

## Executive Summary

This country fact sheet provides key trade, investment and tourism related statistics for the Nigeria. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Nigeria in relation to South Africa and the Western Cape, highlighting the largest and fastest growing products and sub-sectors. It also investigates tourism trends for Nigeria. The key highlights in the fact sheet are provided below:

### TRADE

- Nigeria was a net exporter of goods from 2007 to 2016. Nigerian global exports were valued at USD32.88bn in 2016 compared to USD48.43bn in 2015, declining by 32.11%.
- India is the leading export market for Nigeria with a value of USD5.7bn in 2016.
- China was the leading import market for Nigeria, valued at USD6.98bn in 2016.
- South Africa is Nigeria's 6<sup>th</sup> largest export market, importing USD1.8bn worth of goods in 2016, declining by 32% from 2015.
- The Western Cape exported goods to the value of USD101m 2016 compared to USD160m in 2015, representing a decline of 40%.
- Apples, pears and quinces were the leading export product category to Nigeria from the Western Cape in 2016, valued at USD28.12m.

### FDI

- Between January 2003 and January 2017 a total of 595 FDI projects were recorded into Nigeria.
- The United States was the largest source market for inward FDI into Nigeria in terms of projects, with 94 investment projects.
- Between January 2003 and January 2017 a total of 199 FDI projects were recorded from Nigeria.
- A total of 23 FDI projects were recorded in the period from the Western Cape to Nigeria.
- Distell Group from the Western Cape, a subsidiary of South Africa-based Remgro, was the largest investor into Nigeria valued at USD132.8m.

### TOURISM

- The direct contribution of travel and tourism to Nigeria's GDP was NGN1 632.8bn (1.7% of the total GDP) in 2015, and is forecast to rise by 4.8% in 2016.
- The total contribution of Travel and Tourism to GDP was NGN4 051.8bn (4.2% of GDP) in 2015, and is anticipated to rise by 5.0% in 2016.

## Contents

1.	Country Overview.....	3
2.	Economic Overview.....	3
2.1	Companies in Nigeria .....	6
2.2	Doing Business in Nigeria .....	6
2.3	Nigeria's Risk Ratings .....	7
2.4	Logistics.....	7
3.	Trade.....	8
3.1	Nigeria's Global Trade .....	8
3.2	Trade with the Western Cape .....	12
3.3	Trade agreements .....	13
3.4	Tariffs.....	14
4.	Foreign Direct Investment .....	15
4.1	Global FDI into Nigeria .....	15
4.2	Global FDI from Nigeria .....	18
4.3.	Outward investment from the Western Cape .....	20
5	Tourism .....	22

## 1. Country Overview

Nigeria is located in West Africa and shares land borders with the Republic of Benin in the west, Chad and Cameroon in the east, and Niger in the north. Its coast in the south lies on the Gulf of Guinea on the Atlantic Ocean. With a population of 186 million people, Nigeria is the most populous country in Africa and the 7<sup>th</sup> most populous country in the world.

Nigeria is a Federal Republic modelled after the United States, with executive power exercised by the president with overtones of the Westminster System model in the composition and management of the upper and lower houses of the two-tier legislature. Nigeria is a member of the Commonwealth of Nations and maintains membership in the Organization of the Petroleum Exporting Countries (OPEC), which it joined in July 1971.

GENERAL INFORMATION	
Capital	Abuja
Government type	Federal republic
Chief of State	President Maj. Gen. (ret.) Muhammadu Buhar
Population (July 2016 est.)	186,053,386
Life expectancy	53.02 years
Literacy	59.6%
Ethnic groups	Nigeria is composed of more than 250 ethnic groups; the most populous and politically influential are: Hausa and the Fulani 29%, Yoruba 21%, Igbo (Ibo) 18%, Ijaw 10%, Kanuri 4%, Ibibio 3.5%, Tiv 2.5%
Religions	Muslim 50%, Christian 40%, indigenous beliefs 10%
Languages	English (official), Hausa, Yoruba, Igbo (Ibo), Fulani, over 500 additional indigenous languages
HDI (2016)	0.504 (Ranked 152)

Sources: CIA World Factbook, 2017, World Bank Data, 2017

## 2. Economic Overview

Nigeria is classified as an emerging market, and has already reached middle income status according to the World Bank, with its abundant supply of natural resources, a well-developed financial, legal, communications, transport sectors and its stock exchange (the Nigerian Stock Exchange), which is the second largest in Africa after the JSE.

Nigeria's GDP (PPP) was valued at USD1.1trn in 2016, making Nigeria the 24th largest economy in the world. According to Citigroup, Nigeria will achieve the highest average GDP growth in the world between 2010 and 2050.

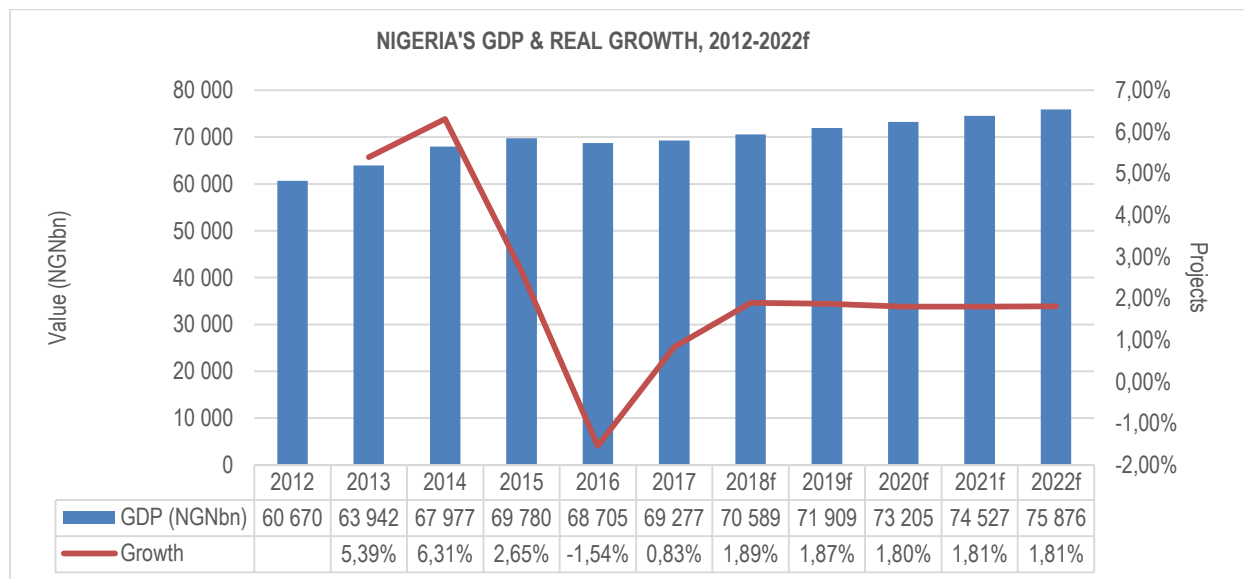
Nigeria also has a wide array of underexploited mineral resources which include natural gas, coal, bauxite, tantalite, gold, tin, iron ore, limestone, niobium, lead and zinc. Despite huge deposits of these natural resources, the mining industry in Nigeria is still in its infancy. Nigeria has one of the fastest growing telecommunications markets in the world with major emerging market operators like MTN, Etisalat, Zain and Globacom boasting their largest and most profitable centres in the country.

Despite oil's dominance, agriculture plays a significant role in the Nigerian economy, accounting for 22% of GDP. At one time, Nigeria was the world's largest exporter of groundnuts, cocoa, and palm oil and a significant producer of coconuts, citrus fruits, maize, pearl millet, cassava, yams and sugar cane.

ECONOMIC INFORMATION	
GDP (PPP) (2016 est.)	USD1.1tn
GDP growth (2016 est.)	-1.5%
GDP per capita (2016 est.)	USD5.900
Inflation (2016 est.)	15.7%
Lending Rate (2016 est.)	18%
Unemployment rate (2016 est.)	13.9%
Exports (2016 est.)	USD33.27bn
Imports (2016 est.)	USD36.4bn
FDI Inflow (2016)	USD98.73bn
FDI Outflow (2016)	USD13.71bn
<b>Doing Business...(2017 Ranking)</b>	<b>169</b>

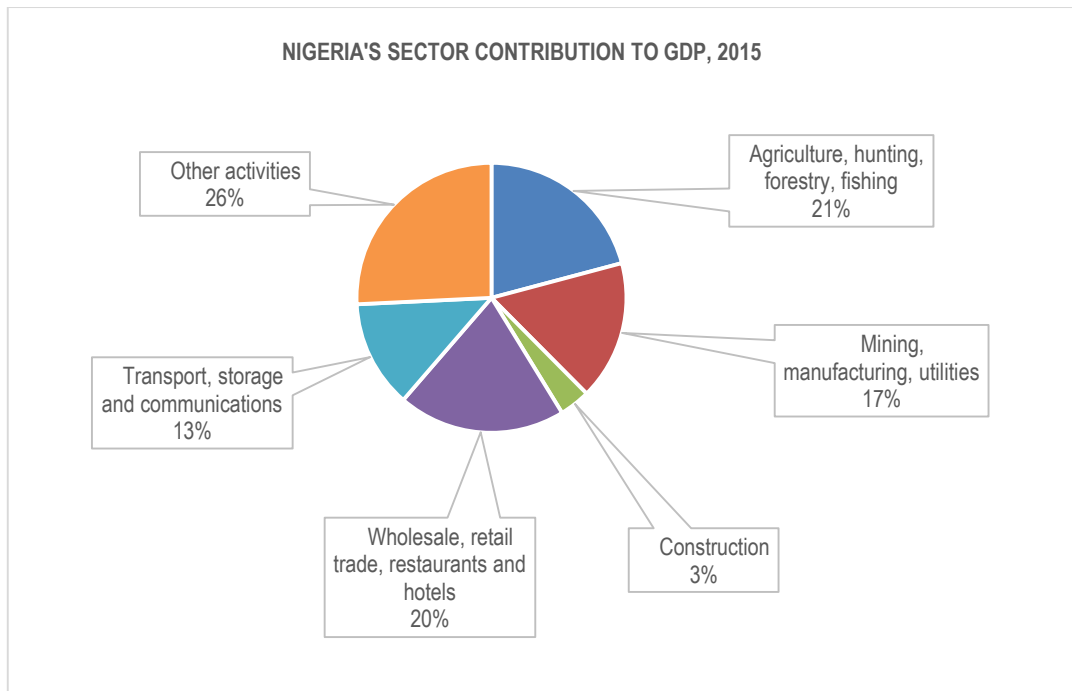
Source: CIA World Factbook, 2017; Doing Business in Nigeria, 2017

