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**COUNTRY
REPORT**

Nigeria



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1. General information

1.1 Geography

- Location: Western Africa, bordering the Gulf of Guinea
- Border countries: Benin, Cameroon, Chad, Niger
- Area: 923,770 km²

1.2 Population

- Total Population: 185,989,640
- Natural Increase: 2.6%
- Density: 204 Inhabitants/km²
- Urban Population: 48.6%
- Medium Age: 18.0 Years
- Life Expectancy in Years : Men: 52.2 And Women: 53.8
- Ethnic Origins: As Africa's most populous country, Nigeria is composed of more than 250 ethnic groups of African origin. The largest and most politically influential are the Hausa and Fulani (about 29%), the Yoruba (about 21%) and the Igbo / Ibo (about 18%).
- Religion: Muslim 50%, Christian 40%, Indigenous beliefs 10%.
- Literacy Rate: 69.1%

1.3 Language

- Official Language: English
- Other Languages Spoken: There are more than 500 languages spoken in Nigeria. The main ones are Fulfulde, Gbagyi, Hausa, Yoruba, Igbo (Ibo) and Fulani.
- Business Language(s): English is Nigeria's official language and is widely used in government and commerce. It is spoken by around 50% of the population with varying degrees of fluency, making Nigeria the largest English-speaking country in Africa.

1.4 Government

- The President of the Republic is both the Head of State and Head of Government. The President is elected by popular vote for a four-year term, renewable once.
- The two-chamber National Assembly consists of the Senate, whose members are elected by popular vote for a four-year term, and the House of Representatives, whose members are also elected by popular vote for a four-year term.

- Each federal state has its own legislative body and a governor elected for four years by vote. The laws vary significantly among the states, particularly due to the application of Sharia law in some of the states.
- High political instability often results in the postponement of elections.
- President and Head of Government: Muhammadu Buhari (since 29 May 2015)
- Next Election Dates Presidential and parliamentary elections: February 2019

1.5 Currency

- National Currency: Nigerian Naira (NGN)
- Exchange Rate on June 01, 2018: 1 NGN = 0.0024 EUR, 1 EUR = 421.9296 NGN

2. Economy

2.1 General Overview

Nigeria has the largest African economy - in close competition with South Africa - and a population of over 180 million people. It is currently the 27th largest economy in the world based on GDP volume.

After growing about 5% between 2010 and 2014 and 2.7% in 2015, Nigeria's economy contracted by 1.5% in 2016, the lowest GDP growth in over two decades.

This downturn can be explained by Nigeria's overreliance on oil exports, which led to a sharp drop in government revenue and foreign currency availability with the fall in oil prices as well as a lower performance in non-oil sectors.

Crude prices have since stabilized as major oil producers agreeing to slash production. However, attacks on pipelines and barges in the Niger Delta pose serious obstacles to stable oil production.

Nigeria increased oil production capacity more than any other OPEC member in 2016.

The non-oil sector accounts for over 90% of the economy, but the manufacturing, construction, real estate and trade sectors also performed poorly in 2016.

Restrictions on currency have penalized the private sector while the banking sector, heavily exposed to the oil sector, has been weakened.

Nigeria's currency, the Nigerian naira, is also overvalued given government controls on the exchange rate. This has led to a growing spread between the official and parallel exchange rate markets.

In recent years, the ratio of interest payment to tax revenue has also doubled to 66%, meaning two thirds of all tax revenue goes to interest payment.

A Euler Hermes index covering 54 African economies shows Nigeria has the best Consumption Potential, driven by urban population growth and good internet access. Moreover, urbanization could support Nigeria's effort to capitalize on its infrastructure potential as the gap between basic and full access is among the widest in the continent.

The biggest obstacles to growth are inadequate power supply, deficient transportation infrastructure, an ineffective judicial system, and widespread corruption, as well as a high inflation rate. The World Bank's Doing Business 2017 survey ranks Nigeria 169 out of 190 countries. The outcome is poor confidence in the economy. Currently, 75% of corporate transactions are paid in cash.

Beyond the economic situation of the country, the security situation remains volatile in the northern regions. The northern areas have suffered attacks from the radical Islamist terrorist group Boko Haram, but progress has been made in the previously besieged cities, mainly due to better cooperation between the concerned countries. The terrorist group has subsequently changed its strategy to use dispersion tactics and multiple suicide bombings.

Despite the country's dynamism, the real challenge for Nigeria is the risk of a demographic explosion. According to the United Nations, the population of Nigeria could reach 730 million inhabitants in 2100, up from 186 million today.

This explosion of population is exasperated by the fact that currently half of the inhabitant's lives below the poverty line, pandemics are rampant (HIV, tuberculosis), infant mortality is high and the country struggles with substantial levels of inequality.

