

Nigeria

March 2022

Executive Summary

This country fact sheet provides key trade and investment related statistics for Nigeria. Specifically, it shows Nigeria's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. It also analyses consumer-related insights for Nigeria, including tourism trends between the country and South Africa: Key findings and trends are outlined below:

Economy

- The Nigerian economy is recovering from a historic downturn benefitting from government policy support, rising oil prices and international financial assistance.
- Nigeria exited the recession in the fourth quarter of 2020 and output rose by 4.1 percent (y-o-y) in the third quarter, with broad-based growth except for the oil sector, which is facing security and technical challenges.
- Growth is projected at 2.64% for 2021 and 2.67% for 2022.

Trade

- In 2020, both Nigeria's services exports and services imports fell, with services exports falling by 19.32% and services imports by 48.77%. Transport services accounted for the largest proportion (51.42% or USD2.05bn) of services exported by Nigeria in 2020. While other business services accounted for the largest proportion of services imports at 34.30% (or USD6.80bn) in 2020.
- Nigeria's goods exports decreased by 37.79% from USD53.62bn recorded in 2019 to USD33.36bn in 2020. In turn, associated import costs in turn increased by 11.87% from USD47.39bn in 2019 to USD53.01bn in 2020.
- Petroleum oils (crude) dominated the country's goods export basket, accounting for 75.42% of total exports at a value of USD25.16bn in 2020. Petroleum oils (excluding crude) dominated the import basket with a total import value of USD7.71bn and comprising a 14.55% share.
- In 2020 Nigeria accounted for 0.2% of global exports and 0.3% of global imports, making it the 58th largest global exporter and the 48th largest global importer.
- South Africa's export receipts with Nigeria totalled ZAR7.68m in 2021, increasing by 16.68% from the 2020 value of USD6.58m. Associated import costs declined by 6.08% to a value of ZAR33.10bn in 2021, down from ZAR35.24bn incurred in 2020. South Africa's leading export product to Nigeria in 2021 was polymers of propylene at a value of USD1.42bn.
- Western Cape export receipts from its trade with Nigeria stood at ZAR1.72m in 2021, increasing by 25.48% from the 2020 value of ZAR1.37bn. Import costs stood at ZAR2.24 in 2020, decreasing by 87.90% from the 2020 value of ZAR18.54bn. The Western Cape's leading export product to Nigeria in 2020 were apples, pears and quinces at a value of ZAR1.72bn.

Investment

- According to FDI Market statistics, a total of 866 foreign direct investment (FDI) projects were recorded into Nigeria over the period 2003 – September 2021. These projects represented a total capital investment (capex) of USD138.35bn.
- In turn, Nigeria recorded 291 outward FDI projects into the world over the said period with an associated capex value of USD14.23bn.
- Eleven FDI projects (ZAR4.30bn capex value) were recorded from Nigeria into South Africa during the said period.
- In turn, 85 FDI projects with a total capex value of ZAR111.22bn were recorded from South Africa into Nigeria over the same period; and 35 of these were from the Western Cape.

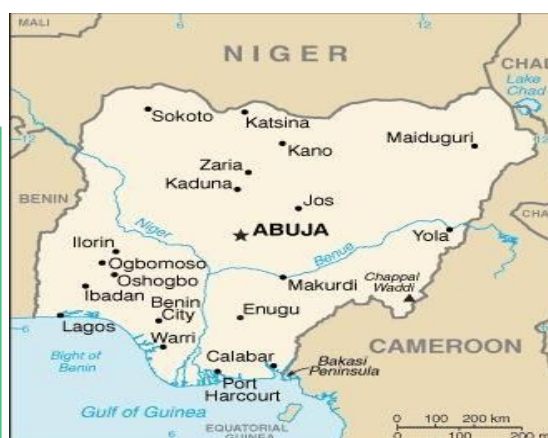
Tourism

- South Africa received 11, 735 tourist arrivals in 2021, an increase of 15.15% from 10, 191 recorded in 2020.
- The Western Cape had a record 9, 588 Nigerian tourist arrivals in 2019, a decrease of 9.5% from 10, 599 recorded in 2018.

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1. GENERAL INFORMATION



In ancient and pre-colonial times, the area of present-day Nigeria was occupied by a great diversity of ethnic groups with different languages and traditions. These included Islamic empires in northern Nigeria and smaller organized political groupings in southern Nigeria. British influence and control over what would become Nigeria and Africa's most populous country grew through the 19th century. In 1914, the British amalgamated their separately administered northern and southern territories into modern-day Nigeria. A series of constitutions after World War II granted Nigeria greater autonomy. After independence in 1960, politics were marked by coups and mostly military rule, until the death of a military head of state in 1998 allowed for a political transition.

In 1999, a new constitution was adopted and a peaceful transition to civilian government was completed. The government continues to face the daunting task of institutionalizing democracy and reforming a petroleum-based economy, whose revenues have been squandered through decades of corruption and mismanagement. In addition, Nigeria continues to experience longstanding ethnic and religious tensions. Although both the 2003 and 2007 presidential elections were marred by significant irregularities and violence, Nigeria is currently experiencing its longest period of civilian rule since independence. The general elections of 2007 marked the first civilian-to-civilian transfer of power in the country's history. National and state elections in 2011 and 2015 were generally regarded as credible. The 2015 election was also heralded for the fact that the then-umbrella opposition party, the All-Progressives Congress, defeated the long-ruling People's Democratic Party that had governed since 1999, and assumed the presidency, marking the first peaceful transfer of power from one party to another. Presidential and legislative elections were held in early 2019 and deemed broadly free and fair despite voting irregularities, intimidation, and violence.¹

TABLE 1: ECONOMIC INFORMATION	
Capital city	Abuja
Government type	Federal Presidential Republic
Chief of State	President Maj. Gen. (ret.) Muhammadu Buhari
Population	219,463,862 (July 2021 est.)
Life expectancy	61 years
Literacy	62.0%
Ethnic groups	Hausa 30%, Yoruba 15.5%, Igbo (Ibo) 15.2%, Fulani 6%, Tiv 2.4%, Kanuri/Berberi 2.4%, Ibibio 1.8%, Ijaw/Izon 1.8%, other 24.7% (2018 est.) Note: Nigeria, Africa's most populous country, is composed of more than 250 ethnic groups
Religions	Muslim 53.5%, Roman Catholic 10.6%, other Christian 35.3%, other .6% (2018 est.)
Languages	English (official), Hausa, Yoruba, Igbo (Ibo), Fulani, over 500 additional indigenous languages
HDI (2020)	0.539 (Ranked 161 st)

Sources: CIA World Factbook, 2022; Human Development Indicators, 2020

¹ Sources: CIA World Factbook, 2021

2. ECONOMIC OVERVIEW

Nigeria is Sub Saharan Africa's largest economy and relies heavily on oil as its main source of foreign exchange earnings and government revenues. Following the 2008-09 global financial crisis, the banking sector was effectively recapitalized, and regulation enhanced. Since then, Nigeria's economic growth has been driven by growth in agriculture, telecommunications, and services. Economic diversification and strong growth have not translated into a significant decline in poverty levels; over 62% of Nigeria's over 180 million people still live in extreme poverty. Despite its strong fundamentals, oil-rich Nigeria has been hobbled by inadequate power supply, lack of infrastructure, delays in the passage of legislative reforms, an inefficient property registration system, restrictive trade policies, an inconsistent regulatory environment, a slow and ineffective judicial system, unreliable dispute resolution mechanisms, insecurity, and pervasive corruption. Regulatory constraints and security risks have limited new investment in oil and natural gas, and Nigeria's oil production had been contracting every year since 2012 until a slight rebound in 2017.

President Buhari, elected in March 2015, has established a cabinet of economic ministers that includes several technocrats, and he has announced plans to increase transparency, diversify the economy away from oil, and improve fiscal management, but has taken a primarily protectionist approach that favours domestic producers at the expense of consumers. The president ran on an anti-corruption platform, and has made some headway in alleviating corruption, such as implementation of a Treasury Single Account that allows the government to better manage its resources and a more transparent government payroll and personnel system that eliminated duplicate and "ghost workers." The government is also working to develop stronger public-private partnerships for roads, agriculture, and power.

The Nigerian economy is recovering from a historic downturn benefitting from government policy support, rising oil prices and international financial assistance. Nigeria exited the recession in the fourth quarter of 2020 and output rose by 4.1 percent (y-o-y) in the third quarter, with broad-based growth except for the oil sector, which is facing security and technical challenges. Growth is projected at 3 percent for 2021. Headline inflation rose sharply during the pandemic reaching a peak of 18.2 percent y-o-y in March 2021 but has since declined to 15.6 percent in December helped by the new harvest season and opening of land borders. Reported unemployment rates (end 2020) are yet to come down but more recent COVID-19 monthly surveys show employment back at its pre-pandemic level. Despite the recovery in oil prices, the general government fiscal deficit is projected to widen in 2021 to 5.9 percent of GDP, reflecting implicit fuel subsidies and higher security spending.

Moreover, the consolidated government revenue-to-GDP ratio at 7.5 percent remains among the lowest in the world. After registering a historic deficit in 2020, the current account improved in 2021 and gross FX reserves have improved, supported by the IMF's SDR allocation and Eurobond placements in September 2021. Notwithstanding the authorities' proactive approach to contain COVID-19 infection rates and fatalities and the recent growth improvement, socio-economic conditions remain a challenge. Levels of food insecurity have risen and the poverty rate is estimated to have risen during the pandemic. The outlook faces balanced risks. On the downside, low vaccination rates expose Nigeria to future pandemic waves and new variants, including the ongoing Omicron variant, while higher debt service to government revenues (through higher US interest rates and/or increased borrowing) pose risks for fiscal sustainability. A worsening of violence and insecurity could also derail the recovery. On the upside, the non-oil sector could be stronger, benefitting from its recent growth momentum, supportive credit policies, and higher production from the new Dangote refinery. Nigeria's ratification of the African Continental Free Trade Agreement could also yield a positive boost to the non-oil sector while oil production could rebound, supported by the more generous terms of the Petroleum Industry Act.²

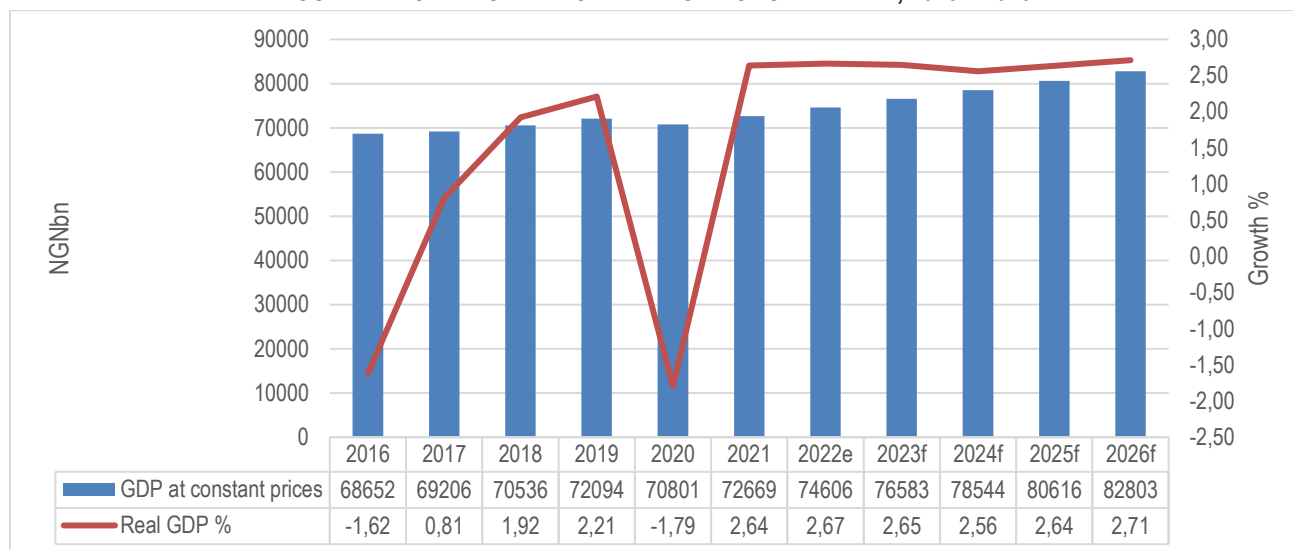
TABLE 2: ECONOMIC INFORMATION	
GDP, constant prices (national currency) (2021 est.)	NGN72, 669.38bn
Real GDP growth (2021 est.)	2.64%
GDP per capita, constant prices (2021 est.)	NGN343, 751.37
Inflation, consumer average prices (2021 est.)	16.90%
Monetary Policy Rate (MPR) (17 September 2021)	11.5%
Unemployment rate (2020Q4)	33.3%
Total Exports (2020)	USD33.36bn
Total Imports (2020)	USD53.01bn

Sources: IMF 2022; Central Bank of Nigeria, 2022; The Nigerian Bureau of Statistics, 2022; Trade Map, 2022

² Source: CIA World Factbook, 2022; IMF, 2022

Nigeria exited the recession in the fourth quarter of 2020 and output rose by 4.1 percent (y-o-y) in the third quarter, with broad-based growth except for the oil sector, which is facing security and technical challenges. Growth is projected at 2.64% for 2021 and 2.67% for 2022.

FIGURE 1: NIGERIA'S REAL GDP AND GDP GROWTH RATE, 2016 – 2026F



Source: IMF, 2022

Nigeria's GDP sectoral contribution is shown in Figure 2 below. These are some of the most important industries in Nigeria

The agricultural sector, trade sector and the real estate sector dominate Nigeria's economy. There is also a significant contribution by the financial services, communications, and entertainment sectors. Nigeria was once a large net exporter of food, but currently imports some of its food products. Mechanization has led to a resurgence in the manufacturing and exporting of food products, and there was consequently a move towards food sufficiency. The oil and gas industry's contribution to the economy is at approximately 9.0%. The country produces only about 2.7% of the world's oil supply. Although the petroleum sector is important, as government revenues still heavily rely on this sector, it remains a small part of the country's overall economy.³

Agriculture, forestry, and fishing

Nigeria has no shortage of arable land overall, but there is an extreme shortage of farmland in the most densely settled areas of the south-eastern states and around Kano, Katsina, and Sokoto. This has forced large numbers of Igbo, Ibibio, and Hausa people to migrate to other parts of the country. Often, however, cultural traditions, such as the prohibition against selling family land, have restricted access to farmland in some localities that appear to have abundant cultivable land, and, in the far north, desertification has severely limited the land area available for cultivation. Root crop, notably yams, taro, and cassava are the main food crops in the south, while grains and legumes such as sorghum, millet, cowpeas, and corn (maize) are the staple crops of the drier north. Rice is also an important domestic crop. Trees notably oil palm, cacao, and rubber trees are the principal industrial crops of the south, while peanuts (groundnuts) and cotton are produced in the north. Small-scale farmers dominate the production of industrial crops, as they do with staple food crops. Cocoa beans, from the cacao tree, are the major agricultural export; production of other industrial crops has declined, owing to the general stagnation in agriculture.

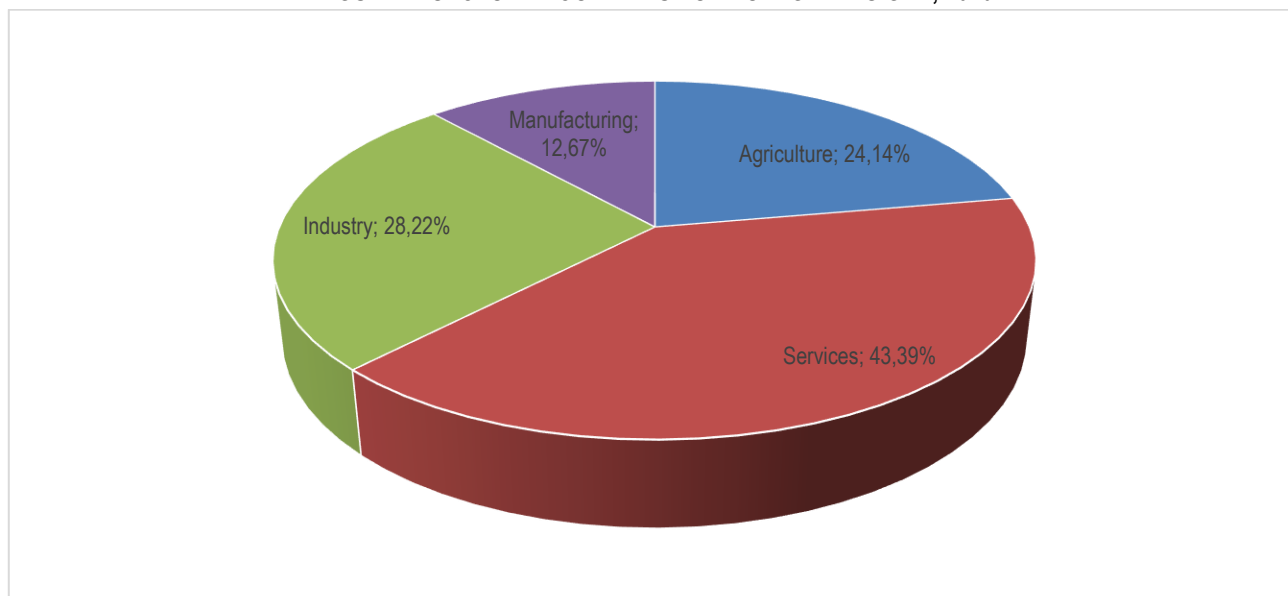
Resources and power

The country has a variety of both renewable and non-renewable resources, some of which have not yet been effectively tapped. Solar energy, probably the most extensive of the underutilized renewable resources, is likely to remain untapped for some time. Resource extraction is the most important sector of the economy. The most economically valuable minerals are crude oil, natural gas, coal, tin, and columbite (an iron-bearing mineral that accompanies tin). Petroleum, first discovered in 1956, is the most important source of

³ Source: CIA World Factbook, 2022

government revenue and foreign exchange. Most of the oil output comes from onshore fields in the Niger delta, although an increasing proportion of the crude is produced at offshore locations. There are oil refineries at Port Harcourt, Warri, and Kaduna. Nigeria has been a member of OPEC since 1971. There are vast reserves of natural gas, but most of the gas produced is a by-product of crude oil. In the past this was burned off, as there was no market for it, but production has since increased, and Nigeria became a globally ranked exporter of this commodity. Production has often been interrupted by protests, as the inhabitants of the oil-producing regions have demanded a larger share of the revenues.⁴

FIGURE 2: SECTORAL CONTRIBUTION TO NIGERIA'S GDP, 2020



Source: Global EGDE, 2022

Note: GDP composition percentage may exceed 100. Manufacturing is included in the industry figures and is also reported separately because it plays a critical role in many economies.