The figure below illustrates the GDP value and growth for Nigeria's economy for the period 2012 to 2020f. The economy has been experiencing a steady increase in GDP over the period. In 2016, a decline in the real growth rates of economic activity was experienced and this due to both the oil and non-oil sectors and difficulties of transition to a growth model that is not driven by oil. Growth is expected to increase steadily from 2016 to 2020. The net effect of the lower oil price will be negative with the currency and external and fiscal accounts being areas that are particularly at risk.



Source: IMF, 2017

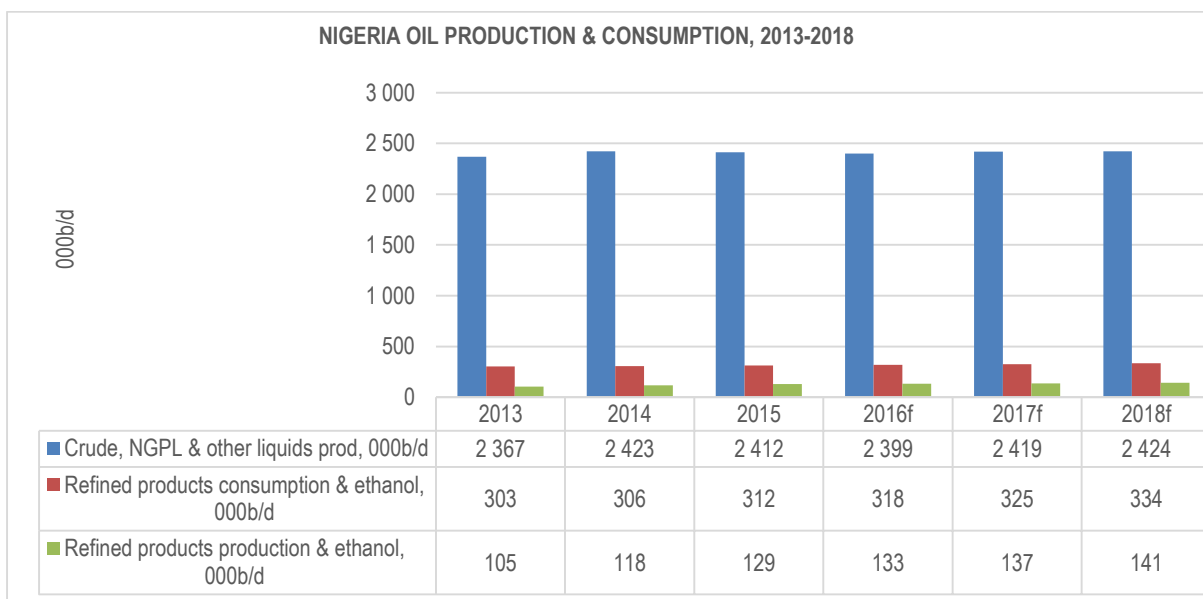
The contributions of Nigeria's economic sectors to GDP in 2015 are depicted in the figure below. The largest contributor is the agriculture, hunting, forestry and fishing sector, accounting for 21% of GDP. This is followed by the mining, manufacturing and utilities sector as well as the construction sector contributing 17% and 3%, respectively.



Source: UNCTAD, 2017

Nigeria has the 10<sup>th</sup> largest oil reserves in the world and the 2<sup>nd</sup> largest in Africa after Libya. According to BMI (2015), Nigeria will struggle to find new markets for its crude after being displaced from its traditional United States market due to rising domestic shale oil production. Nigeria's oil consumption is estimated to increase steadily from 305,000b/d in 2014 to about 409,800b/d by the end of 2018, led by the transport sector and the continued use of diesel power generators as backups to intermittent power supplies.

A decline in Nigerian proven oil reserves is demonstrating the impact of lower levels of exploration activity in the country since 2005. Security problems related to oil theft and pipeline interference hamper the industry and fuel investment uncertainties about the Petroleum Industry Bill (PIB).



Source: BMI, 2017

## 2.1 Companies in Nigeria

Dangote Cement is the only Nigerian company on the Forbes global 2000, an annual list of the world's 2000 largest publicly listed corporations. Six out of the top 10 companies in Nigeria are in the finance and banking sector and three are in the food and beverage sector. The table below gives the top 10 companies and the sectors within which they operate:

TOP 10 LARGEST COMPANIES IN NIGERIA, 2013			
RANK	COMPANY	SECTOR	MARKET CAPITAL (NGN millions) 2014
1	Nigerian Breweries Plc	Food & Beverages	1,210,864
2	First Bank	Banking and Finance	310,983
3	Zenith	Banking and Finance	654,616
4	UBA	Banking and Finance	153,363
5	GTBank	Banking and Finance	688,689
6	Guinness Nigeria Plc	Food & Beverages	237,930
7	Dangote Sugar	Food & Beverages	73,800
8	EcoBank	Banking and Finance	388,085
9	Nestle Nigeria	Food & Beverages	685,647
10	Stanbic IBTC	Banking and Finance	284,700

Source: The Nigerian Stock Exchange, 2014, Bloomberg, 2014

## 2.2 Doing Business in Nigeria

The table below shows Nigeria's ease of doing business in 2017. According to the World Bank's *Doing Business 2017* report, Nigeria is ranked 169<sup>th</sup> out of 190 countries in terms of the ease of doing business. Nigeria's best ranking sub-categories are protecting minority investors (20<sup>th</sup>) and getting credit (59<sup>th</sup>).

NIGERIA'S EASE OF DOING BUSINESS, 2017	
SELECTED INDICATORS	RANKING OUT OF 190 COUNTRIES, 2017
Starting a Business	139
Dealing with Construction Permits	175
Getting Electricity	182
Registering Property	181
Getting Credit	59
Protecting Investors	20
Paying Taxes	181
Trading Across Borders	182
Enforcing Contracts	143
Resolving Insolvency	143
<b>Doing Business 2017</b>	<b>169</b>

Source: Cost of Doing Business, 2017

The Nigerian market is particularly lucrative for businesses in consumer-centric industries, such as telecommunications, retail, agriculture and transportation, however persistent risks such as low credit and limited infrastructure continue to deter investors and reduce trade-flows (BMI, 2014). Nigeria's score of 26.1 out of 100 for Investment and Trade Openness in BMI's Trade and Investment Risk Index puts it in 40<sup>th</sup> place regionally out of the 44 countries covered. This score places it between Sudan and Kenya.

## 2.3 Nigeria's Risk Ratings

Nigeria's sovereign risk status and its capacity to meet its financial commitments is shown below. According to Standard and Pooers Nigeria's rating shows, the decline in oil prices in the last seven months since May 2015 has significantly affected Nigeria's external position and external vulnerability. In addition, the implementation of the government's ambitious fiscal consolidation plans remains a cause for concern, while the Boko Haram group continues to disrupt the north-east.

NIGERIA'S COUNTRY RATINGS, 2016			
STANDARD & POORS SOVEREIGN RATINGS		FLITCH RATING	MOODY'S RATINGS
Local Currency Rating	Foreign Currency Rating	Credit Rating	Credit Rating
<b>B</b>	<b>B</b>	<b>B+</b>	<b>B1</b>

Source: Standard & Pooers, 2017, Trading Economics 2017

The table below shows Nigeria's risk assessment in terms of export transactions and direct investments according to ONDD. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators. The political risk in Nigeria is highest in the short and medium-term. All categories of direct investment risk, i.e. war risk, risk of expropriation and government action and transfer risk are all above 5 indicating a high risk for direct investments.

