factory to Oshogbo and replace it with another suitable industry in Badagry. He wondered why Mr. Gardella had now changed his mind and offered to purchase the existing factory to be run as a rival of the one to be established in Oshogbo. Mr. Gardella apologised for making such an offer but explained that he did not clearly understand what was required of him at the end of the last meeting. His Excellency then directed that Mr. Gardella, having known the feelings of Government on the issue, should continue further discussion on details with the State Commissioner for Trade and Industry and his officials in order to reach suitable agreement.

8. On the Tanning project, His Excellency welcomed the idea but directed that Mr. Gardella should further discuss details with the officials of the Ministry of Trade and Industry.

SMG & HS

26/3  
ck

pp 244 - 248 sub led fl.

P.A. [Signature]  
3/4



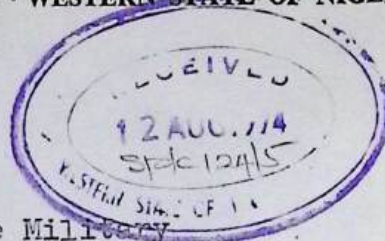
MINISTRY OF INDUSTRIES

INVESTMENT DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting

Our Ref. No..... Inv. 577/4/844



Date..... 9 August, 1974

The Secretary to the Military  
Government and Head of Service,  
Military Governor's Office,  
Ibadan.

(For the attention of Mr. Diti Oladapo)

Nigeria Fibre Industries Company Limited:  
Allegations against Mr. A. Akerele, Factory  
Manager

P. 377

With reference to your letter No. SP/C.124/5/377 of 24th May, 1974, and the telephone discussion between Mr. O. Oyinlola, Deputy Permanent Secretary, Office of the Military Governor and Mr. O. Olutayo of this office, I am writing to apprise you of action taken on the anonymous petitions on the mismanagement of our NIFINCO, Badagry.

2. On receipt of the petition, a copy of which was also forwarded to the State Commissioner for Industries by the Private Secretary to His Excellency the Military Governor, an officer of this Ministry went to the factory to conduct a discreet inquiry into the allegations. Following the report he submitted, Mr. Akerele, the Factory Manager, was invited to this Ministry for a frank discussion on the allegations as well as other issues touching on the operations of the company. After the meeting a letter was issued to the Factory Manager on the basis of the discussion. A photocopy of this letter is attached for your information, please.

P. 382  
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3. Lately another petition touching on similar allegations was addressed to His Excellency the Military Governor with copies to the Permanent Secretary, Ministry of Finance, the Secretary to the Military Government & Head of Service and to this Ministry. On this, we are keeping a close watch on the activities of the Factory Manager with a view to ascertaining whether or not the directives given in the attached letter are being followed.

(S. Olaiya Oni)  
for Permanent Secretary,  
Ministry of Industries.

CR.

Pl. file & b.u. to AS(SC).

See p. 385

AS (P&D)  
12/8

INV. 577/4/Vol.V/819.

4<sup>th</sup> July, 1974.

Mr. A. Akorele,  
The Factory Manager,  
Nigeria Fibre Industries Company Limited,  
P. O. Box 14,  
Badagry.

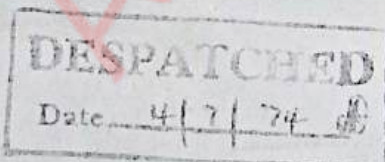
Dear Sir,

I am directed to refer to recent discussion the Chairman had with you on 5th June, 1974 concerning some allegations made against you. I am to confirm to you in writing the following directives given you by the Chairman at the meeting referred to above:

- (i) As Factory Manager, it is one of the conditions of your service to which you fully agreed before your appointment that you are required to reside in Badagry. You should comply strictly with this condition of service in order to promote the progress of the Company as your continuous presence in Badagry will enable you to tackle the factory's problems particularly in periods of emergencies and at the same time show good leadership to other Management staff. You may however visit Lagos occasionally or at week-ends.
- (ii) While there is no objection to your using the Company's car within Badagry for official and private duties, the use of the car outside Badagry should be strictly limited to official duties henceforth. Furthermore, an official log book for the car should be provided and properly kept.
- (iii) You should ensure that the interests of your private business do not conflict with those of your job as the Factory Manager and Company facilities should not be used to promote your private business.