2.1 MAJOR COMPANIES IN NIGERIA

The Forbes Global 2000 is an annual list of the world's 2000 largest publicly listed corporations. The largest publicly traded Nigerian companies as per the Forbes 2000 Global rankings in 2021 are tabled below:

TABLE 3: LARGEST PUBLICLY TRADED NIGERIAN COMPANIES AS PER THE FORBES 2000 GLOBAL RANKING, 2021						
GLOBAL RANK	COMPANY	SALES (USDbn)	PROFITS	ASSETS (USDbn)	MARKET VALUE (USDbn)	SECTOR
1726	Zenith Bank	1.7	603.7m	21.5	1.6	Banking
1963	Dangote Cement	2.7	720.7m	5.1	9.1	Construction

Source: Forbes 2000, 2021

Note: The Methodology: We compile our Global 2000 list using data from FactSet Research systems to screen for the biggest public companies in four metrics: sales, profits, assets and market value. Our market value calculation is as of April 18, 2019, closing prices and includes all common shares outstanding.

All figures are consolidated and in U.S. dollars. We use the latest-12-months' financial data available to us. We rely heavily on the databases for all data, as well as the latest financial period available for our rankings (the final database screen was run in early-April). Many factors play into which financial period of data is available for the companies and used in our rankings: the timeliness of our data collection/screening and company reporting policies, country-specific reporting policies and the lag time between when a company releases its financial data and when the databases capture it for screening/ranking. We quality-check the downloaded financial data to the best of our ability using other data sources, including Bloomberg and available company financial statements.

⁴ Sources: World Bank, 2019; AfBD, 2020

Publicly traded subsidiaries for which the parent company consolidates figures are excluded from our list. For most countries, the accounting rules for the consolidation of a subsidiary is when the parent's ownership (control) of the subsidiaries stock is more than 50%. Some countries accounting rules allow for the consolidation of a subsidiary at less than 50% ownership.

2.2 NIGERIA'S SOVEREIGN CREDIT RATING

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating" (Investopedia, 2020).

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing. Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

On the 8th of December 2021, **Standard & Poor's** affirmed Nigeria's sovereign credit rating at B+ and revised its outlook from negative to stable. Standard & Poor's stable outlook for Nigeria indicates that covid-19 related pressures will continue to weigh on the country's GDP growth and fiscal and external metrics, but improved oil prices will support GDP growth. S&P further stated that improved oil prices are supporting Nigeria's rebound to positive GDP growth in 2021 and onwards, but COVID-19-related pressures, foreign exchange shortages, and structural bottlenecks remain significant. Speaking to other headwinds for Nigeria's economic growth, S&P highlighted that fiscal and external pressure will remain reasonably high over the next few years, and fiscal flexibility constrained by very low revenue mobilization. On the upside, the rating firm pointed to the upcoming increase in Nigeria's Special Drawing Rights (SDR) allocation from the IMF, alongside planned Eurobond issuances as positives for the country's foreign exchange inflows in 2021, with central bank advances to the government forecast to decline this year.

A week before S&P's rating, **Moody's Investors Service ("Moody's")** changed the outlook on the Government of Nigeria to stable from negative and affirmed its long-term issuer and senior unsecured ratings at B2. The change of outlook to stable reflected Moody's expectation that higher oil prices and some measures taken by the government will help stabilize the sovereign's credit metrics and support its external position. The ongoing improvements in the macroeconomy and the external position expected to continue in the next few years, supported by the oil price environment, Nigeria's new Petroleum Industry Act legislation and the opening of the Dangote refinery that will structurally reduce demand for US dollars. At the same time, Moody's expected Nigeria's fiscal deficit to narrow very slowly, with ongoing efforts to increase non-oil government revenue, although weak governance and institutional capacity were likely to hamper execution. General government debt (including central bank funding and promissory notes) is projected to rise gradually, towards 35% of GDP by 2025, stabilizing above 400% of revenue. The affirmation of the ratings reflects Nigeria's significant credit constraints, balanced by some credit strengths supporting the B2 ratings. The credit constraints include fiscal and external reliance on the hydrocarbon sector as well as its very weak institutional framework and governance, reflected in extremely low revenue generation. Susceptibility to event risk remains mainly driven by political risk. Over the medium to long term, environmental and social risks represent significant rating constraints for Nigeria. Weak institutions indicate low capacity to adjust to rising social demands from a fast-growing population earning very low incomes and/or to the transformation of the government's revenue and foreign-currency generation capacity implied by carbon transition.

Earlier on, on the 19th of March 2021, **Fitch Ratings** affirmed Nigeria at 'B', stable outlook. Nigeria's 'B' rating was supported by the large size of the economy, a low general government (GG) debt-to-GDP ratio, small foreign-currency (FX) indebtedness of the sovereign and a comparatively developed financial system with a deep domestic debt market. The rating was constrained by particularly weak fiscal revenue, comparatively low governance and development indicators, high dependence on hydrocarbons and continued weak growth and high inflation. Together with the country continuing to contend with external liquidity pressures that were magnified by the 2020 pandemic-related shock and resilience to adverse external developments is weak. Despite gradual and moderate exchange-rate depreciation over the last year, the naira remained overvalued. Persistent double-digit inflation under a tightly managed multiple-window

exchange-rate regime was expected to drive further misalignment of the currency relative to fundamentals. The agency forecasted inflation to average rates of 16.0% in 2021 and 13.4% in 2022, driven by several cost-push factors as well as currency overvaluation, possibly hampering a correction of external imbalances.⁵ Nigeria's credit ratings from the major agencies are as following:

TABLE 4: NIGERIA'S SOVEREIGN CREDIT RATINGS, 2021			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	B+	B2	B
OUTLOOK	Stable	Stable	Stable
DATE OF LAST CHANGE	2021-12-08	2021-12-02	2021-03-19

Sources: S&P Global Ratings, 2021; Fitch Ratings, 2021; Moody's Investors Service, 2021

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company that offers these services is Belgium's Delcrederecroire's (the country's official export credit agency and public credit insurer). The table below shows Delcrederecroire's current risk assessment of Nigeria in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- In terms of political risks associated with exports transactions in Nigeria, these are deemed to be high in both the short-term and medium to long-term.
- Business environment risk is high.
- Direct investments are considered to be high risk as indicated by scores awarded below.

TABLE 5: NIGERIA'S RISK ASSESSMENT - Delcrederecroire		
EXPORT TRANSACTIONS (Scale 1 – 7) *		
Political Risks	Short-term	5
	Medium to long-term	6
	Premium Classification OECD	6
Business Environment Risk	F **	
DIRECT INVESTMENTS		
Political Violence Risk	6	
Risk of expropriation and government action	6	
Currency Inconvertibility and transfer	6	
* Where 1 is associated with the least risk and 7 the most.		
** Where B is associated with mid risk; A is low risk and G is high risk.		

Source: ONDD, 2021

⁵ Sources: S&P Global Ratings; Fitch Ratings, 2021; Moody's Investors Service, 2021

3. TRADE

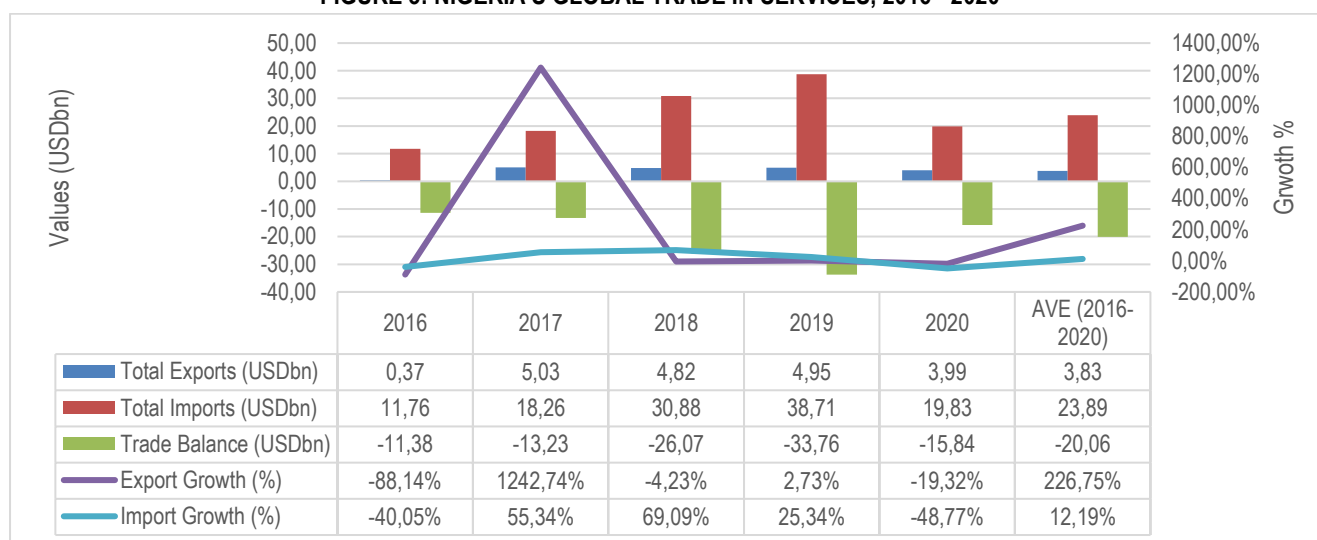
3.1 NIGERIA'S TRADE IN SERVICES

Nigeria's global trade in services for the period 2016 to 2020 is shown in Figure 3 below. The country's services imports consistently outpaced its services exports throughout the period under review, firmly establishing the country's position as a net importer of services.

The impact of the COVID-19 pandemic and restrictions on movement of goods and services across borders is seen by the decline in the country's services exports and imports in 2020. Services exports declined by 19.32%, to a value of USD3.99bn in 2020 from USD4.95bn recorded for 2019, while services imports decreased by 48.77%, from USD38.71bn in 2019 to USD19.83bn in 2020.

However, the average growth rate of services exports was 226.5% per annum between 2016 and 2020, whereas imports, on average, increased by 12.19% per annum over the same period. The services balance remained in deficit throughout the period monitored at an average of value of USD20.06bn.

FIGURE 3: NIGERIA'S GLOBAL TRADE IN SERVICES, 2016 - 2020



Source: TradeMap, 2022

In terms of the top exported services by Nigeria in 2020, transport services came top, accounting for 51.42% (USD2053.01m) of services exported by the country. Financial services and government goods and services followed at a distance, taking second and third place, accounting for 13.93% (USD556.06m) and 11.53% (USD460.04m), respectively in the same year. Furthermore, insurance and pension services recorded the highest growth in exported services, growing at an average annual rate of 93.98% over the period 2016 to 2020. Other high growth exports were travel services (35.12%) and telecommunications services (29.49%).

TABLE 6: NIGERIA – TOP EXPORTED SERVICES, 2020

	EXPORTED VALUE (USDm), 2020	% SHARE 2020	AVE GROWTH (%), 2016 - 2020
Transport	2053.01	51.42%	4.94%
Financial Services	556.06	13.93%	21.74%
Government goods and services	460.40	11.53%	-1.08%
Insurance and pension services	393.78	9.86%	93.98%
Travel	313.30	7.85%	35.12%
Telecommunications	163.39	4.09%	29.49%
Other business services	53.07	1.33%	-7.07%
ALL SERVICES	3993.01	100.00%	226.75%

Source: TradeMap, 2022

Nigeria's top imported services are shown in table 7 below. Other business services dominated the list, accounting for 34.30% (or USD6802.67m) of all services imported by the country in 2020. Travel services ranked second, with a share of 27.98% (or USD5548.28m) of all service imports, while transport ranked third, with a total import cost of USD5337.81m (or 26.91%) in 2020. In terms of highest average annual growth rate, construction came first, growing by 1087.15% over the period 2016 to 2020. This was followed by travel services (80.76%), and other business services (48.47%).

TABLE 7: NIGERIA – TOP 10 IMPORTED SERVICES, 2020

	IMPORTED VALUE (USDm), 2020	% SHARE 2020	AVE GROWTH (%), 2016 - 2020
Other business services	6802.67	34.30%	48.47%
Travel	5548.28	27.98%	80.76%
Transport	5337.81	26.91%	-4.52%
Insurance and pension services	896.99	4.52%	32.57%
Financial services	376.19	1.90%	-9.18%
Telecommunications, computer and information services	366.05	1.85%	-11.37%
Charges for use of intellectual property	252.84	1.27%	0.00%
Government goods and services	234.56	1.18%	-23.20%
Construction	8.39	0.04%	1078.15%
Maintenance and repair services	8.13	0.04%	41.80%
ALL SERVICES	19832.52	100.00%	12.19%

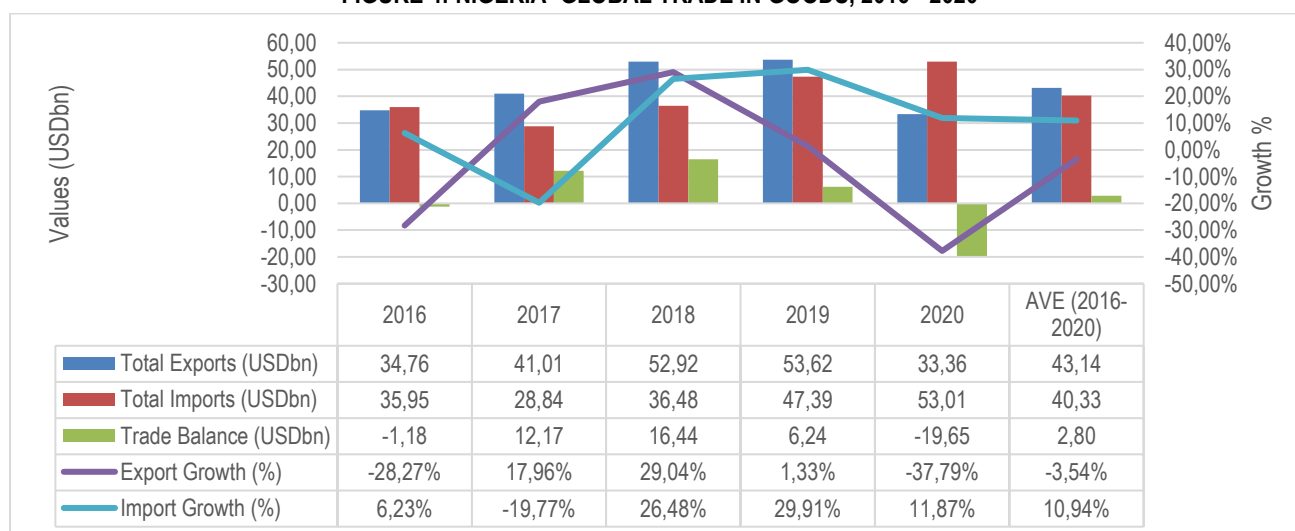
Source: TradeMap, 2022

3.2 NIGERIA'S TRADE IN GOODS

Nigeria's trade in goods, between 2016 and 2020, is presented in figure 4 below. From 2016 until 2019, Nigeria was a net exporter of goods, as shown by the positive trade balance. In 2020, the country registered a negative trade balance, a reflection of the negative impact of the coronavirus pandemic on global trade.

In the first year of the pandemic, Nigeria's good exports fell by 37.79% to a value of USD33.36bn from USD53.62bn in 2019, while imports increased by 11.87% to USD53.01bn from USD47.39bn in 2019. Furthermore, over the last five years, exports growth declined at an average annual rate of 3.54%, while imports growth increased at an average annual rate of 10.94%.

FIGURE 4: NIGERIA- GLOBAL TRADE IN GOODS, 2016 - 2020



Source: TradeMap, 2022

In terms of Nigeria's the top traded products, petroleum oils (crude) dominated the export basket, accounting for 75.42% of exports at a value of USD25161.35m in 2020. Petroleum gas and other gaseous hydrocarbons followed in second place at an export value of USD4298.49m, accounting for 12.88% of exports in the same year. Vessels and other floating structures for breaking up came third (USD1230.55m or 3.69%). The export of mineral or chemical nitrogenous fertilisers had the highest growth in exports, increasing at an average annual rate of 53.16% from 2016 to 2020. Petroleum oils (excluding crude) followed in second place with an average growth of 42.87%, while coconuts, Brazil nuts and cashew nuts exports followed in third with a growth rate of 39.18% per annum.