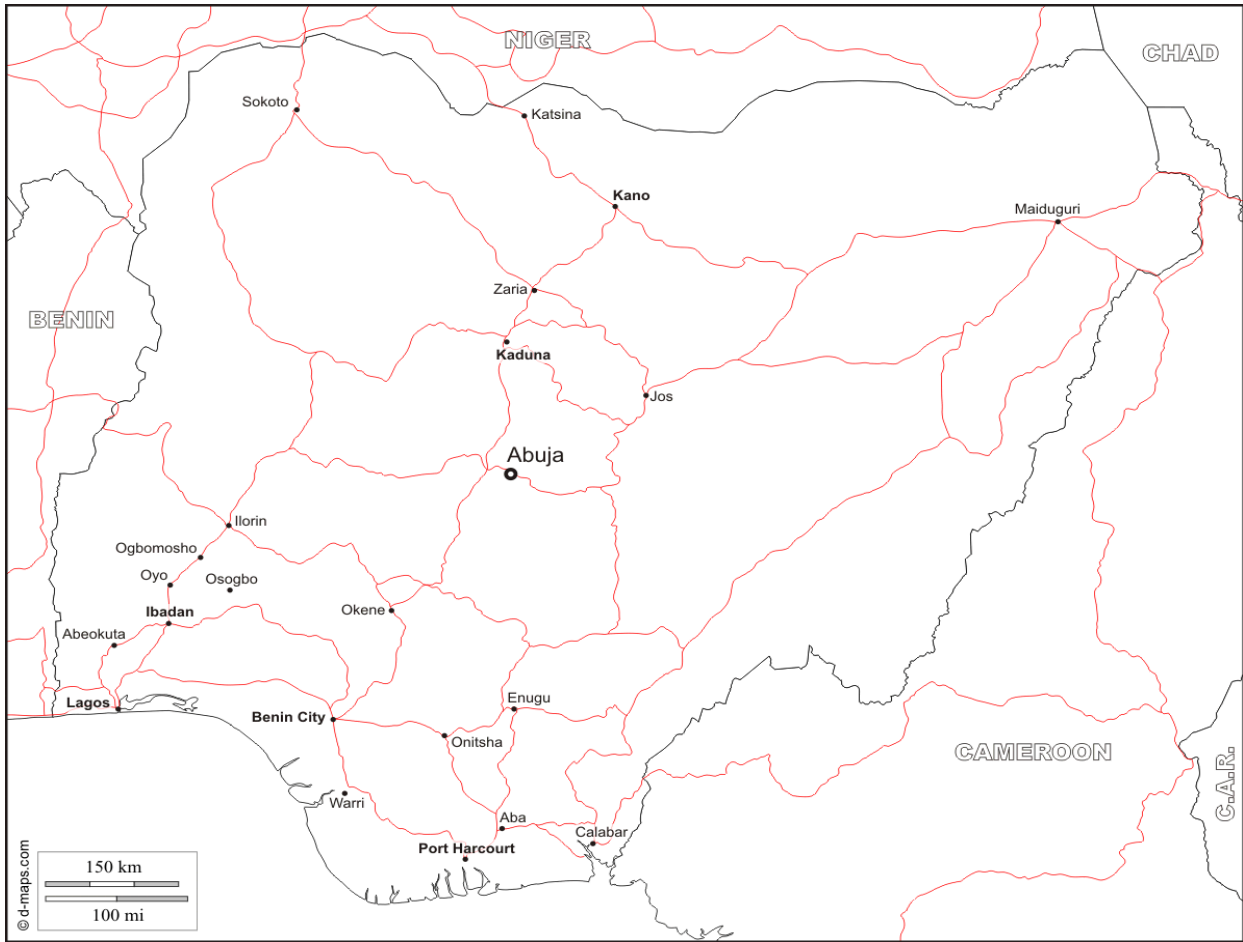
NIGERIA'S RISK ASSESSMENT		
EXPORT TRANSACTIONS		
Political Risks	Short Term	6
	Medium-Long term	6
	Special Transactions	6
Commercial Risk	C	
DIRECT INVESTMENTS		
War risk	6	
Risk of expropriation and government action	6	
Transfer risk	6	

Source: ONDD, 2017

## 2.4 Logistics

Nigeria's total road network is one of the longest in the world, stretching to 193,200km. The majority of the country's cities, airports and ports are linked by main roads, with the best connections being in the southern port cities, particularly Lagos, which is the location of Nigeria's only major expressways. Four Trans-African Highways traverse Nigeria. Three of these converge on Lagos, with one heading west to Dakar in Senegal, one east to Mombasa in Kenya, and one north to Algiers in Algeria. The final highway runs west to east from Dakar to Ndjamen in Chad, via Kano in northern Nigeria. These routes provide the main links to Nigeria's neighbours, with three highways in total crossing the border to Benin, two to Cameroon and three to Niger, offering regional trade links for investors (BMI, 2014). These road connections are particularly important for Niger as it seeks to return to using Nigeria's ports for its imports and exports.

The map below shows the main cities, boundaries and roads in Nigeria.



Source: d-maps.com

The table below shows the distance and time it takes goods to travel from Cape Town Port terminal to Nigerian ports.

TRANSIT TIME FROM CAPE TOWN TERMINAL TO VARIOUS PORTS IN NIGERIA, 2017		
TERMINAL	DISTANCE	TRANSIT TIME
Harcourt	4545.88km	7 days 7 hours
Lagos	4802.06km	7 days 17 hours
Tincan	4809.17km	7 days 17 hours
Onne	4517.43km	7 days 6 hours
Warri	4589.4km	7 days 9 hours
Brass	4610.25km	7 days 9 hours
Odudu	4508.72km	7 days 5 hours

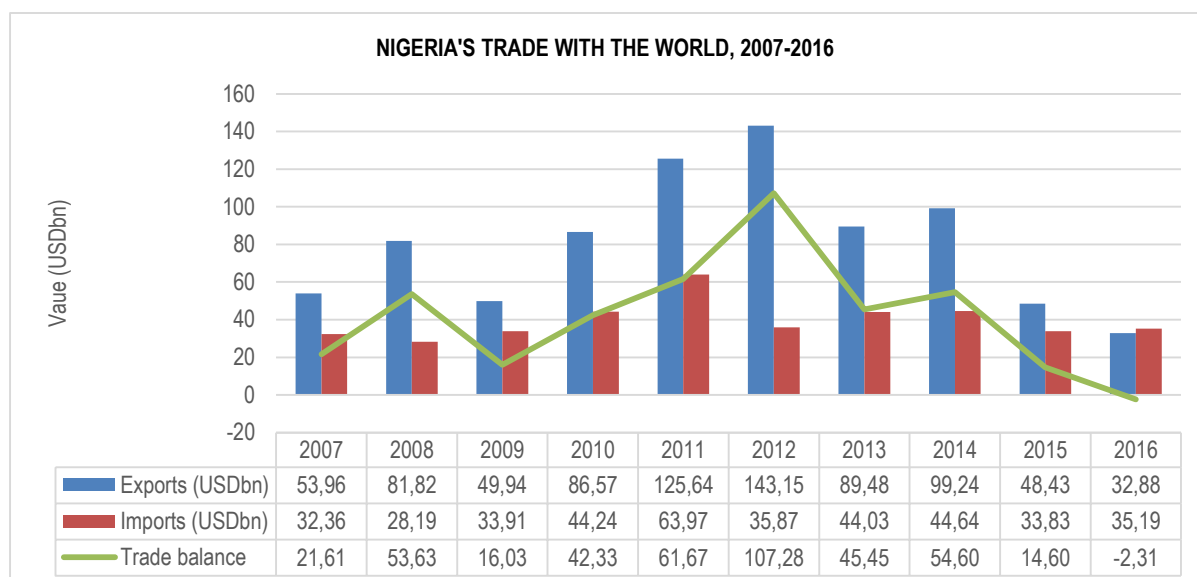
Source: SeaRates, 2017



### 3. Trade

#### 3.1 Nigeria's Global Trade

The figure below illustrates the trend in Nigeria's global trade from 2007 to 2016. In 2016 Nigeria's exports declined by 32% this was caused by a fall in the price of oil which has caused the local currency to weaken and the economy to grow at its lowest pace in decades. Global imports in 2016 were valued at USD35.19bn compared to USD35.19bn in 2015, increasing by 4.03%.



Source: TradeMap, 2017

The table below shows Nigeria's top 10 destination markets for 2016. India was the leading export market for Nigeria exporting goods to the value of USD5.97bn. The United States and Spain ranked second and third valued at USD4.01bn and USD3.08bn respectively. Five of the top 10 destination countries were European states. South Africa was Nigeria's 6<sup>th</sup> largest importer, importing USD1.8bn worth of goods in 2016, declining by 32% from 2015.

NIGERIA'S TOP 10 DESTINATION MARKETS, 2016			
RANKING	COUNTRY	VALUE, (USDbn)	AVG GROWTH 2012-2016
1	India	5.97	-20
2	United States	4.01	-40
3	Spain	3.08	-19
4	Netherlands	2.46	-28
5	France	2.03	-25
6	South Africa	1.80	-21
7	Indonesia	1.24	-9
8	United Kingdom	1.18	-38
9	Canada	0.99	-24
10	Brazil	0.88	-45
<b>TOTAL</b>		<b>32.88</b>	<b>-30</b>

Source: TradeMap, 2017

The table below shows Nigeria's global import markets for 2016. China was the leading import market, valued at USD6.98bn. The Netherlands and Belgium were ranked second and third valued at USD4.12bn and USD4.04bn respectively. South Africa was the 13<sup>th</sup> largest exporter to Nigeria, exporting goods to the value of USD544m in 2016.

NIGERIA'S TOP 10 SOURCE MARKETS, 2016			
RANKING	COUNTRY	VALUE, (USDbn)	AVG GROWTH 2012-2016
1	China	6.98	-4
2	Netherlands	4.12	49
3	Belgium	4.04	27
4	United States	2.85	-13
5	India	1.82	-9
6	United Kingdom	1.50	-13
7	France	1.39	9
8	Germany	1.07	-1
9	Brazil	0.97	-22
10	United Arab Emirates	0.67	-1
<b>TOTAL</b>		<b>35.19</b>	<b>-3</b>

Source: TradeMap, 2017

The table below shows Nigeria's top 10 traded products for 2016. Crude petroleum oil was the leading export product category, valued at USD26.92bn. Petroleum gases and cocoa beans ranked second and third valued at USD4.58bn and USD240m, respectively.