Main Indicators	2015	2016	2017	2018 (e)	2019 (e)
GDP (billions USD)	493.84	405.44	394.82	460.66	536.32
GDP (Constant Prices, Annual % Change)	2.7	-1.6	0.8	1.9	1.7
GDP per Capita (USD)	2,763e	2,208e	2,092	2,376	2,692
Inflation Rate (%)	9.0	15.7	16.3	14.8	14.3
Unemployment Rate (% of the Labor Force)	9.0	13.4	n/a	n/a	n/a

Table 1: Main Economic Indicators. Source: IMF – World Economic Outlook Database, 2017

2.2. Strengths and Weaknesses

Strengths

- Dominant economy in West Africa in terms of population and GDP and now the continent's largest economy.
- Hydrocarbons resource base, with 2.2% of global oil reserves (11th in global rankings and 43 years of additional extraction at current rates) and 2.7% of natural gas reserves (9th and over 100 years).
- High oil prices in 2011-2014 boosted export earnings, provided current account surpluses and accumulation of international reserves (import cover markedly in excess of the international comfort benchmark of three months).
- External debt ratios are again deteriorating but remain comfortable.

Weaknesses

- With oil and gas accounting for over 90% of export revenues, the economy is susceptible to volatility in global markets and to large swings in energy prices.
- The federal government is hampered by the strength of state and tribal authorities. Deep ethnic, religious and regional divisions provide risks to systemic stability.
- Personal and corporate security is high risk.
- Long history of economic mismanagement and corruption continue to affect perceptions of doing business in the country.
- Data provision remains poor for a country of such size and strategic importance.
- Weak investment level

2.3 Structure of the Economy

The Nigerian economy is dominated by crude oil, which accounts for 15% of the country's GDP, 70% of government revenue and more than 77% of the country's total exports; it is the 8th most important oil exporter in the world.

Oil reserves are estimated at about 35 billion barrels. Nigeria also became one of the lead exporters of liquefied natural gas (LNG). Natural gas accounts for an additional 15.5% of exports. The country also produces tin ore and coal for the domestic market.

Another key sector of the Nigerian economy is agriculture, which employs over 60% of the workforce and generated about 26% of Nigeria's GDP as of December 2016. The Southern and Central regions of Nigeria produce yam, rice, and maize while the Northern regions produce sorghum, millet, rice, and livestock farming. Nigerian agriculture is mainly centered on subsistence farming and suffers from a lack of modernization.

Wholesale and retail trade account less than one-quarter of the GDP (around 16% of GDP in 2016, according to Nigerian National Bureau of Statistics). Telecommunications, where growth has been particularly strong, represent about 9% of the GDP, while the banking and insurance sectors account for nearly 4% of GDP.

The industrial sector makes up less than one-quarter of the economy (20% of GDP in 2016) and its development has been mainly constrained by power shortage.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	27.9	14.7	57.4
Value Added (in % of GDP)	21.2	18.4	60.4
Value Added (Annual % Change)	4.1	-8.9	-0.8

Table 2: Economic Activity by Sector Source: World Bank, 2016

2.4 Taxation

- VAT:5%
- Corporate tax: 30%
- Tax on oil profits (Petroleum Profit Tax, PPT): Normal rate: 85%; reduction for companies doing business for less than 5 years: 65.75%; production-sharing agreements: 50%.
- Alternative Minimum Tax: Turnover of NGN 500,000 or less: the highest level of 0.5% of the gross margin, 0.5% of net assets, 0.25% of paid-up capital, or 0.25% of turnover.
- When sales exceed NGN 500,000, an additional fee is payable at the rate of 0.125% of turnover over NGN 500,000.
- Withholding Taxes: Dividends: 10%, Interests: 10%, Royalties: 10%.
- Social Security Contributions Paid By Employers :7.5%

2.5 Investments

FDI flows to Nigeria dropped by USD 4.52 billion to USD 5.12 billion, the lowest in nine years according to the National Bureau of Statistics.

The primary countries investing in Nigeria are the United States, China, and the Netherlands.

3. Trade Relations

Trade accounted for 21.45% of Nigeria's GDP in 2015, over a 9% drop from 2014 (World Bank).

In 2015, the objective of Nigeria's trade policy was to promote and diversify its exports by reinforcing national competitiveness and encouraging liberalization through the reduction of subsidies. However, the fall of oil prices in 2016 hampered diversification efforts.

Nigeria has signed trade agreements with a number of countries in Africa, the Caribbean, the Pacific and the European Union. Raw materials and semi-finished goods benefit from reductions in customs tariffs, even if the country remains protectionist in certain sectors such as agriculture.

There are currently 24 duty-free zones and 8 more under construction in Nigeria according to NEPZA.

The trade balance was negative for the first time in seven years (2.2% deficit in 2016). Nigeria mainly exports to the Netherlands, India and Brazil. The United States, China and the Netherlands are the three main import partners.