TABLE 8: NIGERIA – TOP 10 EXPORTED GOODS, 2020

	EXPORTED VALUE (USDm), 2020	% SHARE 2020	AVE GROWTH (%), 2016 - 2020
Petroleum oils, crude	25161.35	75.42%	-2.80%
Petroleum gas and other gaseous hydrocarbons	4298.49	12.88%	-8.46%
Vessels and other floating structures for breaking up	1230.55	3.69%	-
Light-vessels, fire-floats, dredgers, floating cranes	760.27	2.28%	-
Other oil seeds and oleaginous fruits	314.26	0.94%	14.46%
Cocoa beans	279.50	0.84%	-3.69%
Mineral or chemical nitrogenous fertilisers	181.34	0.54%	53.16%
Powered aircraft	165.55	0.50%	-
Coconuts, Brazil nuts and cashew nuts	118.90	0.36%	39.18%
Petroleum oils, excluding crude	82.93	0.25%	42.87%
ALL SERVICES	33361.475	100.00%	-3.54%

Source: TradeMap, 2022

In terms of key export markets, India was the leading destination market for Nigeria's exports at a value of USD5.01bn in 2020. Spain followed in second place, with exports reaching a total value of USD3.63bn, while Netherlands came third, with exports to this nation reaching a total value of USD2.86bn. Of the top 10 export markets, the fastest growing markets for Nigeria's exports over the five-year period leading up to and including 2020 were Portugal (293.57%), Turkey (38.02%), and Cameroon (36.22%). South Africa was Nigeria's 4th largest export market in 2020, with a value of USD2.54bn.

TABLE 9: NIGERIA – TOP EXPORT GOODS MARKETS (USDbn), 2020

RANK	COUNTRY	VALUE 2020 (USDbn)	AVE GROWTH (%), 2016 - 2020
1	India	5.01	-6.98%
2	Spain	3.63	-0.81%
3	Netherlands	2.86	-3.40%
4	South Africa	2.54	5.29%
5	China	1.69	23.79%
6	France	1.51	-2.21%
7	Portugal	12.32	293.57%
8	Italy	1.17	10.52%
9	Cameroon	1.15	36.22%
10	Turkey	1.09	38.02%
TOTAL EXPORTS		33.36	-3.63%

Source: TradeMap, 2022

Turning to imports, petroleum oils (excluding crude) was the largest imported good into Nigeria in 2020, reaching a total value of USD7712.90m and comprising a 14.55% share of the entire import basket. Motors cars ranked in second place with a value of

USD2920.25m (5.51%), while wheat and meslin ranked third with a value of USD2056.51m (3.88%). Medicaments had the highest growth in imports, increasing at an average annual rate of 252.45% between 2016 and 2020. Followed by human blood in second place with an average growth of 222.38%, while motor cars followed in third place with an average growth rate of 41.73% per annum.

TABLE 10: NIGERIA – TOP 10 IMPORTED GOODS, 2020

	IMPORTED VALUE (USDm), 2020	% SHARE 2020	AVE GROWTH (%), 2016 - 2020
Petroleum oils, excluding crude	7712.90	14.55%	10.83%
Motor cars	2920.25	5.51%	41.73%
Wheat and meslin	2056.51	3.88%	13.08%
Medicaments	1391.78	2.63%	252.45%
Human blood	1328.11	2.51%	222.38%
Motorcycles	1169.79	2.21%	33.05%
Taps, cocks, valves	919.88	1.74%	22.01%
Frozen fish	837.45	1.58%	3.04%
Milk and cream	770.78	1.45%	22.25%
Telephone sets	765.57	1.44%	17.43%
ALL SERVICES	53010.00	100.00%	10.94%

Source: TradeMap, 2022

China was the leading source market for Nigeria's imports, with a value of USD15.24bn in 2020. United States followed in second place with imports reaching a total value of USD24.80bn. India came third, with imports reaching a total value of USD4.80bn in 2020. Of the top 10 import markets, the fastest growing markets for Nigeria's imports over the five-year period leading up to and including 2020 were India (36.85%), Russian Federation (34.92%), and Netherlands (24.43%). South Africa was Nigeria's 18th largest import market in 2020 at a value of USD618.95m.

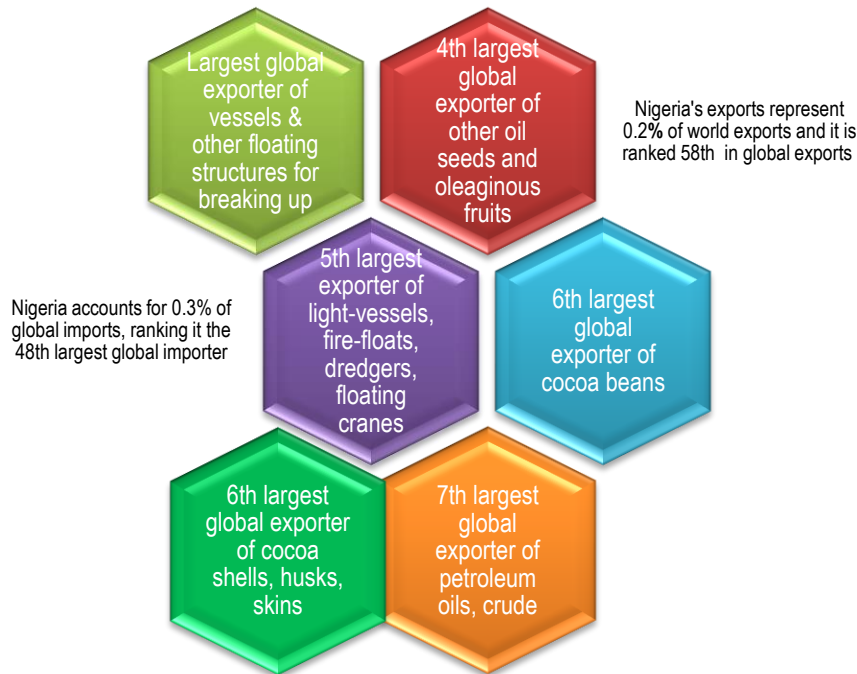
TABLE 11: NIGERIA – TOP IMPORT GOODS MARKETS (USDbn), 2020

RANK	COUNTRY	VALUE 2020 (USDbn)	AVE GROWTH (%), 2016 - 2020
1	China	15.24	18.81%
2	United States of America	4.80	14.22%
3	India	4.80	36.85%
4	Netherlands	4.14	24.43%
5	Belgium	1.99	0.31%
6	Germany	1.66	11.02%
7	Russian Federation	1.19	34.92%
8	United Kingdom	1.16	-1.41%
9	Italy	1.14	14.40%
10	Brazil	1.13	9.39%
18	South Africa	0.62	4.03%
TOTAL IMPORTS		53.01	10.94%

Source: TradeMap, 2022

Figure 5 below illustrates Nigeria's dominance on the global trade front. In 2020, Nigeria accounted for 0.2% of global exports and 0.3% of global imports, making it the 58th largest global exporter and the 48th largest global importer in 2020. Furthermore, Nigeria held a clear trade advantage in vessels and other floating structures for breaking up, oil seeds and oleaginous fruits, light-vessels, fire floats, dredgers, floating cranes, given that it was the largest global exporter of these traded goods in 2020.

FIGURE 5: NIGERIA'S COMPETITIVE TRADE ADVANTAGE, 2020

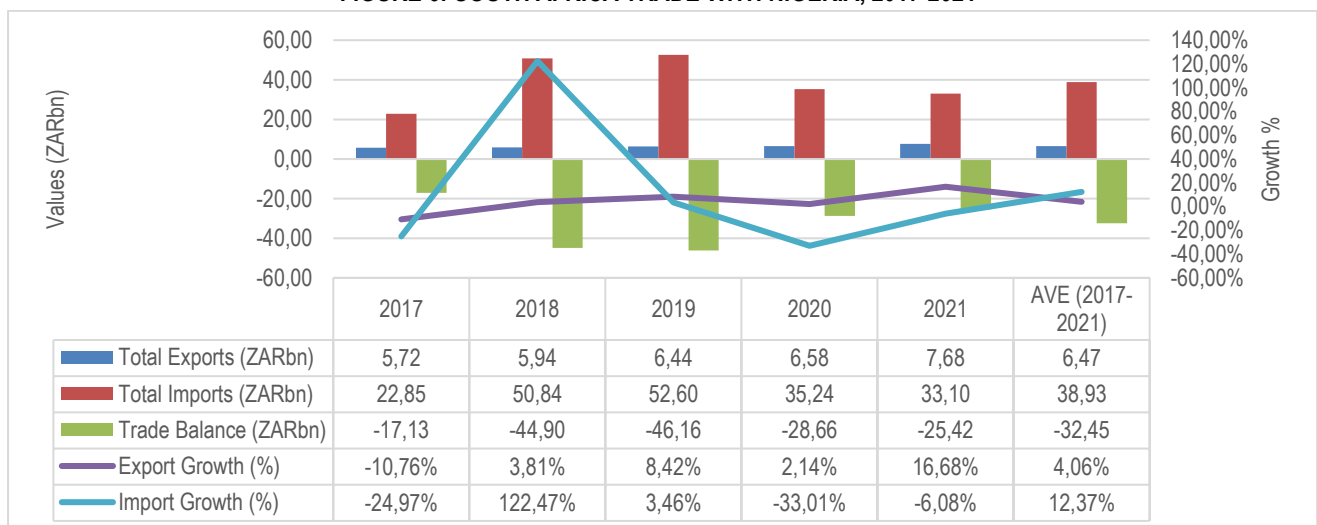


Source: TradeMap, 2022

3.3 TRADE BETWEEN SOUTH AFRICA AND NIGERIA

South Africa's trade with Nigeria from 2017 to 2021 is shown in the figure below. In 2021, South Africa's exports to Nigeria increased by 16.88% from the 2020 value of ZAR6.58bn to ZAR7.68bn. In contrast, South Africa's imports from the West African country decreased by 6.08% (although lower than 2020's decrease) to a value of ZAR33.10bn in 2021, from ZAR35.24bn in 2020. Overall, South Africa's export growth to Nigeria increased at an average annual rate of 4.06% from 2017 to 2021, while imports increased at an average rate of 12.37% over the same period.

FIGURE 6: SOUTH AFRICA TRADE WITH NIGERIA, 2017-2021



Source: Trademap, 2022

The export of polymers of propylene was South Africa's exported product to Nigeria in 2021, valued at ZAR1423.67m and accounted for 18.54% of the export basket to Nigeria. Apples, pear, and quinces ranked second, reaching a value of ZAR585.07m and accounting for 7.62% of total exports to Nigeria in 2021. Motor vehicles for the transport of goods came third at a value of ZAR359.09m (or 4.68%). There has been exceptional growth in the exports of reaction initiators from South Africa to Nigeria in recent years, increasing at an average rate of 20139.81 % between 2017 and 2021. This was followed by the unclassified category (8191.56%), and stoppers, caps and lids (including crown corks, screw caps and pouring stoppers), with an average growth rate of 255.66%.

TABLE 12: SOUTH AFRICA TOP 10 EXPORTS TO NIGERIA, 2021

	EXPORTED VALUE (USDm), 2020	% SHARE 2020	AVE GROWTH (%), 2016 - 2020
Polymers of propylene or of other olefins	1423.67	18.54%	7.38%
Apples, pears and quinces	585.07	7.62%	3.82%
Motor vehicles for the transport of goods	359.09	4.68%	44.65%
Wine	242.06	3.15%	58.39%
Mixtures of odoriferous substances and mixtures (including alcoholic solutions)	209.90	2.73%	23.36%
Stoppers, caps and lids (including crown corks, screw caps and pouring stoppers)	197.04	2.57%	255.66%
Acyclic alcohols and their halogenated	194.31	2.53%	77.59%
Other vessels, including warships and lifeboats other than rowing boats	179.99	2.34%	20139.81 %
Unmanufactured tobacc	170.41	2.22%	203.77%
Paints and varnishes (including enamels and lacquers)	126.44	1.65%	51.65%
ALL PRODUCTS	7677.68	100.00 %	4.06%

Source: Trademap, 2022

Turning to South Africa's import basket from Nigeria, petroleum oils (crude) dominated in 2021, at a value of ZAR32133.16m and accounted for the majority share of 97.09% of total imports in 2021. This was followed by petroleum gases and other gaseous hydrocarbons (ZAR672.84 or 2.03%) and natural rubber, balata, gutta-percha (ZAR129.30m or 0.39%). There has been exceptional growth in the imports of articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps, increasing at an average rate of 18357.85% over the period 2017 to 2021. This was followed by printing machinery used for printing by means of plates (918.35%), and other oil seeds and oleaginous fruits (228.16%).

TABLE 13: SOUTH AFRICA TOP 10 IMPORTS FROM NIGERIA, 2021

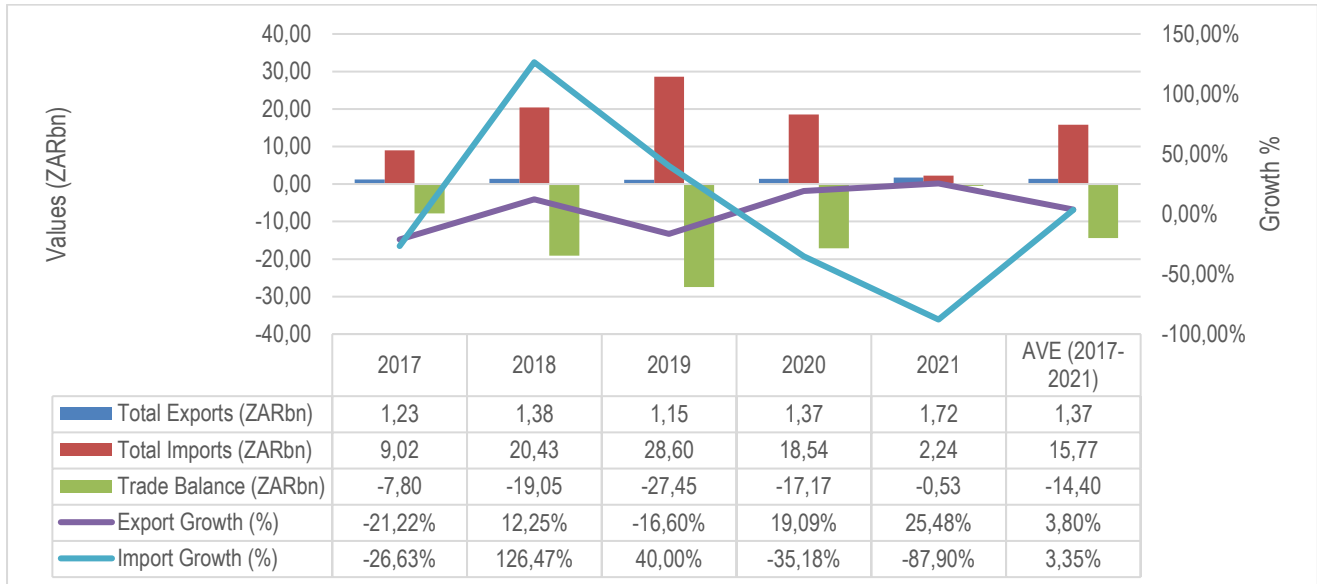
	IMPORTED VALUE (ZARm), 2021	% SHARE 2021	AVE GROWTH (%), 2017 - 2021
Petroleum oils, crude	32133.16	97.09%	12.79%
Petroleum gases and other gaseous hydrocarbons	672.84	2.03%	-
Natural rubber, balata, gutta-percha	129.30	0.39%	52.54%
Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices	35.06	0.11%	38.74%
Other aircraft (for example, helicopters, aeroplanes)	28.25	0.09%	-
Copper waste and scrap	21.97	0.07%	-
Printing machinery used for printing by means of plates	9.31	0.03%	918.35%
Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps	8.50	0.03%	18357.85%
Other oil seeds and oleaginous fruits	6.45	0.02%	228.16%
Carboys, bottles, flasks, jars, pots, phials, ampoules and other containers	5.42	0.02%	-
ALL PRODUCTS	33096.94	100.00%	12.37%

Source: Trademap, 2022

3.4 WESTERN CAPE'S TRADE WITH NIGERIA

The Western Cape's exports to Nigeria increased by 25.48% from ZAR1.37bn in 2020 to ZAR1.72bn in 2021. While imports drastically decreased by 87.90%, from a value of ZAR18.54bn in 2020 to ZAR2.24bn in 2021. Overall, the Western Cape's exports to Nigeria increased at an average annual rate of 3.80% from 2017 to 2021, while imports grew by an average rate of 3.35% over the same period.

FIGURE 7: WESTERN CAPE'S TRADE WITH NIGERIA, 2017-2021



Source: Quantec, 2022

The Western Cape's dominant exported product to Nigeria in 2021 was apples, valued at ZAR552.48m. This was equivalent to 32.20% of all export receipts earned by the province from its trade with Nigeria in the year. Wine placed second at a value of ZAR241.31m (14.07%), followed by unmanufactured tobacco at ZAR179.99m (10.49%). The Western Cape's fastest growing exported product categories over the five-year period leading up to and including 2021 were measuring or checking instruments, appliances and machines (20529.46%), unmanufactured tobacco (211.25%), and fruit, nuts and other edible parts of plants (96.52%).

TABLE 14: WESTERN CAPE'S TOP 10 EXPORTS TO NIGERIA, 2021

	EXPORTED VALUE (ZARm), 2021	% SHARE 2020	AVE GROWTH (%), 2017 - 2021
Apples, pears and quinces	552.48	32.20%	7.54%
Wine	241.31	14.07%	59.18%
Other vessels, including warships and lifeboats other than rowing boats	179.99	10.49%	-
Unmanufactured tobacco	170.41	9.93%	211.25%
Grapes	56.72	3.31%	18.32%
Measuring or checking instruments, appliances and machines	48.94	2.85%	20529.46%
Fruit juices (including grape must) and vegetable juices	46.19	2.69%	13.52%
Machinery, for the industrial preparation or manufacture of food or drink	33.14	1.93%	17.18%
Fruit, nuts and other edible parts of plants	31.00	1.81%	96.52%
Undenatured ethyl alcohol	30.44	1.77%	82.05%
ALL PRODUCTS	1715.50	100.00%	3.80%

Source: Quantec, 2022

Crude petroleum oils make up almost 100 per cent of the Western Cape's imports from Nigeria. In 2021, the province imported ZAR2.23bn worth of crude petroleum oils from Nigeria. Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices placed second, with a value of ZAR7.84m, which is equivalent to 0.35% of total imports from Nigeria, followed by niobium, tantalum, vanadium or zirconium ores and concentrates (ZAR1.92m). There were three notable product categories which experienced significant growth between 2017 and 2021, namely ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices which topped the list at an average annual growth rate of 514.62%; paintings, drawings and pastels (349.40%), and malt extract; food preparations of flour, groats, meal, starch or malt extract (257.51%).