After petroleum, cocoa is the country's most important export. Nigeria is one of the top 10 exporters of cocoa beans in the world.

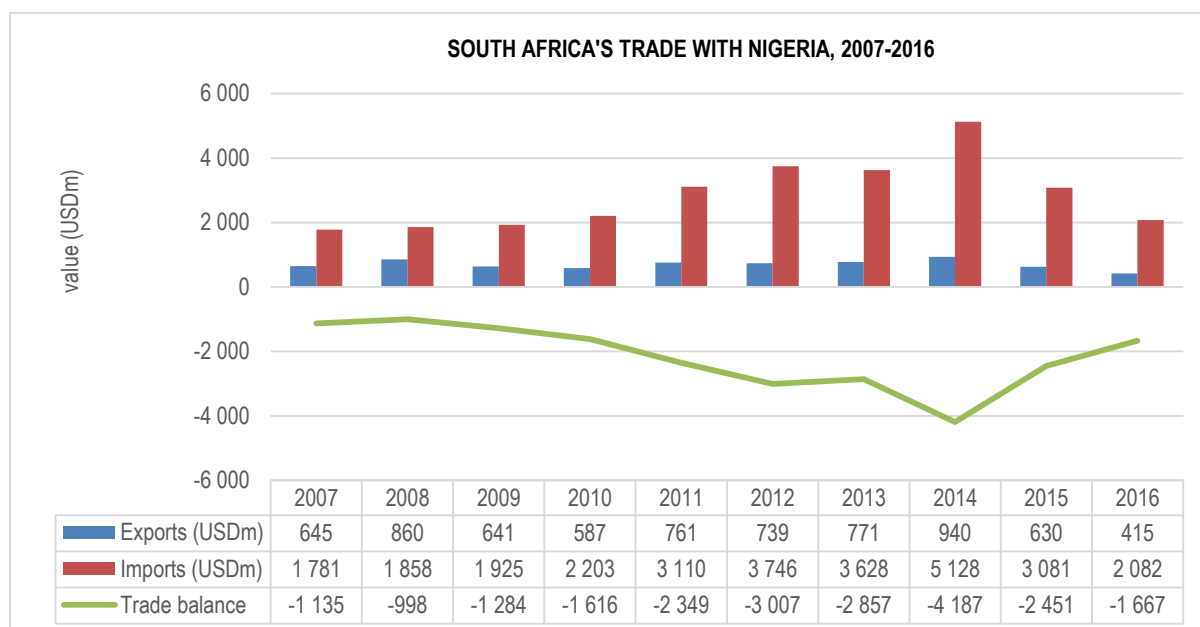
Refined petroleum oil was the leading imported product in Nigeria, valued at USD9.66bn, wheat and meslin and machinery for sorting were ranked second and third at USD1.1bn and USD900m, respectively.

NIGERIA'S TOP 10 EXPORTED PRODUCTS , 2016				NIGERIA'S TOP 10 IMPORTED PRODUCTS, 2016			
RANKING	PRODUCT	VALUE, (USDbn)	AVG GROWTH 2012-2016	RANKING	PRODUCT	VALUE, (USDbn)	AVG GROWTH 2012-2016
1	Crude Petroleum oils	26.92	-29	1	Refined petroleum oils	9.66	72
2	Petroleum gas and other gaseous hydrocarbons	4.58	0	2	Wheat and meslin	1.11	-6
3	Cocoa beans	0.24	-47	3	Machinery for sorting, screening and separating	0.90	25
4	Cigars	0.12	-20	4	Cane or beet sugar and chemically pure sucrose	0.73	-9
5	Electrical energy	0.11	-	5	Motor cars	0.66	-31
6	Other oil seeds and oleaginous fruits	0.11	-33	6	Telephone sets	0.56	-12
7	Mineral or chemical nitrogenous fertilisers	0.06	16	7	Spark-ignition reciprocating or rotary internal combustion piston engine	0.47	73
8	Crustaceans,	0.06	-36	8	Frozen fish	0.45	-19
9	Oils	0.06	-11	9	Medicaments	0.43	16
10	Cocoa butter, fat and oil	0.05	-31	10	Taps, cocks, valves and similar appliances	0.43	14
<b>TOTAL</b>		<b>32.88</b>	<b>-30</b>	<b>TOTAL</b>		<b>35.19</b>	<b>-3</b>

Source: TradeMap, 2017

### 3.2 Trade with South Africa

The graph below shows South Africa's trade with Nigeria. Over the 10 year period South Africa was a net importer of goods from Nigeria. In 2016 there was a sharp decline in trade with exports declining by 34% reaching USD415m and imports declining by 32.43% reaching USD2.1bn.



Source: Quantec, 2017

The table below shows the top 10 traded products between South Africa and Nigeria. Polymers of propylene was the leading export product category, valued at USD71.86m. Apples, pears and quinces ranked second valued at USD34.39m and third was coal valued at USD29.25. South Africa's exports to Nigeria were a vast basket of goods.

Crude petroleum oils and oils obtained from bituminous minerals was South Africa's the leading imported product from Nigeria, constituting 98.43% of South Africa's imports from Nigeria valued at USD2bn. Refined petroleum oils and oils obtained from bituminous minerals and machinery for sorting were ranked second and third was mineral or chemical fertilizers, nitrogenous at USD17m and USD2.87m, respectively.

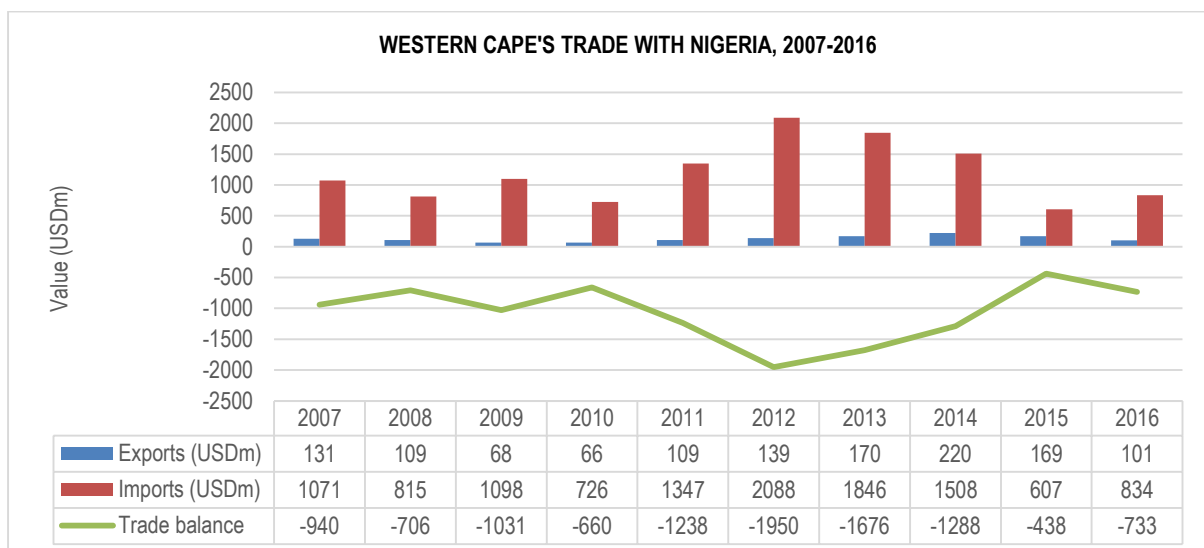
SOUTH AFRICA'S TOP EXPORTED PRODUCTS TO NIGERIA , 2016				SOUTH AFRICA'S TOP IMPORTED PRODUCTS FROM NIGERIA, 2016			
RANKING	PRODUCT	VALUE, (USDm)	AVG GROWTH 2012-2016	RANKING	PRODUCT	VALUE, (USDm)	AVG GROWTH 2012-2016
1	Polymers of propylene	71.86	37.06%	1	Crude petroleum oils and oils obtained from bituminous minerals	2 049.16	-2.77%
2	Apples, pears and quinces	34.39	136.38%	2	Refined petroleum oils and oils obtained from bituminous minerals	17.00	-
3	Coal	29.25	7343.98%	3	Mineral or chemical fertilizers, nitrogenous	2.87	-
4	Cruise ships	16.83	17.70%	4	Natural rubber, balata, gutta-percha, guayule	2.71	2.85%
5	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more	16.23	-20.07%	5	Ginger, saffron	2.06	30.43%

6	Monitors and projectors	13.62	298.83%	6	Aluminium casks	1.91	69011.92%
7	Paper, paperboard, cellulose wadding and webs of cellulose fibres	10.16	15.91%	7	Wigs, false beards, eyebrows and eyelashes	1.42	-7.46%
8	Motor vehicles for the transport of goods	6.98	-9.64%	8	Oil-cake and other solid residues	0.75	89.48%
9	Telephone sets	6.70	36.71%	9	Lead waste and scrap	0.71	-12.12%
10	Food preparations not elsewhere specified or included	6.56	-19.39%	10	Electric generating sets and rotary converters	0.40	-
<b>TOTAL</b>		<b>415.38</b>	<b>-8.73%</b>	<b>TOTAL</b>		<b>2 081.94</b>	<b>-2.74%</b>

Source: Quantec, 2017

### 3.3 Trade with the Western Cape

The province exported goods to the value of USD169m in 2015 compared to USD101m in 2016, representing a decline of 40%, while imported goods were valued at USD607m in 2015 compared to USD834m in 2016, decreasing by 37%. From 2007 to 2016 the Western Cape demonstrated a negative trade balance with Nigeria.