2. It is hoped that you would comply strictly with the above directives and thereby prevent future occurrence of such practices which led to the allegations levelled against you.

Yours faithfully,



(R. A. Adeyemi),  
for Chairman,  
Board of Directors  
Nigeria Fibre Industries Company Limited  
and  
Permanent Secretary,  
Ministry of Industries.

AS(su)

1 submit pp 381-382, please.

8  
1/18/74

PSDM 9

D.P.S. 4/10/74

From Page 375 please.

made?  
L

2. After receiving the anonymous letter in which serious allegations were against Mr. Akerele, the Factory Manager of Nigeria Fibre Industries Company Limited, this Office directed that the P.S.M.I. should investigate the allegations with a view to taking whatever corrective steps considered necessary.

Akerele  
B

3. We have now received a letter from the P.S.M.I. reporting the steps taken on the allegations. An officer of that Ministry conducted a discreet inquiry into the allegations and after submitting his report, Mr. Akindele was invited to Ibadan for a frank discussion on the allegations as well as other issues touching on the operations of the the Company. On the basis of the discussion, the letter at page 382 was issued to the Factory Manager.

4. It is further reported that another petition touching on similar allegations was addressed to H.E.M.G., S.M.G. & H.S. and the Ministry of Industries. On the basis of this, the Ministry of Industries reports that a close watch is being kept on the activities of Mr. Akerele.

5. File submitted for your <sup>information</sup> consideration please.

*Tony Osanying*

(Tony Osanying),  
A. S. (A),

19/8/74.

AS(sc)

(a)

D.P.S.

We shd also keep watch and check up i.d.c. how amenable the Factory Manager has been since p. 382. This is the kind of abuse of office and power-drunkness which outsiders allege are rampant in our Corps and Coys. No stone must be left unturned to correct the situation, wherever it is proved to be true.

CR (b)

BU 4/10/74

for a letter to

PSMI along the

PSM's directives above

PSDM 9  
20/8/74

4/10/74  
D.P.S.

384

AS(se)

B.U. on p383 is submitted,  
please.

8  
CR  
4/10/74

ARCHIVES OF OYSCAC



INV. 577/4/Vol.V/819.

July, 1974.

Mr. A. Akerele,  
The Factory Manager,  
Nigeria Fibre Industries Company Limited,  
P. O. Box 14,  
Badagry.

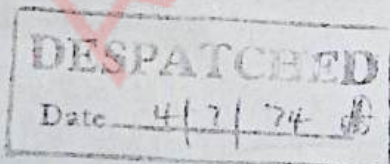
Dear Sir,

I am directed to refer to recent discussion the Chairman had with you on 5th June, 1974 concerning some allegations made against you. I am to confirm to you in writing the following directives given you by the Chairman at the meeting referred to above:

- (i) As Factory Manager, it is one of the conditions of your service to which you fully agreed before your appointment that you are required to reside in Badagry. You should comply strictly with this condition of service in order to promote the progress of the Company as your continuous presence in Badagry will enable you to tackle the factory's problems particularly in periods of emergencies and at the same time show good leadership to other Management staff. You may however visit Lagos occasionally or at week-ends.
- (ii) While there is no objection to your using the Company's car within Badagry for official and private duties, the use of the car outside Badagry should be strictly limited to official duties henceforth. Furthermore, an official log book for the car should be provided and properly kept.
- (iii) You should ensure that the interests of your private business do not conflict with those of your job as the Factory Manager and Company facilities should not be used to promote your private business.

2. It is hoped that you would comply strictly with the above directives and thereby prevent future occurrence of such practices which led to the allegations levelled against you.

Yours faithfully,



(R. A. Adeyemi),  
for Chairman,  
Board of Directors  
Nigeria Fibre Industries Company Limited  
and  
Permanent Secretary,  
Ministry of Industries.

AS(sc)

submit pp 381-382, please.