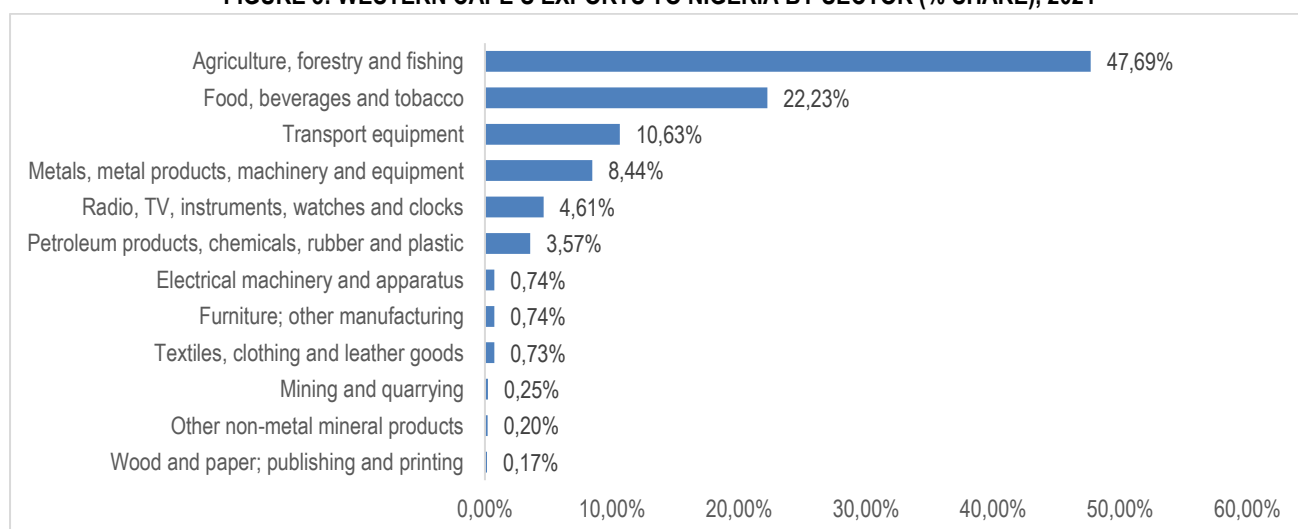
TABLE 15: WESTERN CAPE'S TOP 10 IMPORTS FROM NIGERIA, 2021

	IMPORTED VALUE (ZAR 000'), 2021	% SHARE 2021	AVE GROWTH (%), 2017 - 2021
Petroleum oil, crude	2229798.32	99.37%	4.11%
Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices	7840.40	0.35%	514.62%
Niobium, tantalum, vanadium or zirconium ores and concentrates	1977.29	0.09%	-
Other vegetables	894.40	0.04%	147.76%
Paintings, drawings and pastels	468.04	0.02%	349.40%
Malt extract; food preparations of flour, groats, meal, starch or malt extract	332.75	0.01%	257.51%
Pasta, whether or not cooked or stuffed (with meat or other substances)	294.02	0.01%	16.62%
Oil-cake and other solid residues	291.89	0.01%	5.21%
Waters, including mineral waters and aerated waters	219.73	0.01%	4.70%
Dried leguminous vegetables	191.34	0.01%	30.25%
ALL PRODUCTS	2243929.55	100.00%	3.35%

Source: Quantec, 2022

Trade between the Western Cape and Nigeria is relatively well diversified. The two diagrams below are reflective of this and provide an overview of key trade flows between the Western Cape and Nigeria on a sector level. As indicated in the graphs below, the agriculture, forestry and fishing sector was the province's top sector in terms of exports to Nigeria in 2021, accounting for 47.69% of total exports. The food, beverage and tobacco industry placed second, accounting for 22.23% of all Western Cape's exports to Nigeria, while the transport equipment industry accounted for 10.63% in third position.

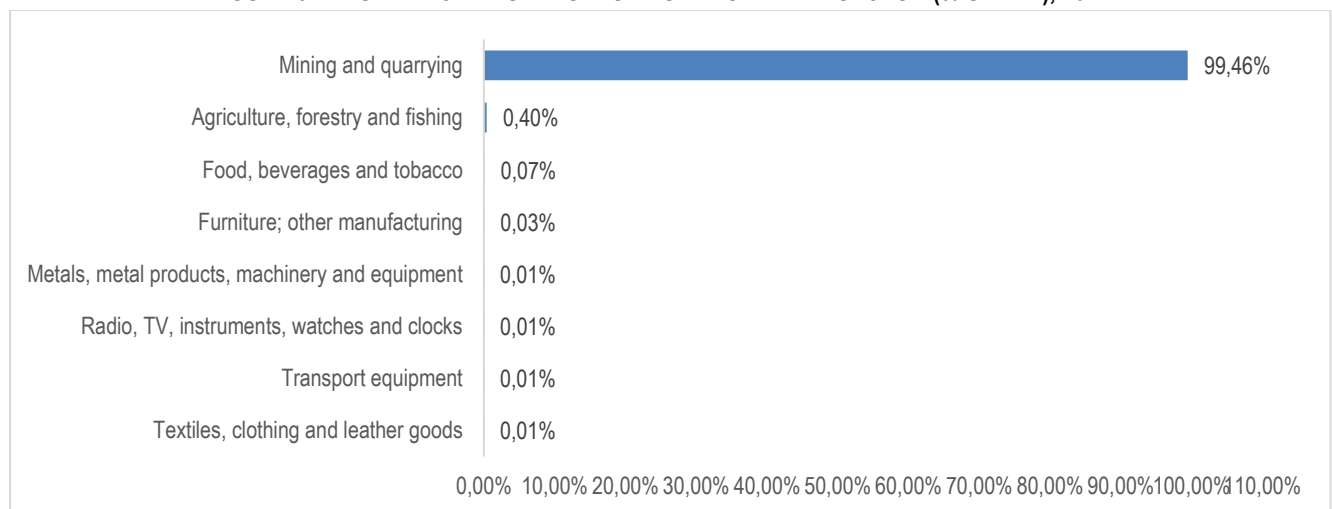
FIGURE 8: WESTERN CAPE'S EXPORTS TO NIGERIA BY SECTOR (% SHARE), 2021



Source: Quantec, 2022

In terms of the Western Cape's top imports, by sectors, with Nigeria in 2021, the mining and quarrying sector dominated, accounting for 99.46% of all imports. The agriculture, forestry and fishing sector followed at a distance, accounting for 0.40% of total imports to Nigeria, while the food, beverages and tobacco industry ranked in third position (0.07%).

FIGURE 9: WESTERN CAPE'S IMPORTS FROM NIGERIA BY SECTOR (% SHARE), 2021



Source: Quantec 2022

4. CUSTOMS, REGULATIONS AND STANDARDS

4.1 TRADE REGULATIONS, MARKINGS AND STANDARDS

Trade Barriers

- Nigeria employs a combination of tariffs and quotas for the double purpose of taxing international trade for revenue generation and protecting local industries from highly competitive imports. The country's tariffs are determined by the ECOWAS 2015 – 2019 Common External Tariff (CET). **The tariff has five bands: zero duty on capital goods and essential drugs, 5% duty on raw materials, 10% on intermediate goods, 20% on finished goods and 35% on imports into strategic sectors.** Nevertheless, effective rates tend to be higher since the Nigerian government (GON) may apply additional charges (e.g., levies, excise, and VAT) on the imports. However, the total effective rate of each line item is not to exceed 70%.
- In a bid to protect local industries and grow several strategic sectors, especially agriculture, GON continues to restrict or place bans on certain imports. Click on the following link for a list of banned items⁶
- Most goods destined for Nigeria, especially in the food, drug, and cosmetics categories, require inspection or certification from GON authorities or appointed third-party contractors. Because GON lacks the capacity to undertake inspections, testing, and reviews, clearance of imports are typically delayed to the detriment of the importer.
- Local content laws are emerging across sectors of the Nigerian economy. Originally introduced to ensure local participation in labour and across the value chain of the oil and gas sector, local content requirements have gradually begun to spread to other sectors such as information and communications technology (ICT). In addition, the government has several import substitution policies which aim to increase local production over imports through subsidies, tariffs, quotas, and other barriers to trade. Among these measures is a GON directive which stipulates that preference be granted to domestic manufacturers, contractors, and service providers in all government procurements. This directive, issued via an Executive Order in May 2017, also states that at least 40% of expenditure for the procurement of the following items shall be on locally manufactured goods:
 - Uniforms and Footwear
 - Food and Beverages
 - Furniture and Fittings
 - Stationery
 - Motor Vehicles
 - Pharmaceuticals
 - Construction Materials
 - Information Technology
- Furthermore, in December 2019 the Nigerian Senate passed an amendment to the Public Procurement Act of 2007 which would compel GON ministries, departments, and agencies to show preference for local goods and services. The amendment is awaiting passage by the House of Representatives as well as assent by the President prior to its enactment.
- Nigerian port practices continue to present major obstacles to trade. Importers report erratic application of customs regulations, lengthy clearance procedures, high berthing and unloading costs, and corruption. Due to lack of space at Lagos ports, ships reportedly queue for days, and in some cases weeks and months, before being able to berth and unload. Due to delays caused by congestion and the poor condition of the port access roads, operations at Nigerian ports are among the most expensive in the world. However, there have been reported slow but steady improvements in the goods transit process. The Nigerian Port Authority (NPA), through public-private partnership arrangements, has undertaken rehabilitation of port terminals in Lagos and Port Harcourt, deepened water channels, upgraded common user facilities, and removed wrecks from water channels.

Import Tariffs

Nigeria maintains several supplemental levies and duties on selected imports that significantly raise effective tariff rates. For example:

- Nigeria has an effective duty (tariff, levy, excise, and value added tax (VAT) where applicable) of 50% or more on over 80 tariff lines. These include about 35 tariff lines whose effective duties exceed the 70% limit set by ECOWAS. Most of these

⁶ https://customs.gov.ng/?page_id=3075

items are luxury goods such as yachts, motorboats, and other vehicles for pleasure (75%), as well as on alcohol (75% to 95%) and tobacco products (95%).

- In addition, Nigeria places high effective duty rates on imports into strategic sectors to boost the competitiveness of local industries. In agriculture, wheat (85%), sugar (75%), rice (70%), and tomato paste (50%). In the mining sector, salt (70%) and cement (55%).
- In October 2013, the GON announced an Automotive Industry Development Plan (NAIDP), which seeks to expand domestic vehicle manufacturing. The NAIDP imposes a 35% levy on automobile imports, in addition to the 35% tariff already levied, for an effective total duty of 70%. The NAIDP allows companies that manufacture or assemble cars in Nigeria to import one vehicle for every one manufactured in Nigeria.

Labelling and Marketing Requirements

- Shippers must ensure that Import Duty Report (IDR) numbers are always quoted on the shipping manifests for all import shipments into the country before such manifests are submitted to the Nigeria Customs Service. For air cargo, the airline must ensure that the IDR number for the relevant goods is stated on the airway bill.
- The government of Nigeria (GON) requires that products entering the country must display information including: name of product, country of origin, specifications, date of manufacture, batch or lot number, and standards to which they were produced (e.g. BS, DIN, ISO/IEC, NIS). In the case of items such as soap, food, drinks, and related products, they should carry the expiration date or the shelf life, as well as active ingredient(s), where applicable. All items entering the country must be labelled in metric terms exclusively. Products with dual or multiple markings will be confiscated or refused entry.

Regional Trade Agreements

In the bid to diversify its economy from its dependence on crude oil, which accounts for nearly all the value of exports, Nigeria strives to build its agricultural, mining and manufacturing sectors, especially in the automotive assembly, cement, textile, and clothing sectors. This has led to talks and negotiations of international trade agreements to grow these sectors and increase GDP.

Nigeria signed the African Continental Free Trade Area Agreement (AfCFTA) in July 2019 and ratified the agreement in December 2020. When fully implemented, the AfCFTA will require member countries to remove tariffs from 90% of goods, allowing free access to commodities, goods, and services across the African continent.

International Trade Agreements

Nigeria has been a member of the World Trade Organisation (WTO) since January 1, 1995, having been a member of the General Agreement on Tariffs and Trade (GATT) since November 18, 1960. Nigeria ratified the WTO Trade Facilitation Agreement on January 20, 2017 and the amended WTO Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (TRIPS) Agreement on January 16, 2017. Conversations to reduce trade barriers in Nigeria are ongoing within these fora.

On May 18, 2000, the U.S. Congress passed the African Growth and Opportunity Act, commonly known as AGOA, into law. AGOA is a trade program meant to establish stronger commercial ties between the United States and sub-Saharan Africa. Nigeria is eligible for preferential trade benefits under the AGOA.

The act establishes a preferential trade agreement between the U.S. and selected countries in the sub-Saharan region. AGOA is reauthorised through 2025. The Act authorises the President to designate countries as eligible to receive the benefits of AGOA if they are determined to have established, or are making continual progress toward establishing, the following:

- market-based economies
- the rule of law and political pluralism
- elimination of barriers to U.S. trade and investment
- protection of intellectual property
- efforts to combat corruption
- policies to reduce poverty, increasing availability of health care, and educational opportunities
- protection of human rights and worker rights and
- elimination of certain child labour practices.

Bilateral Trade Agreement

Nigeria has bilateral investment agreements with 31 countries, 15 of which are in force. The country also has double tax treaties with 13 countries and is a signatory to 21 investment-related instruments.⁷

4.2 TARIFFS

The table below shows tariffs imposed by Nigeria on South Africa's exports in 2022.

TABLE 16: TARIFFS IMPOSED BY NIGERIA ON SOUTH AFRICAN EXPORTS, 2022					
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: Albs, uminoids, 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 fur skins) 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: Fur skins and artificial fur, manufactures thereof	13	H75: Nickel and articles thereof	16
H12: Oil seed, oleagic fruits, grain, seed, fruit,	8	H44: Wood and articles of wood, wood charcoal	14	H76: Aluminium and articles thereof	13
H13: Lac, gums, resins, vegetable saps and extracts	5	H45: Cork and articles of cork	7	H78: Lead and articles thereof	9
H14: Vegetable plaiting materials, vegetable products	5	H46: Manufactures of plaiting material, basketwork, etc.	20	H79: Zinc and articles thereof	8
H15: Animal, vegetable fats and oils, cleavage products,	20	H47: Pulp of wood, fibrous cellulosic material, waste	5	H80: Tin and articles thereof	18
H16: Meat, fish and seafood food preparations	25	H48: Paper & paperboard, articles of pulp, paper and board	9	H81: Other base metals, cermet's, articles thereof	14
H17: Sugars and sugar confectionery	19	H49: Printed books, newspapers, pictures	3	H82: Tools, implements, cutlery, of base metal	16
H18: Cocoa and cocoa preparations	31	H50: Silk	18	H83: Miscellaneous articles of base metal	18

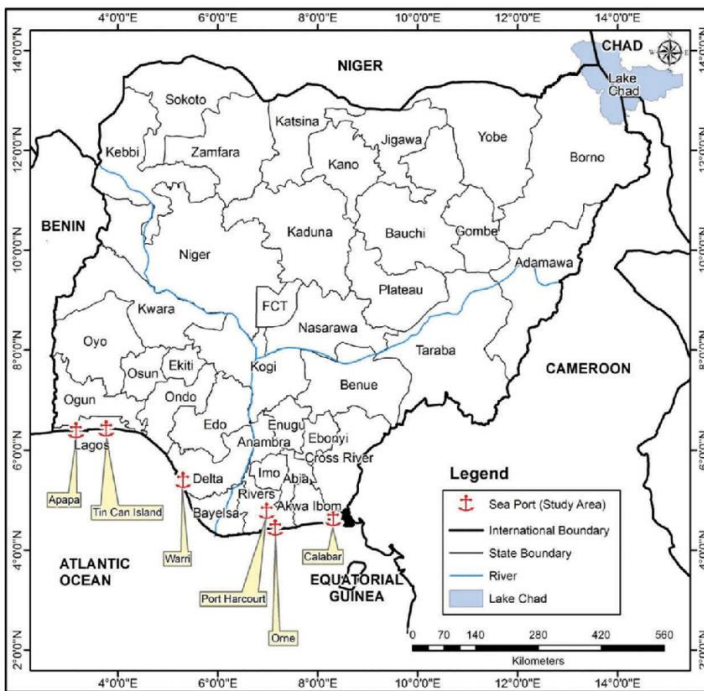
⁷ Source: International Trade Administration, 2022

H19: Cereal, flour, starch, milk preparations and products	20	H51: Wool, animal hair, horsehair yarn and fabric thereof	17	H84: Nuclear reactors, boilers, machinery	7
H20: Vegetable, fruit, nut food preparations	20	H52: Cotton	27	H85: Electrical, electronic equipment	11
H21: Miscellaneous edible preparations	15	H53: Vegetable textile fibres paper yarn, woven fabric	6	H86: Railway, tramway locomotives, rolling stock, equipment	5
H22: Beverages, spirits and vinegar	18	H54: Manmade filaments	19	H87: Vehicles other than railway, tramway	21
H23: Residues, wastes of food industry, animal fodder	10	H55: Manmade staple fibres	14	H88: Aircraft, spacecraft, and parts thereof	5
H24: Tobacco and manufactured tobacco substitutes	14	H56: Wadding, felt, nonwovens, yarns, twine, cordage	19	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	20	H91: Clocks and watches and parts thereof	20
H27: Mineral fuels, oils, distillation products,	7	H59: Impregnated, coated or laminated textile fabric	18	H92: Musical instruments, parts and accessories	10
HS28: Inorganic chemicals	5	H60: Knitted or crocheted fabrics	20	H94: Furniture, lighting, signs, prefabricated buildings	19
H29: Organic chemicals	5	H61: Articles of apparel, accessories, knit or crochet	20	H95: Toys, games, sports requisites	19
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	20	H96: Miscellaneous manufactured articles	20
H31: Fertilizers	2	H63: Other made textile articles, sets, worn clothing	19	H97: Works of art, collectors pieces and antiques	20
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	11	H64: Footwear, gaiters and the like, parts thereof	15	H99: Commodities not elsewhere specified	0

Source: TradeMap, 2021.