Source: Quantec, 2017

Apples, pears and quinces were the leading export product category to Nigeria from the Western Cape in 2016, valued at USD28.13m. This export was followed by cruise ships (USD16.91m) and flat-rolled products of iron or non-alloy steel, of a width of 600 mm (USD16.15m). Of the top 10 exported products apples, pears and quinces showed the highest average growth over the reviewed period, with a 125.89% growth.

In 2016, Western Cape's imported 56.10 percent more crude petroleum oil from Nigeria compared to the previous year. Refined petroleum oils ranked second valued at USD16.20m and third were cigars valued at USD0.04m.

WESTERN CAPE'S TOP 10 EXPORTED PRODUCTS TO NIGERIA, 2016				TOP 10 WESTERN CAPE IMPORTED PRODUCTS FROM NIGERIA, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	AVG GROWTH, 2012-2016	RANK	PRODUCT	VALUE 2015 (USDm)	AVG GROWTH, 2012-2016
1	Apples, pears and quinces	28.13	125.89%	1	Crude petroleum oils from bituminous mineral	817.18	0.11%

2	Cruise ships, excursion boats and ferry-boats	16.91	23.44%	2	Refined petroleum oils	16.20	-
3	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm	16.15	-	3	Cigars, cheroots, cigarillos	0.04	-
4	Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans	2.81	47.08%	4	Collections and collectors' pieces	0.04	457.41%
5	Wine of fresh grapes	2.63	-23.18%	5	Oil-cake and other solid residues	0.04	-
6	Grapes, fresh or dried.	2.60	95.26%	6	Precious stones	0.03	-
7	Fruit juices	2.60	-18.85%	7	Antiques	0.02	-
8	Refrigerators, freezers and other refrigerating or freezing equipment	1.87	13.04%	8	Self-adhesive plates	0.02	-
9	Food preparations not elsewhere specified or included.	1.84	11.53%	9	Printing machinery	0.02	253.65%
10	Undenatured ethyl alcohol	1.74	-11.80%	10	Machine-tools	0.02	-
<b>TOTAL EXPORTS</b>		<b>101.06</b>	<b>3.09%</b>	<b>TOTAL IMPORTS</b>		<b>833.80</b>	<b>0.56%</b>

Source: Quantec, 2017

### 3.3 Trade agreements

Currently there is no Free Trade Agreement between South Africa and Nigeria. In 2013, the countries entered into an informal agreement of cooperation, highlighting the automotive sector.

The Nigeria - South Africa Chamber of Commerce also serves to improve and facilitate bi-lateral trade relationships between Nigeria and South Africa. The Chamber has offices in Lagos, Nigeria and it has in its membership 315 companies currently trading in both Nigeria and South Africa. It is made up of blue-chip companies, Nigerian companies and South African companies.

### 3.4 Trade regulations and standards

#### Standards

The Standards Organization of Nigeria (SON) registers and regulates standard marks and specifications. The National Agency for Food and Drug Administration and Control (NAFDAC) provides testing and certification of imported and domestically produced food, drug, cosmetic, medical, water and chemical products. These agencies provide the information for the certification of products.

#### Labelling

The Nigerian government requires that products entering the country must display information including: name of product, country of origin, specifications, date of manufacture, batch or lot number, standards to which they were produced (e.g. BS, DIN, ISO/IEC, NIS, etc.) and in the case of items such as soap, food and drinks and related products, they should carry the expiration date or the shelf life, as well as active ingredient(s), where applicable.

Also, all items entering the country must be labelled in metric terms exclusively. Products with dual or multiple markings will be confiscated or refused entry.

### 3.5 Tariffs

Tariffs imposed on South African exports to Nigeria for 2016 are listed below. The highest tariff of 35% was for the export of meat and edible meat offal.

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY NIGERIA, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	8	H33: Essential oils, perfumes, cosmetics, toiletries	13	H65: Headgear and parts thereof	14
H02: Meat and edible meat offal	35	H34: Soaps, lubricants, waxes, candles, modelling pastes	26	H66: Umbrellas, walking-sticks, seat-sticks, whips	20
H03: Fish, crustaceans, molluscs, aquatic invertebrates	11	H35: Albuminoids, modified starches, glues, enzymes	8	H67: Bird skin, feathers, artificial flowers, human hair	20
H04: Dairy products, eggs, honey, edible animal product	10	H36: Explosives, pyrotechnics, matches, pyrophorics	12	H68: Stone, plaster, cement, asbestos, mica, articles	17
H05: Products of animal origin	5	H37: Photographic or cinematographic goods	11	H69: Ceramic products	20
H06: Live trees, plants, bulbs, roots, cut flowers	13	H38: Miscellaneous chemical products	9	H70: Glass and glassware	18
H07: Edible vegetables and certain roots and tubers	24	H39: Plastics and articles thereof	10	H71: Pearls, precious stones, metals, coin	18
H08: Edible fruit, nuts, peel of citrus fruit, melons	19	H40: Rubber and articles thereof	13	H72: Iron and steel	10
H09: Coffee, tea, mate and spices	11	H41: Raw hides and skins (other than furskins) and leather	10	H73: Articles of iron or steel	15
H10: Cereals	8	H42: Articles of leather, animal gut, harness, travel goods	16	H74: Copper and articles thereof	9
H11: Milling products, malt, starches, inulin, wheat gluten	15	H43: Furskins and artificial fur, manufactures thereof	14	H75: Nickel and articles thereof	16
H12: Oil seed, oleagic fruits, grain, seed, fruit,	8	H44: Wood and articles of wood, wood charcoal	7	H76: Aluminium and articles thereof	13
H13: Lac, gums, resins, vegetable saps and extracts	5	H45: Cork and articles of cork	20	H78: Lead and articles thereof	9
H14: Vegetable plaiting materials, vegetable products	5	H46: Manufactures of plaiting material, basketwork, etc.	5	H79: Zinc and articles thereof	8
H15: Animal, vegetable fats and oils, cleavage products,	20	H47: Pulp of wood, fibrous cellulosic material, waste	9	H80: Tin and articles thereof	18
H16: Meat, fish and seafood food preparations	25	H48: Paper & paperboard, articles of pulp, paper and board	3	H81: Other base metals, cermets, articles thereof	14
H17: Sugars and sugar confectionery	19	H49: Printed books, newspapers, pictures	18	H82: Tools, implements, cutlery, of base metal	16
H18: Cocoa and cocoa preparations	31	H50: Silk	17	H83: Miscellaneous articles of base metal	18
H19: Cereal, flour, starch, milk preparations and products	20	H51: Wool, animal hair, horsehair yarn and fabric thereof	27	H84: Nuclear reactors, boilers, machinery	7
H20: Vegetable, fruit, nut food preparations	20	H52: Cotton	6	H85: Electrical, electronic equipment	11
H21: Miscellaneous edible preparations	15	H53: Vegetable textile fibres paper yarn, woven fabric	19	H86: Railway, tramway locomotives, rolling stock, equipment	5
H22: Beverages, spirits and vinegar	18	H54: Manmade filaments	14	H87: Vehicles other than railway, tramway	21
H23: Residues, wastes of food industry, animal fodder	10	H55: Manmade staple fibres	19	H88: Aircraft, spacecraft, and parts thereof	5

H24: Tobacco and manufactured tobacco substitutes	14	H56: Wadding, felt, nonwovens, yarns, twine, cordage	20	H89: Ships, boats and other floating structures	6
H25: Salt, sulphur, earth, stone, plaster, lime and cement	15	H57: Carpets and other textile floor coverings	20	H90: Optical, photo, technical, medical apparatus	7
H26: Ores, slag and ash	5	H58: Special woven or tufted fabric, lace, tapestry	18	H91: Clocks and watches and parts thereof	20
H27: Mineral fuels, oils, distillation products,	7	H59: Impregnated, coated or laminated textile fabric	20	H92: Musical instruments, parts and accessories	10
H28: Inorganic chemicals, precious metal compound, isotopes	5	H60: Knitted or crocheted fabric	20	H93: Arms and ammunition, parts and accessories thereof	19
H29: Organic chemicals	5	H61: Articles of apparel, accessories, knit or crochet	20	H94: Furniture, lighting, signs, prefabricated buildings	19
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	19	H95: Toys, games, sports requisites	20
H31: Fertilizers	2	H63: Other made textile articles, sets, worn clothing	15	H96: Miscellaneous manufactured articles	20
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	11	H64: Footwear, gaiters and the like, parts thereof	14	H97: Works of art, collectors pieces and antiques	-

Source: TradeMap, 2017

*NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit [www.macmap.org](http://www.macmap.org) to determine the exact tariff applicable to the product at HS6.*