8/1/74

SP/C.124/5/385

4<sup>th</sup> October, 1974

The Permanent Secretary,  
Ministry of Industries,  
Investment Division,  
Ibadan.

Nigeria Fibre Industries Company Ltd.:  
Allegations against Mr. A. Akerele,  
Factory Manager

I am directed to refer to your letter No. Inv.577/  
4/844 of 9th August, 1974 on the above subject and to  
ask you to kindly favour me with a report on your  
observation concerning Mr. Akerele, the Factory Manager  
of the Nigerian Fibre Industries Company Limited, since  
you issued the directives contained in your letter  
No. Inv.577/4/Vol.V/819 of 4th July, 1974.

(T. O. Ajayi)  
for Secretary to the Military Government  
and Head of Service



Resp 2 bu 2/10

14 ~~out~~  
fw 4/10

Bu-18/11  
~~out~~  
2/10 J. G. W.  
2/10


 MINISTRY OF INDUSTRIES

## INVESTMENT DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....  
All communications to be addressed  
to the Permanent Secretary quoting

Our Ref. No. INV.577/4/Vol.V/882.

Date 29<sup>th</sup> October, 1974.

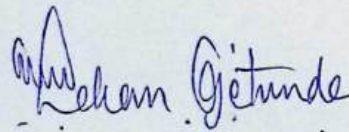
The Secretary to Military Government  
and Head of Service,  
Office of the Military Governor,  
Ibadan.

(For the Attention of Mr. Diti Oladapo)

Nigeria Fibre Industries Company Limited:  
Allegations against Mr. A. Akerele  
Factory Manager


With reference to your letter No. SP/G.124/5/385 of 4th October, 1974, I am directed to inform you that since I issued my letter No. INV.577/4/844 of 9th August, 1974 on the above-mentioned subject-matter, information that was available in this Ministry on the activities of Mr. A. Akerele, the former Factory Manager of our NIFINCO showed that instead of complying with the instructions contained in my letter referred to above, he had continued with his wrong practices. In actual fact, Mr. Akerele's dereliction of duty was confirmed by our Deputy Permanent Secretary and Chairman of the Company when he paid an official visit to the Company recently. On that occasion, Mr. Akerele was not found at the Factory on the arrival of the Chairman who, after his return to the Ministry, wrote Mr. Akerele on this and other short-comings and also referred the matter to the former State Commissioner for Industries, Mr. Bayo Akinnola.

2. The aftermath of these developments is that Mr. Akerele has resigned his appointment as the Factory Manager of our NIFINCO with effect from 22nd October, 1974 and he has accordingly left the factory.

  
(T. O. A. Ojetunde),  
for Permanent Secretary,  
Ministry of Industries.

E.R.

Kindly resubmit in file.

  
AS(RP)  
30/10.

387  
P.S,O.M.G,

via D.P.S. 9A0 4/11/74

Ref. your minute at p.383.

2. The Permanent Secretary, Ministry of Industries, in his letter at p.386, has confirmed that Mr. Akerele, the Factory Manager of NIFINCO continued with <sup>the</sup>wrong practices for which he was earlier reported. Consequently, he resigned his appointment from the Company with effect from 22nd October, 1974.

3. Since Mr. Akerele is no more in the service of the Company, I suggest that, the subject, which started with the anonymous letter at p.375, should be declared closed <sup>at</sup> ~~on~~ this end please.

(T. O. Ajayi),  
A.S. (S.C.),

1<sup>st</sup> Nov., 1974.

4. The Chairman of NIFINCO has told me of the internal arrangements he has made to get the Factory going and cut down on overhead costs. It is likely that the overseas partners will <sup>render</sup> ~~concern~~ further assistance to the Company if the talks between the Chairman of the Company and representatives of the overseas partners do not break down. We will k.i.v. of further developments.

9A0  
4/11/74

DPS.

Thanks

ER  
AS(sc) 6/11

Pl. dispose of file suitably  
9A0  
5/11

4/11/74

ARCHIVES OF OYSCAC



ARCHIVES OF OYSCAC

ARCHIVES OF OYSCAC