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 to determine the exact tariff applicable to the product at HS6.

4.3 PORT-TO-PORT RATES



The Nigerian Ports Authority (NPA) is a Federal Government Agency that governs and operates the Ports in Nigeria. The major ports include, Lagos Port Complex and Tin Can Island Port Complex both in Lagos State, the Calabar Port Complex in Cross River State the Delta Ports in Warri, Delta State, and the Rivers Port Complex and Onne Port Complex both in Rivers State.

The **Lagos Port Complex** also referred to as Premiere Port (Apapa Quays) is the earliest and largest Port in Nigeria. It is situated in Apapa, Lagos State, the commercial centre of Nigeria. The Apapa Port is well equipped with modern cargo handling equipment and personnel support facilities making her cost effective and customer friendly. **Tin Can Island Port** is located North West of Lagos Port Complex. The port is situated in the Gulf of Guinea, also known as **Rivers Port Complex**. It has a quay length of 1, 259 that can accommodate eight modern sea-going vessels loading and discharging at the same time. The port is a multi-purpose port and plays the

'Mother-Port' role to several jetties surrounding her as 'satellites' through the provision of pilotage and towage services, catering for the various markets, relating to dry, liquid and general cargo trades. It is worthy to note that the Port is situated strategically in one of the world's largest crude oil production regions and by this advantage, created the tanker market being witnessed at the Federal Ocean Terminal through the Bonny Fairway Buoy.

Onne Port Complex situated on the Bonny River Estuary along Ogu Creek is the first port of its kind in Nigeria that operated the Landlord Port Model devised to encourage private sector participation in the Port Industry. Strategically located, the Port is one of the largest Oil and Gas Free Zone in the world supporting exploration and production for Nigerian activities. The Free Zone provides a logistics Oil Service centre for the Oil and Gas Industry in Nigeria both Onshore and Offshore. It also provides easy access to the entire West African and Sub-Sahara Oil fields. The port accounts for over 65% of the export cargo through the Nigerian Sea Port. There are multiple operations that are carried out in the port in addition to the Oil and Gas operations. Some of such multiple operations are general Cargoes, bulk Cargoes (dry & wet), oil well equipment, containerized cargoes and other logistics services provided to companies that are customers and tenants. Hence the port is a multi-purpose cargo port.⁸

The table below shows the most important ports in Nigeria. It also shows the **distance** and **time** it takes goods to travel from Cape Town Port terminal to these ports.

TABLE 17: CAPE TOWN PORT TERMINAL TO MAIN SEA PORTS IN NIGERIA		
FRENCH PORTS	DISTANCE	TRANSIT TIME
Lagos Port (Apapa)	4778.08 km	8 days 6 hours
Rivers Port (Okrika)	4489.36 km	7 days 18 hours
Calabar Port	4496.51 km	7 days 18 hours

Source: Sea-Rates, 2022

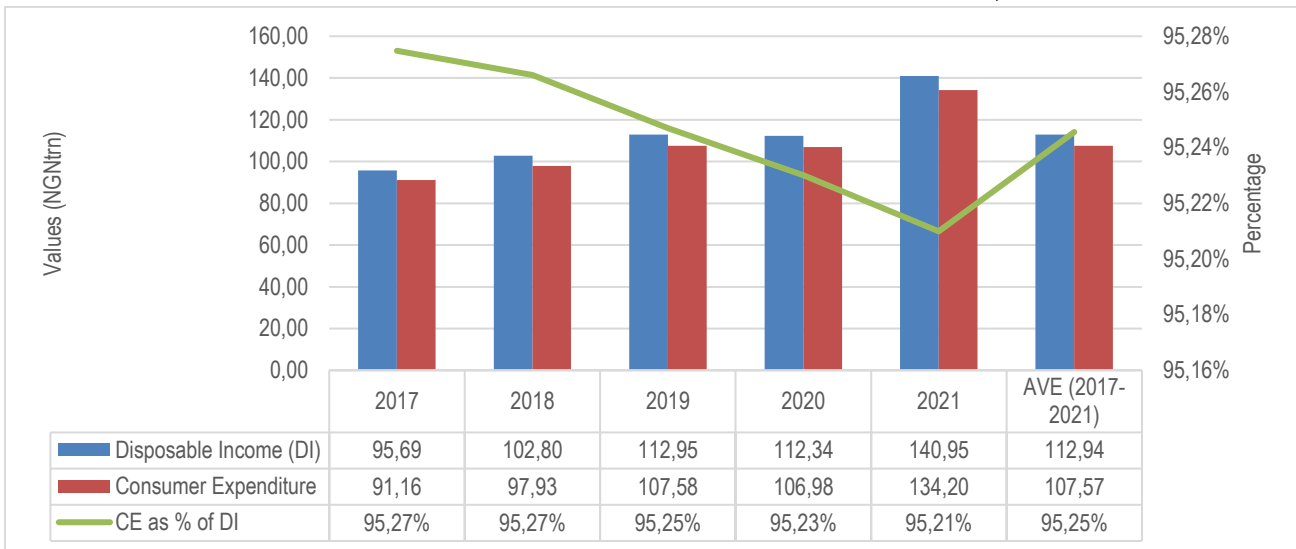
⁸ Source: Nigerian Ports Authority, 2022

5. CONSUMER INSIGHTS

5.1 CONSUMER DISPOSABLE INCOME AND EXPENDITURE

The figure below illustrates Nigeria's consumer disposable income and expenditure for the period 2017 - 2021. Throughout the period under review, Nigeria's consumer disposable income was more than consumer expenditure. Moreover, in 2021, consumer expenditure stood at 95.25% of the disposable income. This is also observed for the other years, with consumer expenditure averaging at 95.25% per annum (as a percentage of disposable income) for the period 2017-2021.

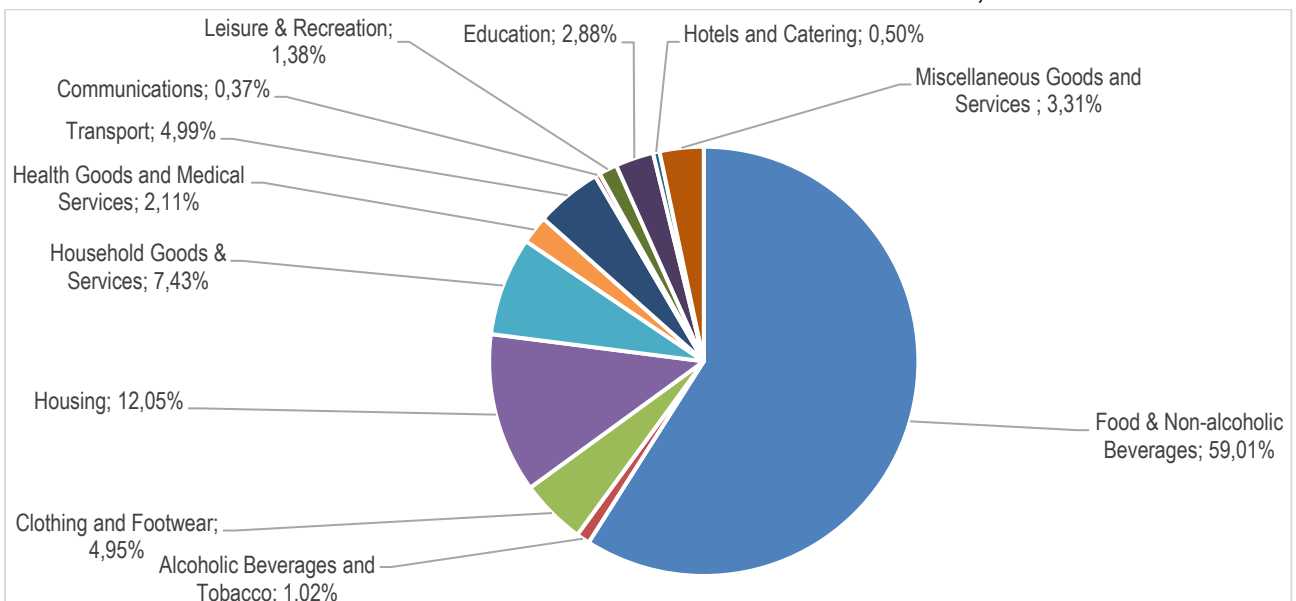
FIGURE 10: NIGERIA: CONSUMER DISPOSABLE INCOME VS EXPENDITURE, 2017-2021



Source: Euromonitor International, 2021 (values in current prices)

Figure 11 presents Nigeria's consumer expenditure per category in 2021. Food and non-alcoholic beverages was the largest consumer expenditure category in 2021, accounting for 59.01% of total consumer expenditure. This was followed by housing (12.05%), and household goods and services (7.43%).

FIGURE 11: NIGERIA - CONSUMER EXPENDITURE PER CATEGORY, 2021



Source: Euromonitor International, 2021

5.2 CONSUMER PROFILE

Large Gen-Z population to drive demand for digital goods, despite contracting consumer income

- Per capita gross income in Nigeria is forecast to decrease by a quarter in real terms over 2021-2040, partly due to the combination of low productivity, rapid population growth, and a lack of structural policies.
- Also, Nigeria's economy is highly vulnerable to volatile oil prices and has fewer policy instruments than other petroleum-exporting countries to cushion adverse effects, which negatively affects investors' confidence. As a result, Nigeria faced an economic recession in 2020 as the oil industry faced COVID-19-related reduced global demand for fossil fuels as well as plummeting crude oil prices.
- Even though gross disposable consumer income is contracting, the young age group of the Nigerian population, with Generation Z (born in the late 1990s and early 2000s) being the most prevalent, is set to increase demand for digital goods and innovative technologies over the 2021-2040 period. While internet penetration remains relatively low in Nigeria, the percentage of the population using the internet is expected to reach 96% by 2040, resulting in more than double the share of internet

Income inequality is set to rise, regardless of female empowerment efforts

- Social class E is forecast to expand at the fastest pace across social classes through to 2040, accounting for more than one third of the total population aged 15+.
- The prevalence of low standard of living in the country is due to the undiversified economy, the lack of essential transport and power infrastructure, as well as lower education attainability and subsequent lack of skilled workforce resulting in the wealth spreading only among the upper economic classes.
- Also, the COVID-19 pandemic has accelerated the unemployment rate in Nigeria, resulting in one third of the population in the last quarter of 2020 being without paid work. Consequently, a significant proportion of the population is set to remain vulnerable to poverty, consuming mainly essential goods and services.
- As the middle class share within the total population is set to decrease by two percentage points by 2040, constituting less than a quarter of the total Nigerian population, income inequality will remain extremely high by global standards and is estimated to increase over the long-term.
- To address the large-scale inequality, as well as ensure faster recovery from the pandemic-induced economic shocks, the government is supporting the employment of women and girls. The female population suffered disproportionate economic harm from the crisis. For example, the Jobs for Youths and Women Post-COVID-19 Initiative emerged in Nigeria in 2020, aiming to train women in digital skills, support entrepreneurship, and provide start-up capital to equip women with decent jobs. Despite the initiatives, the female population in Nigeria is still forecast to have almost half the disposable income of the male population by 2040, resulting in a higher risk of poverty.

Expenditure in top-performing regions is to increase, despite diminishing pattern in the rest of the country

- Over the 2021-2040 period, the South West region consumer market is expected to witness the highest increase in absolute terms, due to the large population and the development of high-value-added industries in Lagos, Nigeria's largest city. Hence, income growth and employment opportunities are anticipated to be concentrated in southern Nigeria.
- While consumer expenditure by northern counterparts is predicted to grow slightly faster, the less-developed region has less favourable employment opportunities resulting in different spending patterns between southern and northern regions remaining throughout 2021-2040.
- In addition, the South West Development Commission was established among six Southwest states in 2020, aiming to develop the commercial and industrial potential of the Southwest by managing funds allocated from the central government. As a result, outcomes of the investments into Southwest development are likely to be more efficient, providing higher consumer market potential in the long term.
- Despite the development efforts, consumer expenditure growth is forecast to be minor in all best-performing regions.
- 14.2% inflation in 2020 largely constrained household expenditure and adversely affected the poor, as the food prices rose sharply, along with the garments, household goods, healthcare products and services.
- Overall consumer expenditure throughout the country is expected to drop by a quarter by 2040, illustrating the large-scale inequality between the regions with developing high-value industries and the worst-performing ones that heavily rely on a

weak agricultural sector. As a result, the Nigerian population is set to continue to allocate most of its budget to essential spending such as food and non-alcoholic beverages and housing, with discretionary spending potential accounting for half the share of total consumer expenditure compared to the regional average. As these trends are expected to prevail, the luxury market potential will remain relatively low in Nigeria.

Wealthy Nigerians to seek residency overseas, as dual citizenship firms emerge

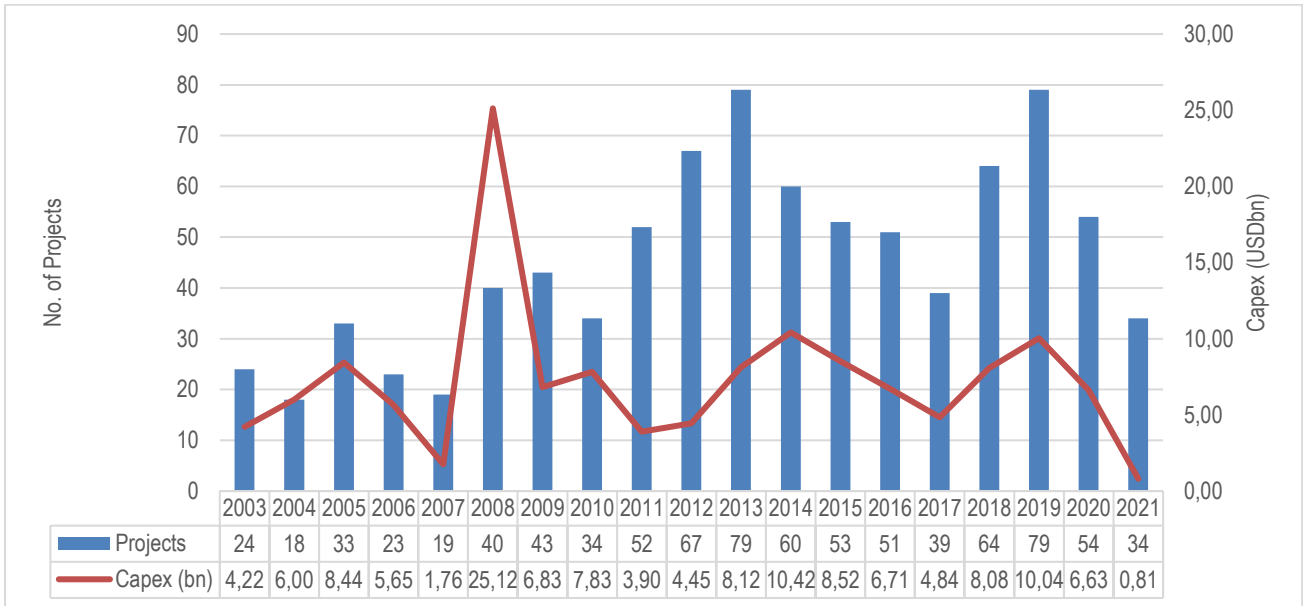
- By 2030, Nigeria is forecast to retain its current position and rank 79th in the Wealth Index out of 84 countries, illustrating that the country's market potential for high-value consumption is anticipated to remain unchanged over the long term.
- The stagnating trend for luxury consumption is partly due to the emigration of wealthy individuals who opt for residency or more secure investments overseas. During the last five years, the total wealth of the country's largest city, Lagos, shrunk by 27%, mainly due to losing 1,800 millionaires, according to the African Wealth Report 2021. The trend is likely to prevail further as dual citizenship firms that specialise in providing Nigeria's wealthy with foreign citizenships are newly emerging in Lagos and Kano, Nigeria's largest cities.

6. FOREIGN DIRECT INVESTMENT

6.1 GLOBAL FDI INTO NIGERIA

According to FDI Market statistics, a total of 886 foreign direct investment (FDI) projects were recorded into Nigeria between January 2003 and September 2021. These projects represented a total capital investment (capex) of USD138.35bn, which equated to an average investment of USD159.8m per project. During the period, 175 032 jobs were created.