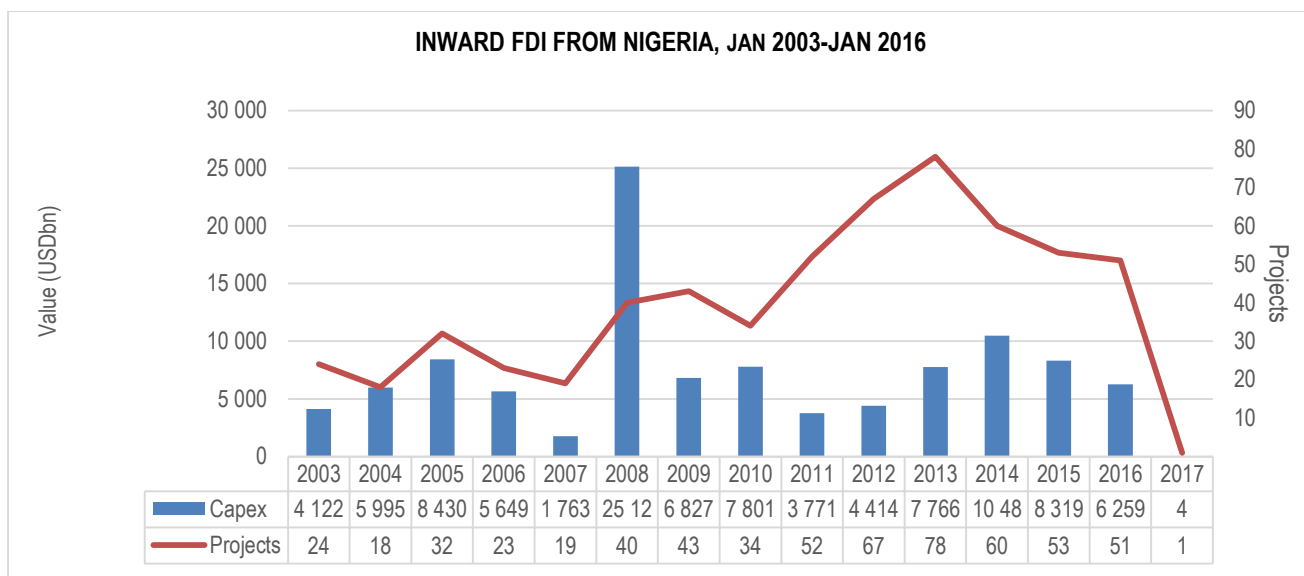
## 4. Foreign Direct Investment

15

Nigeria is hampered by the low level of domestic credit to businesses and consumers owing due to high interest rates, poor logistics and social infrastructure, a low skilled workforce and limited trade agreements. These factors increase business risks for investors, with a strong likelihood of significant margin erosion if not properly managed. Despite these limitations, Nigeria remains an attractive destination for FDI and portfolio investments on the back of government incentives, an active capital market and large domestic consumer base.

### 4.1 Global FDI into Nigeria

Between January 2006 and January 2017 a total of 595 FDI projects were recorded into Nigeria. These projects represented a total capital investment of USD106 728bn, which is an average investment of USD179.4m per project. During this period, a total of 123,893 jobs were created.



Source: FDI Intelligence, 2017

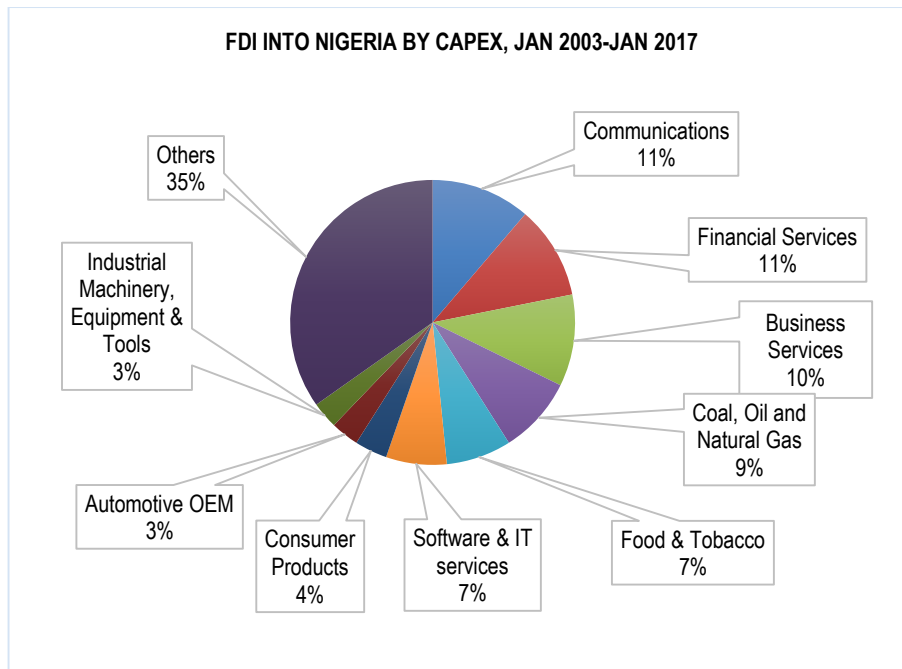
The United States was the largest source market for inward FDI into Nigeria in terms of projects, with 94 investment projects, which accounted for 16% of projects. The United Kingdom and South Africa were ranked second and third accounting for 12% and 10% respectively.

TOP 10 SOURCE MARKETS FOR FDI INTO NIGERIA, JANUARY 2003-JANUARY 2017						
RANKING	COUNTRY	PROJECTS	PROJECTS, %	CAPEX, (USDm)	CAPEX, %	JOBS
1	United States	94	15.80%	163 236	13.05%	14 001
2	UK	67	11.26%	77 344	6.18%	8 366
3	South Africa	61	10.25%	44 443	3.55%	8 626
4	India	45	7.56%	73 271	5.86%	13 664
5	France	31	5.21%	122 305	9.78%	4 677
6	Japan	25	4.20%	15 648	1.25%	5 827
7	Germany	24	4.03%	7 034	0.56%	1 006
8	China	20	3.36%	55 615	4.45%	8 376
9	UAE	20	3.36%	46 674	3.73%	4 593
10	South Korea	17	2.86%	36 490	2.92%	5 046
<b>TOTAL</b>		<b>595</b>	<b>100.00%</b>	<b>1 250 539</b>	<b>100.00%</b>	<b>456</b>

Source: FDI Intelligence, 2017

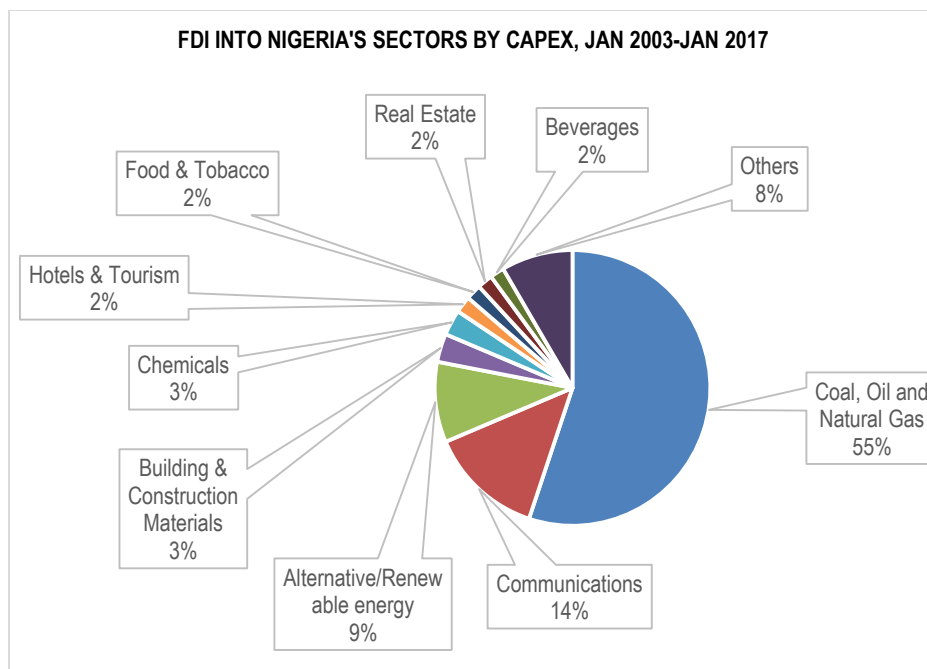
The figures below show global inward FDI into Nigeria by sector, for the period January 2003 to January 2017 by number of projects and CAPEX. The communications and coal, oil and natural gas accounted for 11% of FDI projects respectively.





Source: FDI Intelligence, 2017

In terms of CAPEX, coal, oil and natural gas received 55% and communications sector received 14% of the market share. These two sectors received the most capex, indicating their overall attractiveness in promoting inward FDI.



Source: FDI Intelligence, 2017

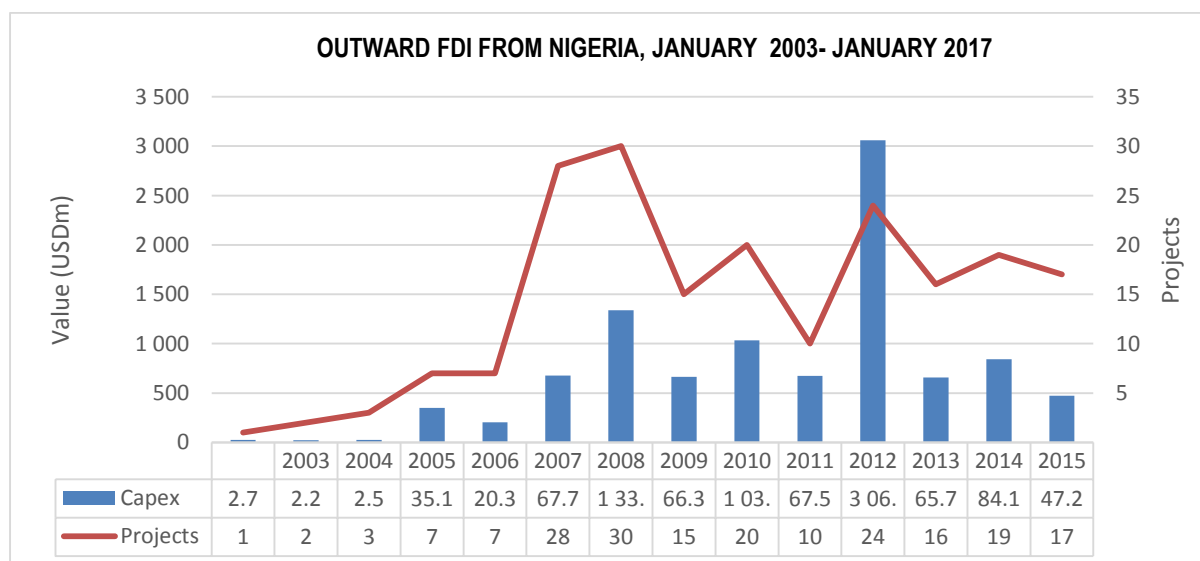
Samsung and General Electronic were the largest source companies for inward FDI into Nigeria in terms of projects, with 11 and 9 investment projects respectively. Nokia and Shoprite was ranked third with 8 projects.