Foreign Trade Indicators	2012	2013	2014	2015	2016
Imports of Goods (<i>million USD</i>)	51,000	56,000	60,000	48,000	39,000
Exports of Goods (<i>million USD</i>)	114,700	102,400	94,200	48,400	32,800
Imports of Services (<i>million USD</i>)	22,412	20,079	22,546	18,836	12,318
Exports of Services (<i>million USD</i>)	2,067	1,916	1,495	2,742	3,718
Foreign Trade (<i>in % of GDP</i>)	44.4	31.0	30.9	21.1	n/a

Table 7: Foreign Trade-Japan.

Source: WTO – World Trade Organization, World Bank– 2016

Main Customers (% of Exports)	2016
India	18.0%
United States	12.1%
Spain	9.2%
Netherlands	7.8%
France	6.3%
South Africa	5.5%
Indonesia	3.9%
United Kingdom	3.5%
Canada	2.7%
Brazil	2.4%

Table 8: Top 10 Customers. Source: UN Comtrade

Main Suppliers (% of Imports)	2016
China	19.7%
Belgium	12.1%
Netherlands	11.7%
United States	8.0%
India	5.1%
United Kingdom	4.1%
France	3.9%
Germany	3.1%
Brazil	2.9%
United Arab Emirates	1.8%

Table 9: Top 10 Suppliers. Source: UN Comtrade

32.9 ban USD of products exported in 2016	
Petroleum oils and oils obtained from bituminous...	82.0%
Petroleum gas and other gaseous hydrocarbons	13.8%
Cocoa beans, whole or broken, raw or roasted	0.7%
Cigars, cheroots, cigarillos and cigarettes of...	0.4%
Electrical energy	0.3%
Other oil seeds and oleaginous fruits, whether or...	0.3%
Mineral or chemical nitrogenous fertilizers	0.2%
Oils and other products of the distillation of...	0.2%
Cocoa butter, fat and oil	0.2%
Natural rubber, balata, gutta-percha, guayule,	0.1%

Table 10: Top 10 Exported Goods. Source: UN Comtrade

35.2 ban USD of products imported in 2016	
Petroleum oils and oils obtained from bituminous...	28.1%
Wheat and meslin	3.1%
Machinery for sorting, screening, separating,	2.3%
Cane or beet sugar and chemically pure sucrose, in...	1.9%
Motor cars and other motor vehicles principally...	1.9%
Frozen fish (excl. fish fillets and other fish...	1.3%
Medicaments consisting of mixed or unmixed...	1.3%
Taps, cocks, valves and similar appliances for...	1.2%
Polymers of ethylene, in primary forms	1.2%

Table 11: Top 10 Imported Goods. Source: UN Cmtrade

4. Greek-Nigerian Trade Relations

The trade balance between Greece and Nigeria is positive for our country, with the volume of trade moving at relatively low levels. In 2017, our trade surplus doubled, mainly due to an increase in our exports of petroleum products.

Exports to Nigeria (€)	2015	2016	2017
Food & Live Animals	4.535	:	500
Beverages & Tobacco	500	766	257
Crude Materials Inedible	12.798.548	11.849.895	12.804.418
Mineral Fuels, Lubricants	:	:	248
Animal and Vegetable Oils, Fats	:	:	228.550
Chemicals and Related Products	121.303	449.392	468.291
Manufactured Goods	20.504	44.842	375.167
Machinery & Transport Equipment	34.936	36.946	1.301.768
Miscellaneous Manufactured Items	2.118	49.363	57.598
Other Commodities	:	:	2.915
Total	12.982.444	12.431.204	15.239.712

Table 12: Greek Exports to Nigeria. Source: Eurostat

Imports from Nigeria (€)	2015	2016	2017
Food & Live Animals	253.172	142.714	77.748
Beverages & Tobacco	36.849	2.190	:
Crude Materials Inedible	629.160	994	31.426
Mineral Fuels, Lubricants	7.041	4.750	4.603.415
Animal and Vegetable Oils, Fats	:	480	:
Chemicals and Related Products	8.606.805	5.424.926	5.777.745
Manufactured Goods	7.666.893	5.210.157	6.966.244
Machinery & Transport Equipment	15.508.843	10.163.437	15.427.163
Miscellaneous Manufactured Items	1.383.064	969.796	1.049.561
Other Commodities	28.346	600	9.792
Total	34.120.173	21.920.044	33.943.094

Table 13: Greek Imports from Nigeria. Source: Eurostat

5. Useful Contacts

Greek Embassy in Abuja

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Consular Section in Abuja

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Web Site: <https://www.mfa.gr/abuja>
Head: Antonios Likourgos Kaplanis

Honorary Consulate in Lagos

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- IMF: Country Information
- International Trade Center
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- European Commission: Market Access Database, Eurostat
- Fitch Group: BMI Research
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- Euler Hermes: Economic Research, Country Reports

Financial Institutions

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- Rabobank: RaboResearch
- Banco Santander: Santander Trade

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