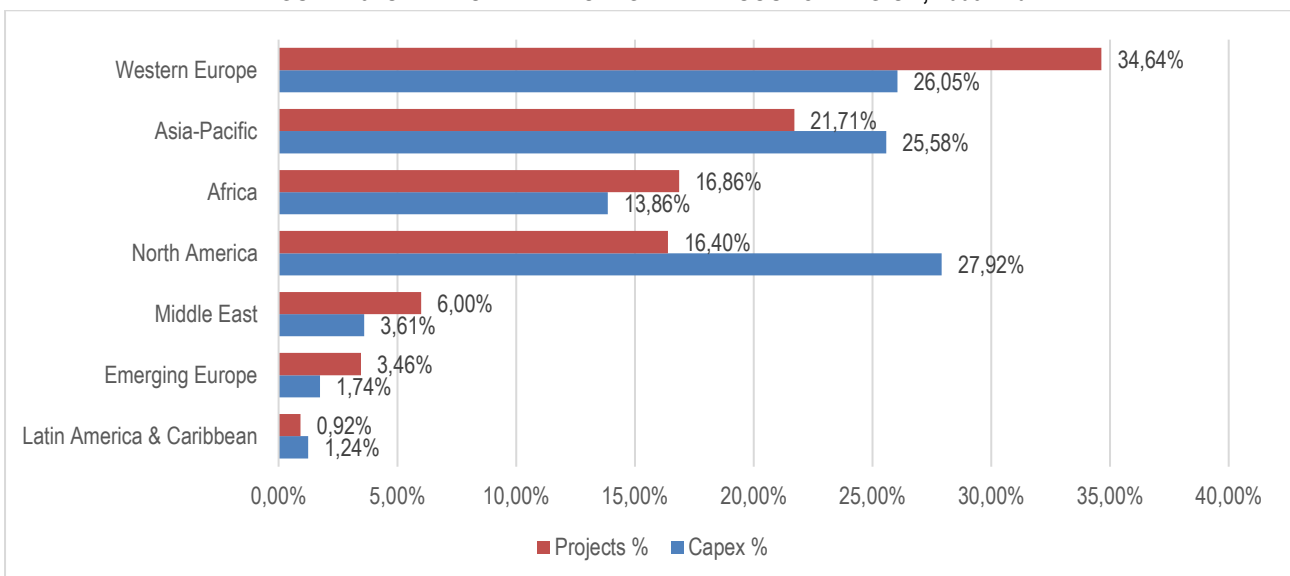
FIGURE 12: INWARD FDI INTO NIGERIA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2021



Source: FDI markets, 2022

Western Europe was the largest source region for FDI into Nigeria in terms of both projects and capex. Western Europe accounted for 34.64% (300 projects) of projects and accounted for 26.05% (USD36.04bn) of capex from January 2003 to September 2021. Asia-Pacific followed with 188 projects (21.71%); Africa with 146 projects (16.86%); while North America (162 projects or 16.40%) followed in fourth place.

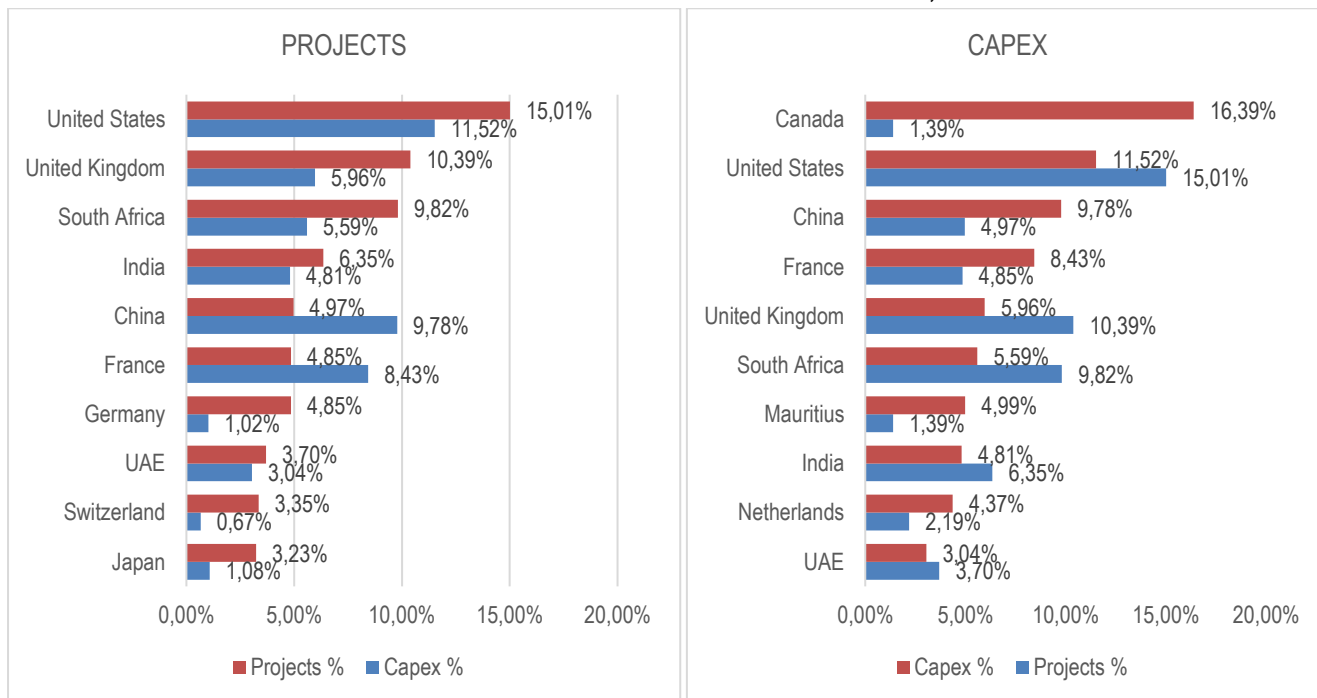
FIGURE 13: SHARE OF FDI INTO NIGERIA BY SOURCE REGION, 2003 - 2021



Source: FDI Markets, 2022

In terms of the largest source markets for inward investment into Nigeria, United States clinched the number one position in terms of the number of projects invested over the said period. These projects accounted for 15.01% (130 projects) of total global FDI projects into Nigeria between January 2003 and September 2021. Canada took the number one position in terms of the largest capex value over the said period, accounting for 16.39% of total capital investment (capex) or USD22.68bn.

FIGURE 14: SHARE OF FDI INTO NIGERIA BY SOURCE MARKET, 2003 - 2021

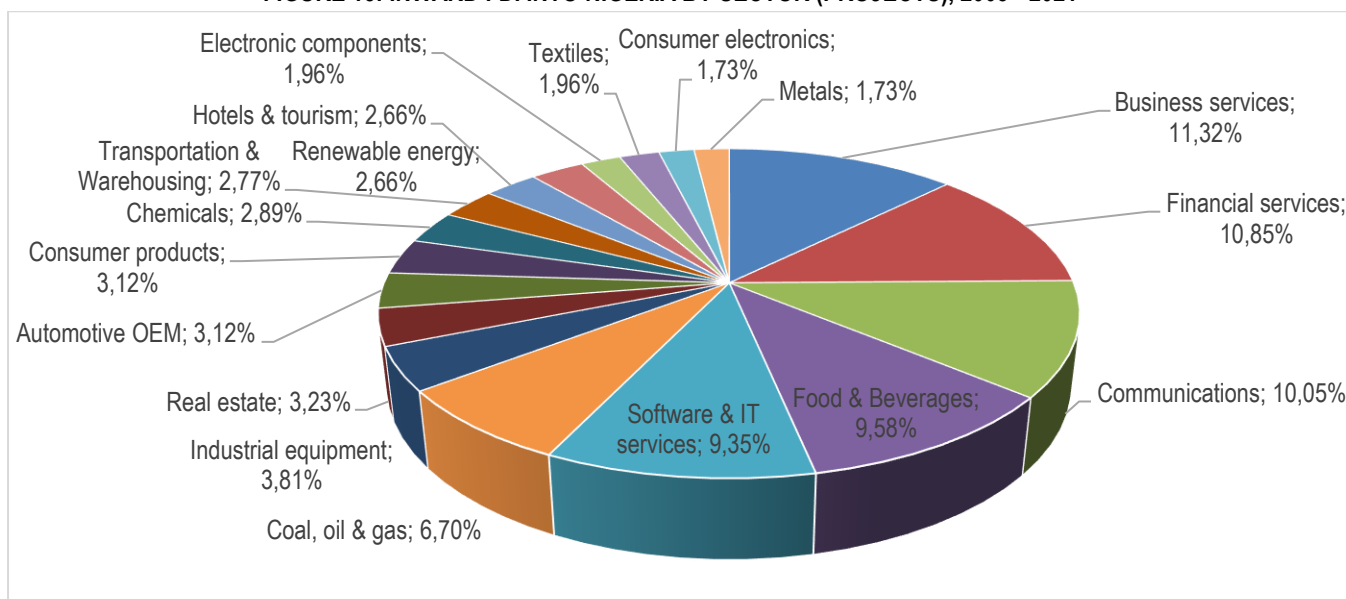


Source: FDI Markets, 2022

Classification of FDI

The figure below presents global FDI into Nigeria’s economic sectors by number of projects. The business services sector was the largest recipient of FDI investment in terms of projects, and the sector’s contribution was equivalent to 13.32% of the total number of inward projects received over the review period. This was followed by financial services (10.85%) and the communications sector (10.05%).

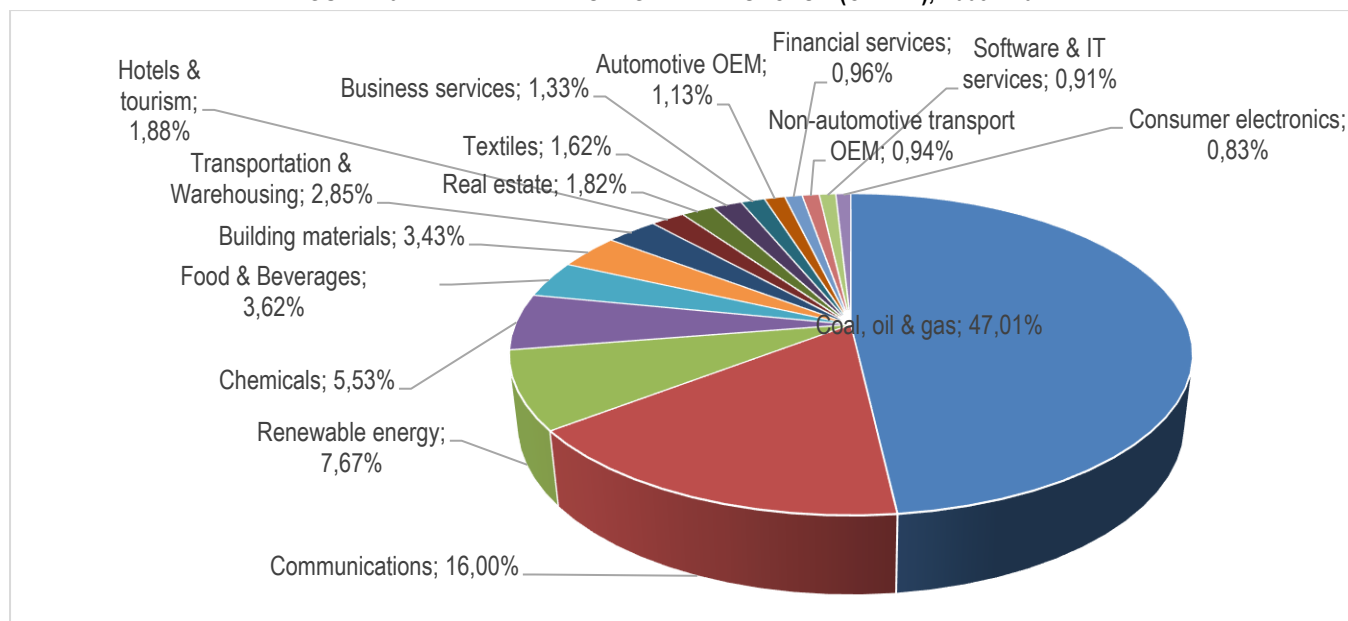
FIGURE 15: INWARD FDI INTO NIGERIA BY SECTOR (PROJECTS), 2003 - 2021



Source: FDI Markets, 2022

In terms of sector classification of FDI by capex over the January 2003 - September 2021 period, the coal, oil and gas sector was the largest recipient of FDI, which was equivalent to 47.01% of total capex. The communications sector placed second at 16.00%, followed by the renewable energy sector at 7.67%.

FIGURE 16: INWARD FDI INTO NIGERIA BY SECTOR (CAPEX), 2003 - 2021



Source: FDI Markets, 2021

The top 10 global companies investing in Nigeria in terms of the number of projects from January 2003 to September 2021 are shown below. Shoprite from South Africa invested in the most projects (9 projects) into Nigeria's food and beverage sectors over the period.

TABLE 17: TOP 10 COMPANIES, FDI INTO NIGERIA (BY PROJECTS), 2003 - 2021

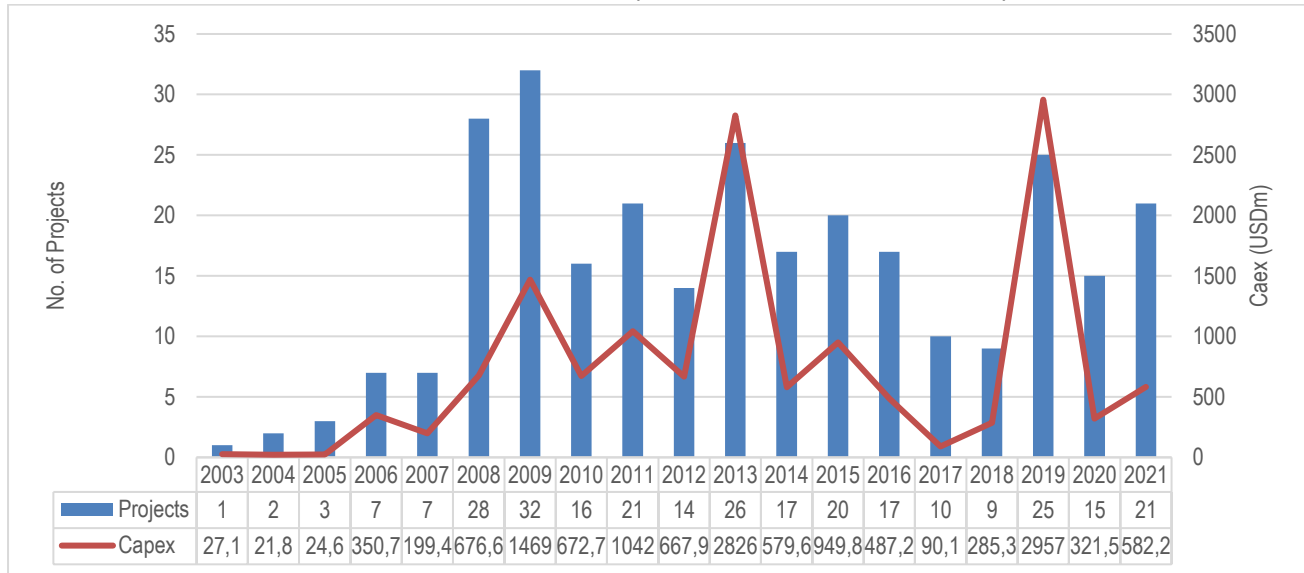
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (USDm)
1	Shoprite	South Africa	Food & Beverages	9	141.40
2	General Electric (GE)	United States of America	Industrial equipment	8	1 395
3	Nokia	Finland	Communications	7	57.90
4	Advans Nigeria	Luxembourg	Financial services	6	248
5	International Workplace Group (Regus)	Switzerland	Real estate	6	11
6	Lafarge Africa (Lafarge Cement WAPCO Nigeria)	Switzerland	Coal, oil & gas	6	2 594
7	Airtel Nigeria	India	Communications	5	927
8	Grand Capital	Russia	Financial services	5	48
9	ISON BPO	India	Business services	5	39
10	Lee Group	Hong Kong	Food & Beverages	5	301
TOTAL				866	138 353.00

Source: FDI Markets, 2022

6.2 OUTWARD GLOBAL FDI FROM NIGERIA

Turning to outward investment by Nigeria into the global economy from January 2003 to September 2021, some 291 outward investment projects were undertaken, with a total capital expenditure of USD14.23bn. This equated to an average investment of USD48.9m per project. During the period, 32 644 jobs were created.

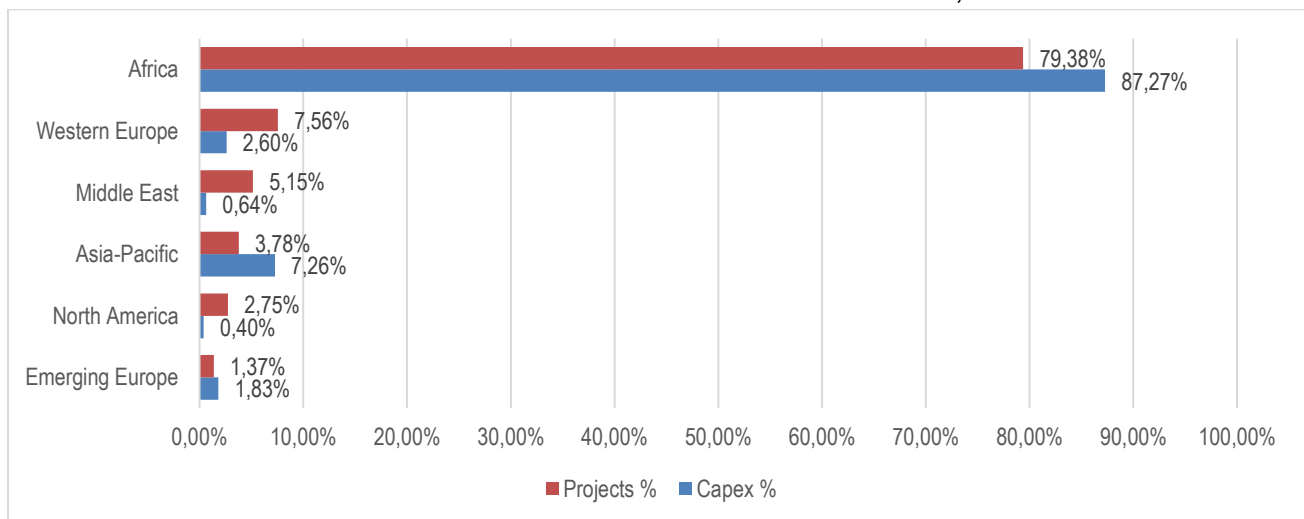
FIGURE 17: OUTWARD FDI FROM NIGERIA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2021



Source: FDI Markets, 2022

Africa was the largest recipient region for outward FDI from Nigeria, with a total of 231 projects (accounting for 79.38% of projects) and reaching a cumulative capital investment of USD12.42n between January 2003 and September 2021. Following this, the second largest destination region was Western Europe, with 22 projects (7.56%), reaching a total capex of USD369.9m, while the Middle East followed in third place with 15 projects (5.15%) and a total capex of USD91.5m over the period under review.