TOP 10 SOURCE COMPANIES FOR FDI INTO NIGERIA, JANUARY 2003 – JANUARY 2017					
RANK	COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX, (USDm)

1	Samsung	South Korea	Consumer Electronics	11	427.0
2	General Electric (GE)	United States	Industrial Machinery, Equipment & Tools	9	1 418.3
3	Nokia	Finland	Communications	8	65.4
4	Shoprite	South Africa	Food & Tobacco	8	131.7
5	Standard Chartered Bank	United Kingdom	Financial Services	7	77.0
6	Bharti Group	India	Communications	6	990.7
7	Lafarge	France	Building & Construction Materials	6	2 495.0
8	Lee Group	Hong Kong	Food & Tobacco	6	383.0
9	Standard Bank Group	South Africa	Financial Services	6	66.0
10	Total	France	Coal, Oil and Natural Gas	6	7 583.2
<b>TOTAL</b>				<b>595</b>	<b>106 728.1</b>

Source: FDI Intelligence, 2017

Between January 2003 and January 2017 a total of 199 FDI projects were recorded from Nigeria. These projects represent a total capital investment of USD10.04bn. The graph shows that outward FDI from Nigeria peaked in 2012 at USD3.1bn and in 2009 with 30 projects.



Source: FDI Intelligence, 2017

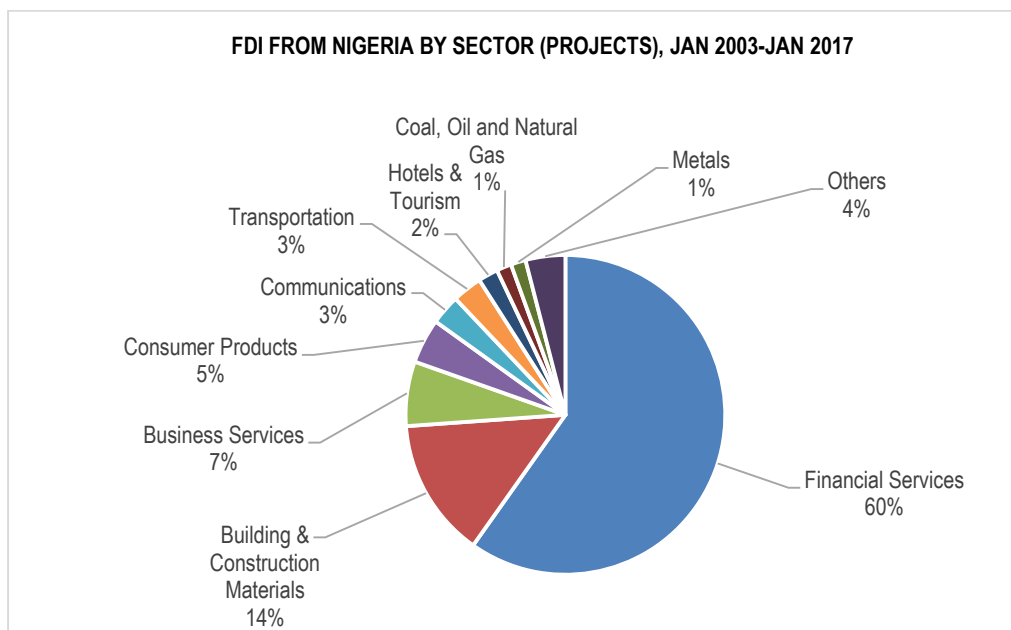
Ghana was the largest destination market in terms of projects, with 60 investment projects, which accounted for 30% of all projects. Kenya and Uganda are ranked second and third accounting for 6% and 5% respectively. All of the top ten destination markets are fellow African countries apart from the UAE and the United States. South Africa is ranked 5<sup>th</sup> largest global market for FDI from Nigeria.

<b>TOP 10 DESTINATION MARKETS FOR FDI OUT OF NIGERIA, JANUARY 2003–JANUARY 2017</b>						
<b>RANK</b>	<b>COUNTRY</b>	<b>PROJECTS</b>	<b>% PROJECTS</b>	<b>CAPEX (USDm)</b>	<b>% CAPEX</b>	<b>COMPANIES</b>
1	Ghana	60	30.15%	1 272.3	12.67%	26
2	Kenya	12	6.03%	618.9	6.16%	9
3	UK	11	5.53%	181.3	1.81%	11
4	Uganda	9	4.52%	138.9	1.38%	5

5	South Africa	8	4.02%	274.0	2.73%	8
6	Cote d'Ivoire	7	3.52%	574.6	5.72%	6
7	Sierra Leone	7	3.52%	259.9	2.59%	4
8	UAE	6	3.02%	42.3	0.42%	6
9	United States	6	3.02%	44.7	0.45%	6
10	Cameroon	5	2.51%	416.4	4.15%	4
<b>TOTAL</b>		<b>199</b>	<b>100.00%</b>	<b>10 044</b>	<b>100.00%</b>	<b>59</b>

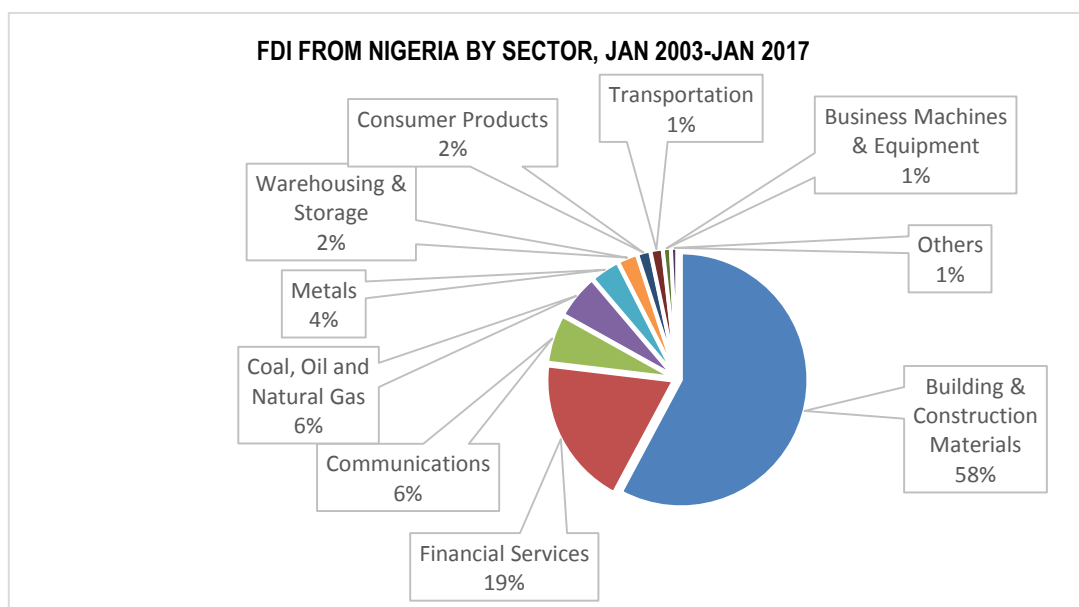
Source: FDI Intelligence, 2017

The financial services sector received the largest share of FDI from Nigeria in terms of projects accounting for 60%, followed by the building, construction and materials sector and the business services sector accounting for 14% and 7% respectively.



Source: FDI Intelligence, 2017

In terms of CAPEX the building and construction sector accounting for 58%, the financial services accounted for 19% of FDI investment from Nigeria.



Source: FDI Intelligence, 2017

Dangote Group was the largest company for outward FDI from Nigeria in terms of projects, with 29 investment projects. Six of the top 10 investing companies were in the financial services sector. The total projects and capex of the top 10 companies makes up 73% of total projects and 83% of total capex invested from Nigeria.

TOP 10 COMPANIES FOR FDI FROM NIGERIA, JANUARY 2003 – JANUARY 2017				
RANK	COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
1	Dangote Group	Building and construction	29	6 289
2	United Bank for Africa (UBA)	Financial Services	29	374
3	Guaranty Trust Bank	Financial Services	26	319
4	Access Bank	Financial Services	21	341
5	Intercontinental Bank	Financial Services	11	211
6	Jumia	Consumer Products	9	164
7	Global Fleet Group	Financial Services	7	111
8	Continental Reinsurance	Building and construction	5	54
9	FBN Holdings (First Bank of Nigeria)	Financial Services	4	150
10	IHS Plc	Communications	4	315
<b>TOTAL</b>			<b>199</b>	<b>10 044</b>

Source: FDI Intelligence, 2017

### 4.3 Outward investment from the Western Cape

The table below shows the investments by Western Cape companies into Nigeria from 2003 to January 2017. A total of 23 FDI projects were recorded in the period from the Western Cape to Nigeria. These projects represented a total capital investment of USD460.8m which is an average investment of USD20m per project. During the period, a total of 2,610 jobs were created.