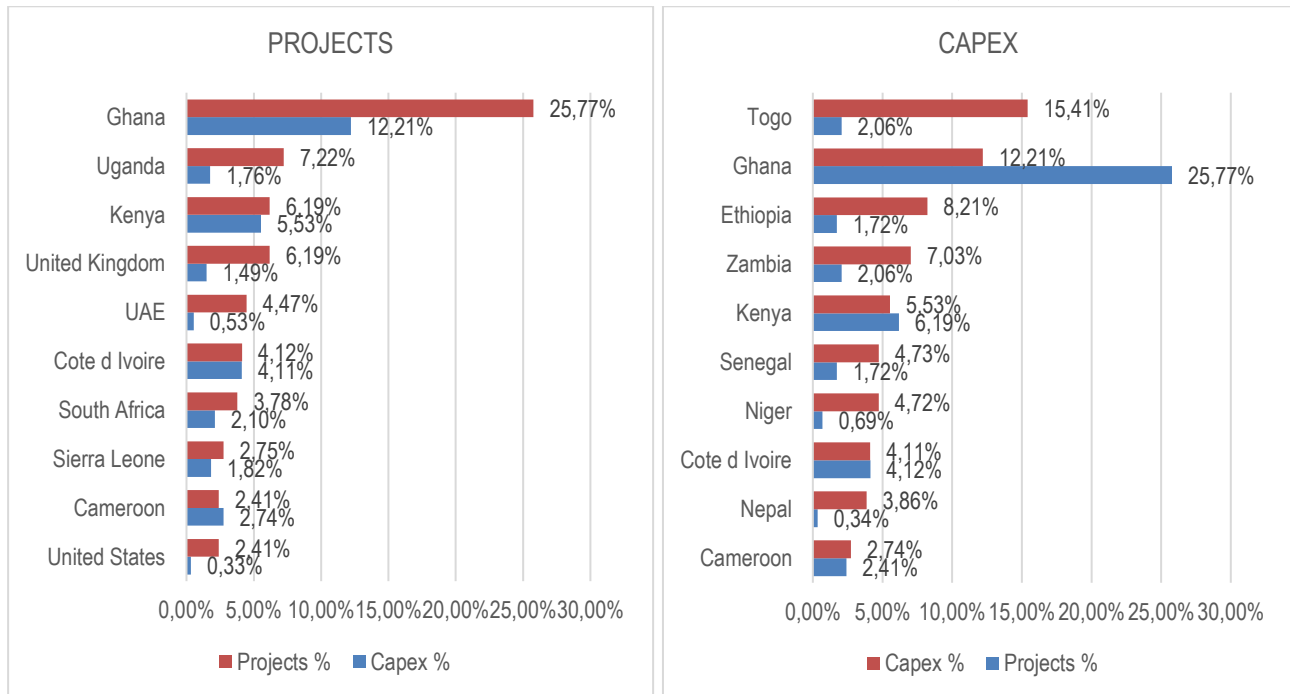
FIGURE 18: SHARE OF FDI FROM NIGERIA BY DESTINATION REGION, 2003 – 2021



Source: FDI Markets, 2022

In terms of largest destination markets for outward investment from Nigeria, Ghana took the number one position in terms of the number of projects during the period under review. These projects (75 in total) accounted for 25.77% of total outward FDI projects from Nigeria between January 2003 and September 2021. Togo secured the number one position in terms of the largest capex value (USD2.19bn) over the said period, accounting for 15.41% of total capex.

FIGURE 19: SHARE OF FDI FROM NIGERIA BY DESTINATION MARKET, 2003 - 2021

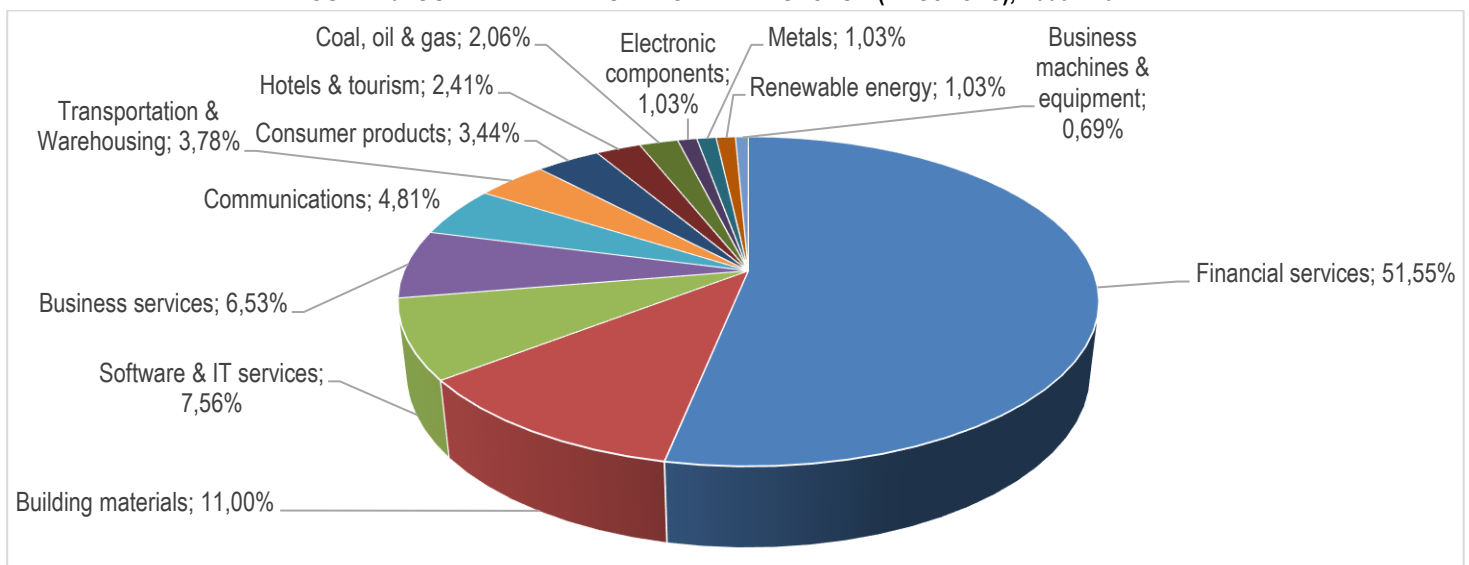


Source: FDI Markets, 2022

Classification of FDI

The figure below presents which sectors Nigeria has invested in from a projects perspective. The financial services sector received the largest share of outward FDI from Nigeria in terms of projects, equivalent to 51.55% of the total number of outward FDI projects over the review period. This was followed by the building materials sector (11.00%), and in third position, the software and IT services sector (7.56%).

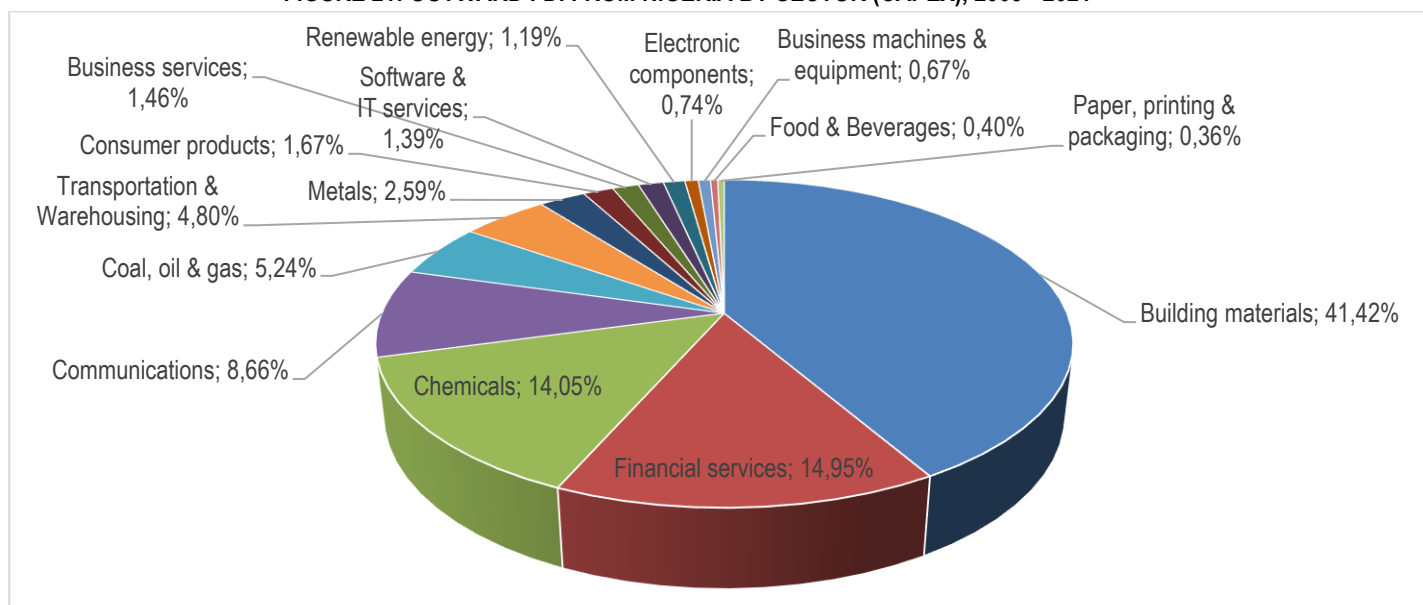
FIGURE 20: OUTWARD FDI FROM NIGERIA BY SECTOR (PROJECTS), 2003 - 2021



Source: FDI Markets, 2022

In terms of outward FDI as measured by capex, building materials dominated at 41.42%, followed by financial services (14.95%), and the chemicals sector (14.05%).

FIGURE 21: OUTWARD FDI FROM NIGERIA BY SECTOR (CAPEX), 2003 - 2021



Source: FDI Markets, 2022

The top 10 Nigeria companies as ranked by the number of outward FDI projects undertaken globally over the period January 2003 – September 2021 are tabled below.

TABLE 18: TOP 10 COMPANIES, FDI FROM NIGERIA (BY PROJECTS), 2003 - 2021

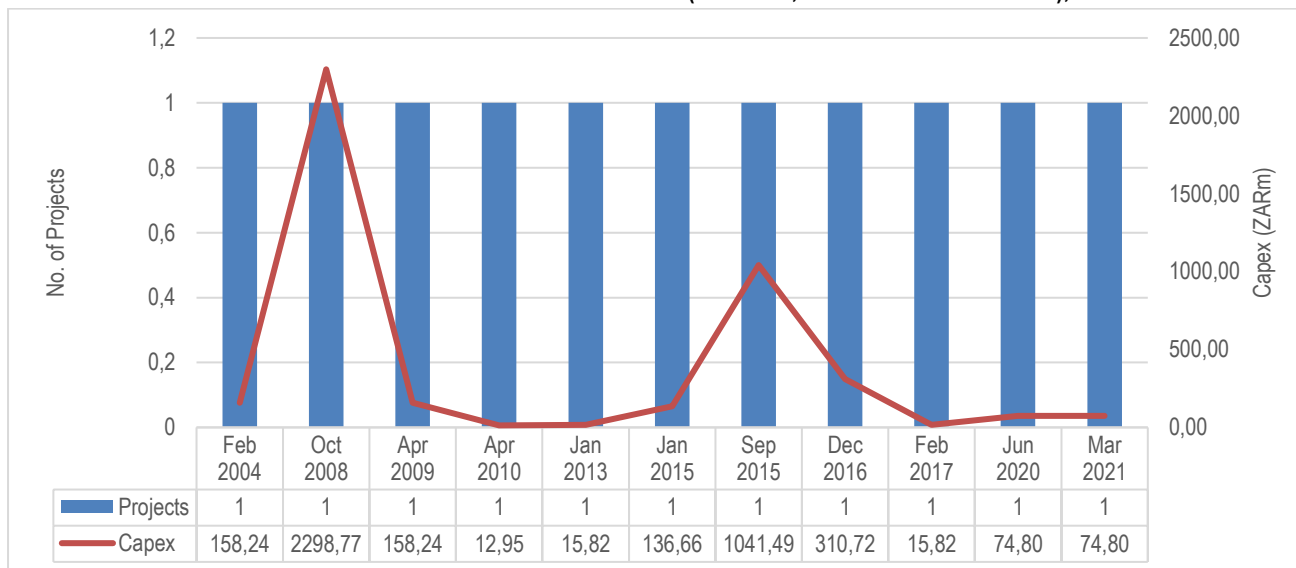
RANK	INVESTING COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
1	United Bank for Africa (UBA)	Financial services	30	373
2	Dangote Cement	Building materials	24	5 134.20
3	Guaranty Trust Bank (Ghana)	Financial services	14	148
4	Jumia	Consumer products	11	292
5	Orient Bank	Financial services	11	105
6	Access Bank	Financial services	10	203
7	Access Bank (Ghana)	Financial services	10	96.60
8	Intercontinental Bank	Financial services	10	200
9	Dangote Group	Building materials	9	3 410
10	Energy Bank Ghana	Financial services	7	107
TOTAL			291	14 231

Source: FDI Markets, 2022

6.3 FDI FROM NIGERIA INTO SOUTH AFRICA

Between January 2003 and September 2021, Nigeria undertook a total of 11 FDI projects into South Africa. These projects generated an estimated capex of ZAR4.30bn, leading to the creation of about 1410 jobs.

FIGURE 22: FDI FROM NIGERIA INTO SOUTH AFRICA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2021

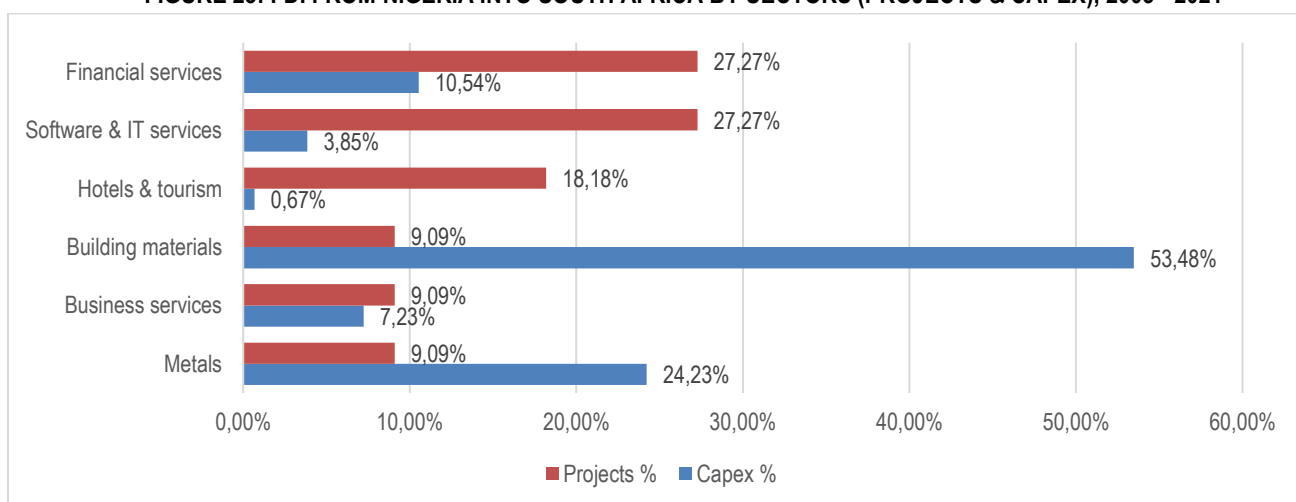


Source: FDI Markets, 2022

In terms of the sector classification of outward FDI by Nigeria into South Africa as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following South African sectors were the key recipients of Nigerian FDI over the period, January 2013 – September 2021:

- Financial services with 3 projects accounted for 27.27% of total outward FDI projects by Nigeria into South Africa. The relative share of capex stood at 10.54%.
- Software and IT services sector also with 3 projects (27.27%) and 3.85% of capex.
- Hotels and tourism with 2 projects (18.18%) and a relative capex share of 0.67%.