In December 2016 Pick n Pay invested USD16.60m in the Nigerian Food and Tobacco sector in a retail project. The food and general merchandise retailer is expected to open new stores in Nigeria and operations are expected to begin in 2018.

South Africa-based The Valuator Group, opened a new office in Nigeria. The development was part of a wider growth initiative which will see further offices opened in Kenya and Tanzania.

In 2011 Woolworths invested USD36.9m into Nigeria's Food and Beverage sector and planned on expanding as part of the companies West Africa expansion strategy. However this investment did not yield any positive returns and the company cited high rental costs, duties and difficulties in the supply chain as reasons for withdrawing the its investment.

Konga.com invested USD30.8m opening a new 11,150m<sup>2</sup> logistics facility in Lagos, Nigeria. The facility meets the current warehousing needs of the company in Nigeria, and can be expanded in the future if needed.

WESTERN CAPE'S FDI INTO NIGERIA, JANUARY 2003- JANUARY 2017							
PROJECT DATE	INVESTING COMPANY	SOURCE STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (USDm)	JOBS
Dec 2016	Pick n Pay	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Retail	16.6	177
Aug 2016	OLX Nigeria	Cape Town	Software & IT services	Internet publishing & broadcasting & web search	Sales, Marketing & Support	5.8	16

Aug 2016	OLX Nigeria	Cape Town	Software & IT services	Internet publishing & broadcasting & web search	Sales, Marketing & Support	5.8	16
Nov 2015	The Valuator Group	Cape Town	Business Services	Professional, scientific & technical services	Business Services	6.8	15
Aug 2015	Shoprite	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Retail	16.6	177
Dec 2014	OLX Nigeria	Cape Town	Software & IT services	Internet publishing & broadcasting & web search	Sales, Marketing & Support	5.8	16
Jun 2014	Distell Group	Stellenbosch	Beverages	Breweries & distilleries	Manufacturing	132.8	222
Oct 2013	konga.com	Cape Town	Textiles	Clothing & clothing accessories	Logistics, Distribution & Transportation	30.8	165
Aug 2013	Shoprite	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Retail	16.6	177
Jun 2013	Shoprite	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Retail	16.6	177
Aug 2012	Shoprite	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Logistics, Distribution & Transportation	19.9	147
Jun 2012	Shoprite	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Retail	12.2	200
May 2012	Allan Gray Asset Management	Cape Town	Financial Services	Investment management	Business Services	11	18
May 2012	Learning Curve	Cape Town	Software & IT services	Software publishers, except video games	Sales, Marketing & Support	5.8	16
Nov 2011	The Foschini Group	Cape Town	Consumer Products	General merchandise stores	Retail	36.9	179
Sep 2011	Woolworths (South Africa)	Cape Town	Consumer Products	Miscellaneous store retailers	Retail	36.9	179
Aug 2011	Pepkor	Cape Town	Textiles	Clothing & clothing accessories	Retail	14	122
Apr 2011	Ad Dynamo	Cape Town	Business Services	Advertising, PR, & related	Business Services	6.8	15
Aug 2010	Shoprite	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Retail	16.6	177
Sep 2008	Sanlam Group	Cape Town	Financial Services	Insurance	Sales, Marketing & Support	6.5	30
Sep 2008	Shoprite	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Retail	16.6	177
Dec 2005	Shoprite	Cape Town	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	Retail	16.6	177
<b>TOTAL</b>						<b>454.0</b>	<b>2 595</b>

Source: FDI Intelligence, 2017

Note: The capex values are sometimes estimated based on similar projects within the sector.

## 5. Tourism

According to the Nigerian Investment Promotion Commission (NIPC), the Nigerian Tourism industry has perhaps a greater potential than any other single industry, particularly due to its multiplier effects to support economic growth and job creation. The popularity of several natural and historic tourist sites add to the sectors potential to be an active generator of revenue for the country once fully developed. Two of these sites; the Sukur World Heritage site at Adamawa and Osun Oshogbo Sacred Grove are already in the prestigious UNESCO World Heritage list. Furthermore, the entertainment sub-sector, mainly the film industry, being the 3rd largest in the world; currently contributes over two percent to gross domestic product (GDP) with vast potential for expansion.

Recognizing its economic potential Federal Government of Nigeria has prioritized tourism as one of its key drivers of growth and diversification, while several States that have focused on its development have followed suit. The recognition of tourism potential is highlighted in the various Development Strategies of the country, as well as the development of a National Tourism Policy (NTP) and the establishment of Nigerian Tourism Development Corporation (NTDC) by Act 81 of 1992. The tourism investment atmosphere in Nigeria is conducive given the abundant resources available, large market, enthronement of enduring democracy, and a package of incentives put together by government.

- The direct contribution of Travel & Tourism to GDP was NGN1 632.8bn (1.7% of total GDP) in 2015, and is forecast to rise by 4.8% in 2016.
- The total contribution of Travel and Tourism to GDP was NGN4 051.8bn (4.2% of GDP) in 2015, and is anticipated to rise by 5.0% in 2016.
- In 2015, the Travel and Tourism industry directly supported 651,000 jobs, accounting for 1.6% of the total employment.
- Visitor exports generated NGN85.8bn (0.7% of total exports) in 2015. This is forecasted to grow by 2.7% in 2016 and by 7.6% per annum between 2016 and 2026.
- Travel & Tourism investment in 2015 reached NGN1 035.5bn and accounted for 7.0% of total investment. It is forecasted to grow 9.3% in 2016 and 4.3% per annum over the next ten years.

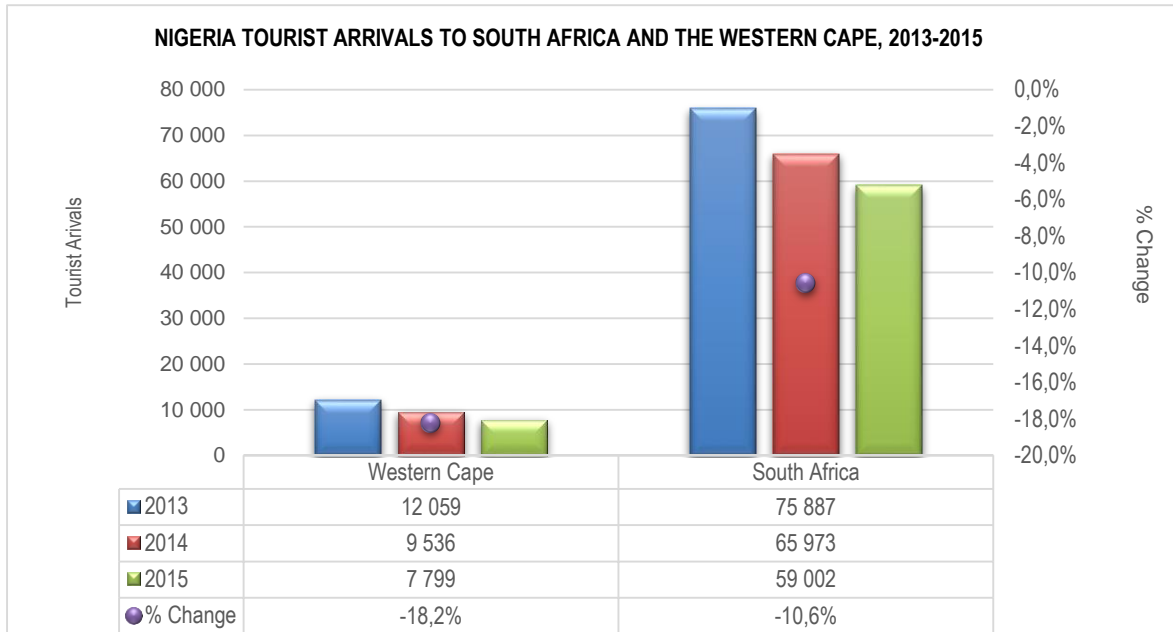
According to the latest World Travel & Tourism Council (WTTC) economic impact trends on Nigeria, money spent by foreign visitors is a key component of the direct contribution of Travel & Tourism. By 2026, international tourist arrivals to Nigeria is forecasted to total 1,135,000, generating expenditure of NGN183.1bn, an increase of 7.6% per annum. In 2015, leisure travel spending (inbound and domestic) generated 54.4% of direct Travel & Tourism GDP, while 45.6% was generated for business travel spending. In 2015, the domestic travel market ranked as the top contributor to GDP, accounting for 96.8%, while the foreign visitor spending contributed 3.2% in tourism receipts.

In 2015, the Africa-air markets ranked as South Africa's 4<sup>th</sup> largest contributor to tourism revenue, surpassing the contribution of Asia and Australasia combined. The R2.2 billion incremental tourism revenue from this region was largely driven by an increase in the length of stay and spend per day. This was particularly prevalent in Angola and Nigeria.

There were 59,002 Nigerian arrivals into South Africa in 2015 and a total of 7,799 visited the Western Cape.

According to South African Tourism, the purpose of Nigerian tourists visiting South Africa were given in the following order:

- Business tourism 28.0%;
- Visiting friends and relatives 26.2%; and
- Holiday 23.9%



Source: SATourism, 2017