FIGURE 23: FDI FROM NIGERIA INTO SOUTH AFRICA BY SECTORS (PROJECTS & CAPEX), 2003 - 2021



Source: FDI Markets, 2022

The following investments were made by Nigerian companies into South Africa between January 2003 and September 2021:

TABLE 19: OUTWARD INVESTMENT PROJECTS BY NIGERIA INTO SOUTH AFRICA, 2003 - 2021

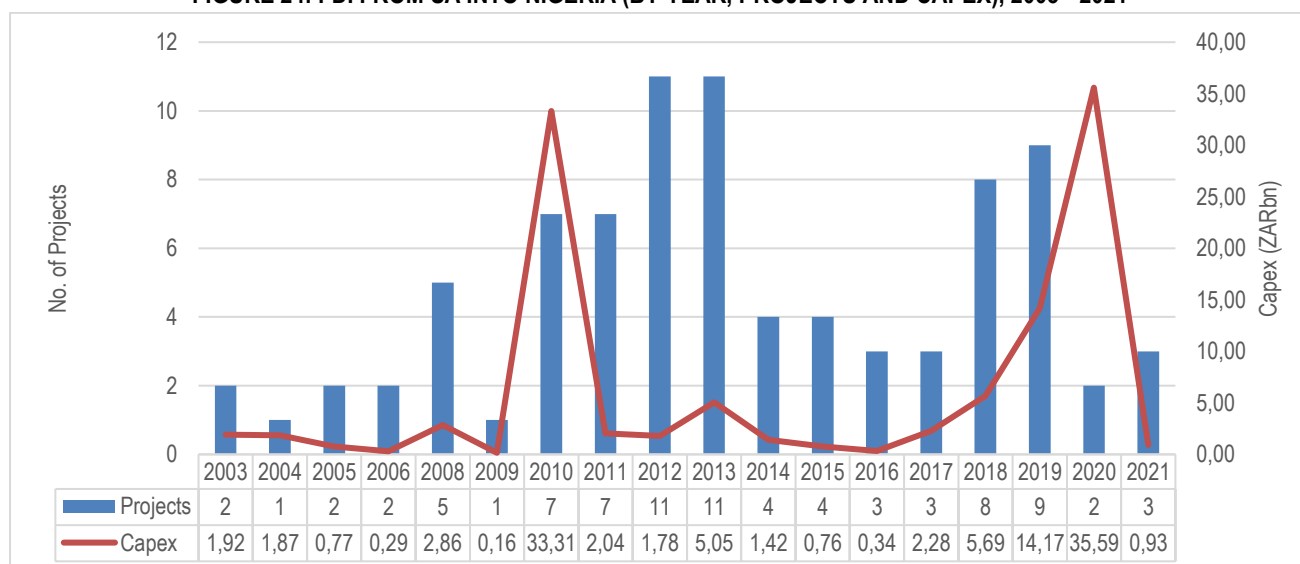
DATE	INVESTING COMPANY	DESTINATION PROVINCE	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
Mar-21	Sabi Am	Gauteng	Software & IT services	Sales, Marketing & Support	74.80	8
Jun-20	Paystack	Gauteng	Software & IT services	Sales, Marketing & Support	74.80	8
Feb-17	Wakanow	Not Specified	Hotels & tourism	Sales, Marketing & Support	15.82	17
Dec-16	Slatecube	Not Specified	Business services	Business Services	310.72	15
Sep-15	GZ Industries	Gauteng	Metals	Manufacturing	1040.88	943
Jan-15	United Bank for Africa (UBA)	Not Specified	Financial services	Business Services	136.66	17
Jan-13	iROKO Partners	Gauteng	Software & IT services	Sales, Marketing & Support	15.82	5
Apr-10	Peacock Travels and Tours	Gauteng	Hotels & tourism	Sales, Marketing & Support	12.95	13
Apr-09	Intercontinental Bank	Not Specified	Financial services	Business Services	158.24	21
Oct-08	Dangote Cement	Not Specified	Building materials	Manufacturing	2298.77	342
Feb-04	FBN Holdings (First Bank of Nigeria)	Not Specified	Financial services	Business Services	158.24	21
TOTAL					4297.70	1410

Source: FDI Markets, 2022

6.4 FDI FROM SOUTH AFRICA INTO NIGERIA

Investments made by South Africa into Nigeria between January 2003 and September 2021 are shown in the figure below. A total of 85 FDI projects were recorded from South Africa into Nigeria over the review period. These projects represented a total capital investment of ZAR111.2bn, which equated to an average investment of ZAR1.31bn per project. During the period 11 966 jobs were created.

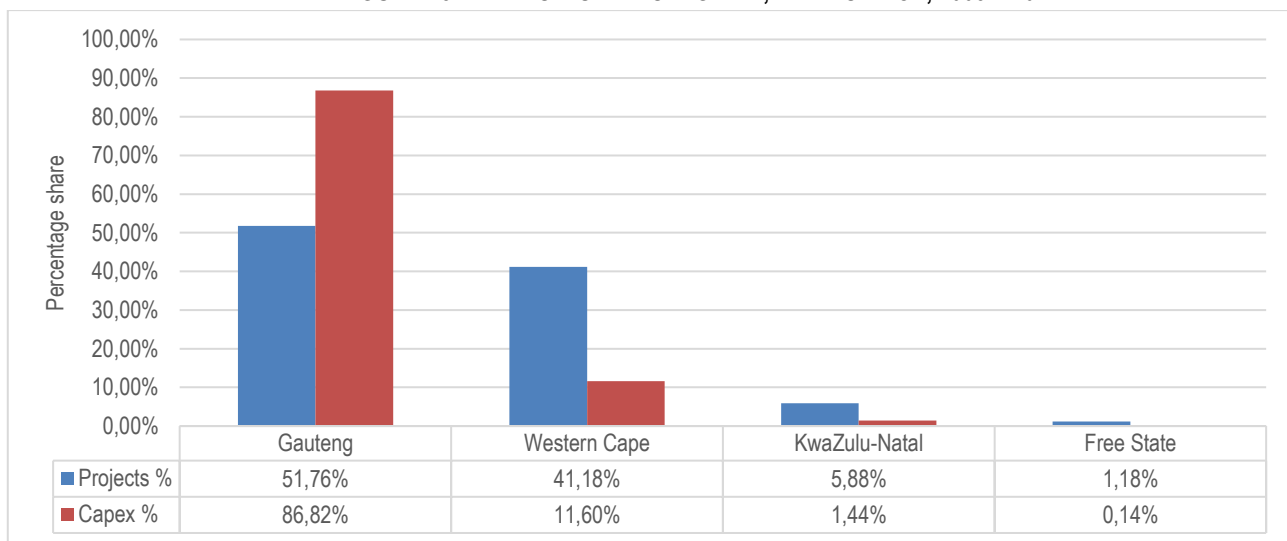
FIGURE 24: FDI FROM SA INTO NIGERIA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2021



Source: FDI Markets, 2022

From a **provincial perspective**, as represented in Figure 26, Gauteng was the largest source market of South African FDI into Nigeria over the review period, both in terms of the number of projects (51.76%) and capital expenditure (86.82%). The Western Cape followed in second position accounting for 41.18% of projects and 11.60% of capital expenditure.

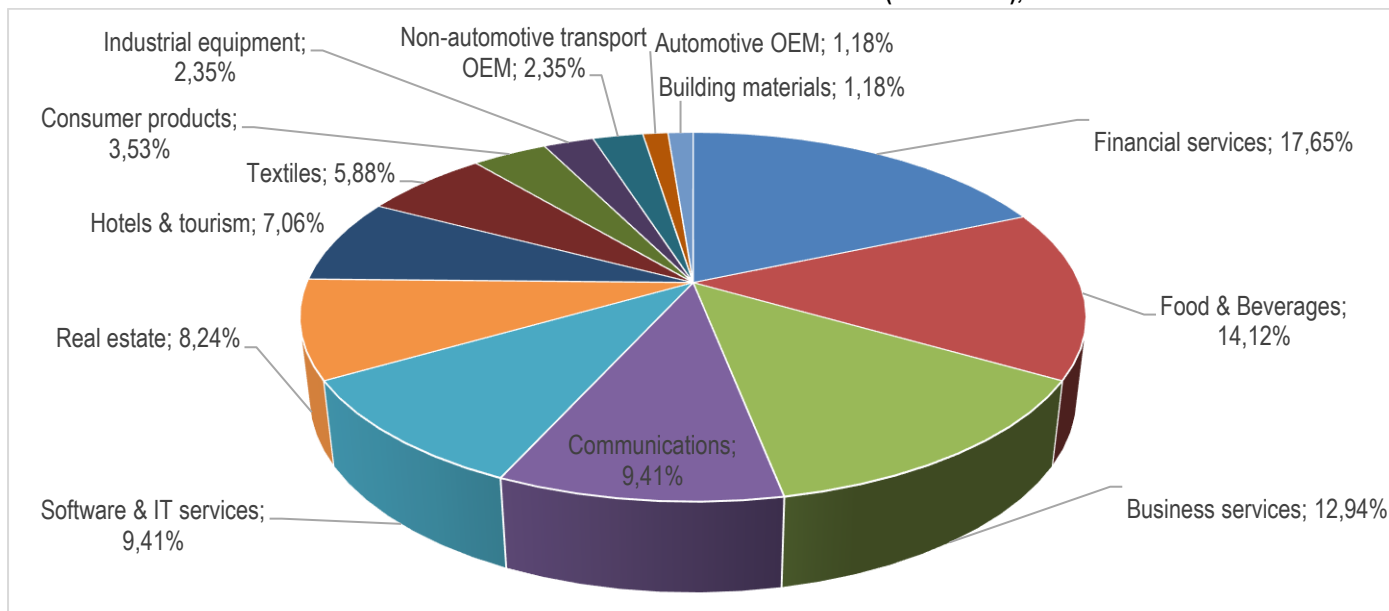
FIGURE 25: FDI FROM SA INTO NIGERIA, BY PROVINCE, 2003 – 2021



Source: FDI Markets, 2022

In terms of the sector classification of outward FDI from South Africa to Nigeria as measured primarily by the number of projects, the following sectors were the key recipients of FDI over the period, January 2003 – September 2021. The financial services sector received the largest share of outward FDI projects from South Africa, equivalent to 17.65% of the total number FDI projects over the review period. This was followed by the food and beverages sector (14.12%), and in third position, the business services sector (12.94%).

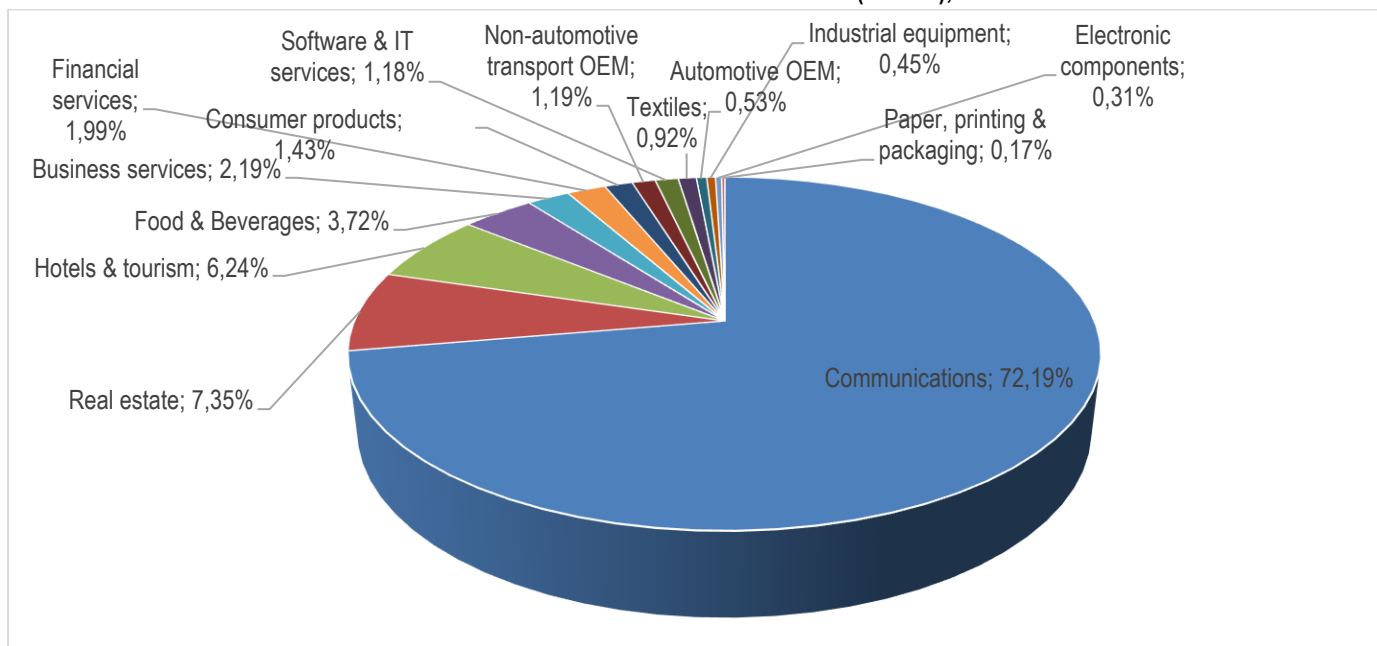
FIGURE 26: SOUTH AFRICAN FDI TO NIGERIAN SECTORS (PROEJCTS), 2003 - 2021



Source: FDI Markets, 2022

In terms of outward FDI as measured by capex as shown in Figure 28, communications dominated at 72.19%, followed by real estate (7.35%), and the hotels and tourism sector (6.24%).

FIGURE 27: SOUTH AFRICAN FDI TO NIGERIAN SECTORS (CAPEX), 2003 - 2021



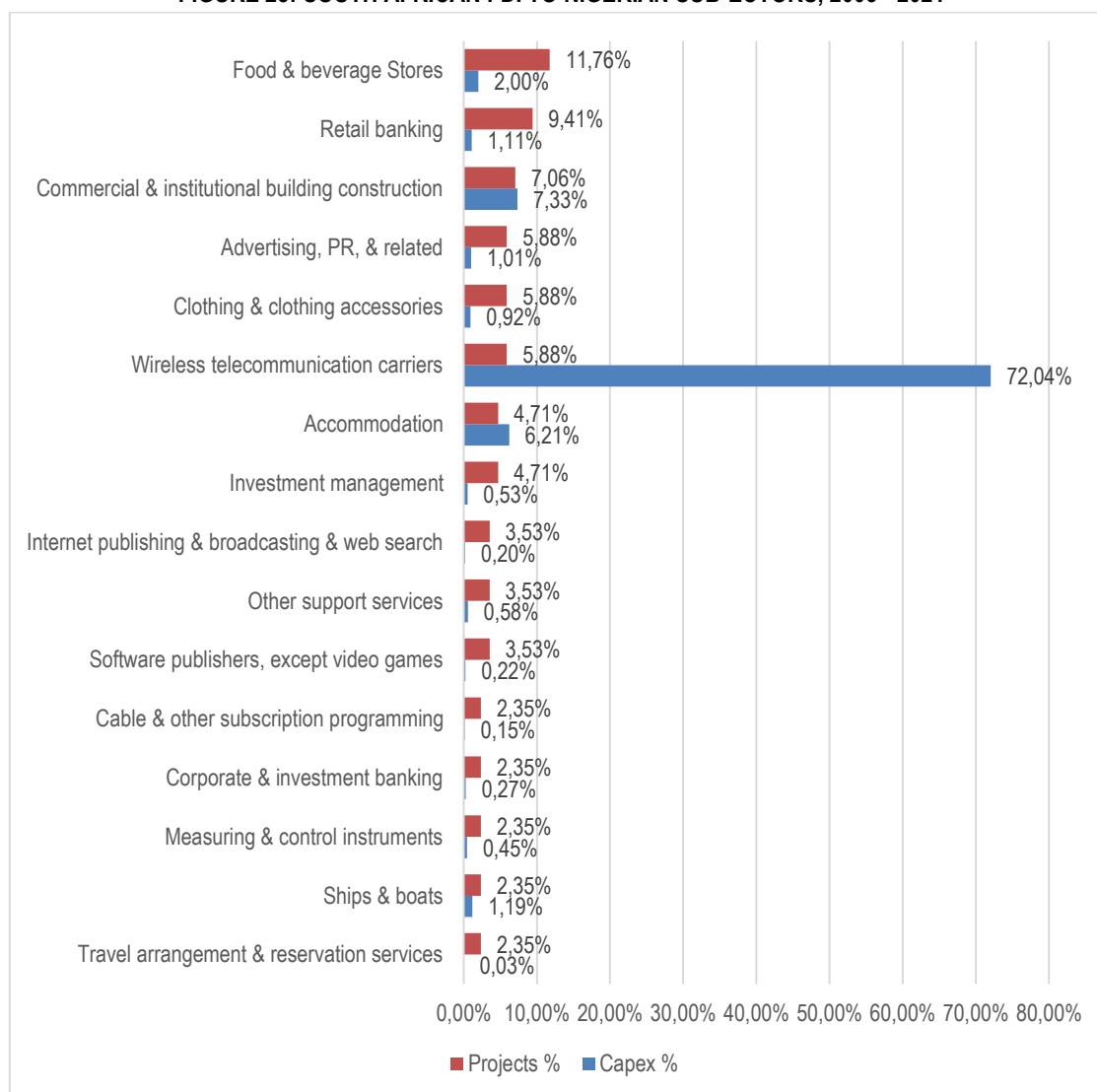
Source: FDI Markets, 2022

Sub-sector Classification of Outward FDI by Projects and CAPEX

In terms of the sub-sector classification of outward FDI by South Africa to Nigeria as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following Nigerian sub-sectors were the key recipients of outward FDI from South Africa over the January 2003 – September 2021 period:

- Food and beverages stores, with 10 projects, accounted for 11.76% of total outward FDI projects. The relative share of capex stood at 2.00%.
- Retail banking, with 8 projects, accounted for 9.41% of total projects undertaken by South Africa in Nigeria. The relative share of capex as 1.11%.
- Commercial and institutional building construction, with 6 projects, accounted for 7.06% of total projects undertaken in Nigeria by South Africa. The relative share capex stood at 7.33%.

FIGURE 28: SOUTH AFRICAN FDI TO NIGERIAN SUB-ECTORS, 2003 - 2021



Source: FDI Markets, 2022

Top 10 South African companies investing into Nigeria from January 2003 to September 2021 are tabled below:

TABLE 20: TOP 10 COMPANIES, SA FDI INTO NIGERIA (BY PROJECTS), 2003 - 2021

RANK	COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)	JOBS
1	Shoprite	Food & Beverages	9	2 034.1	1 423
2	MTN Nigeria	Communications	5	80 128.9	2 205
3	Stanbic IBTC Bank	Financial services	5	1 362.3	222
4	Novare Equity Partners	Real estate	4	5 757.0	2 202
5	OLX Nigeria	Software & IT services	3	224.4	57
6	Conlog	Industrial equipment	2	497.7	238
7	Mr Price Group	Textiles	2	234.5	136
8	MultiChoice Nigeria	Communications	2	166.9	72
9	Protea Hospitality	Hotels & tourism	2	2 882.8	404
10	Southern African Shipyards (Pty) Ltd	Non-automotive transport OEM	2	1 324.9	590
TOTAL			85	111 226	11 966

Source: FDI Markets, 2022

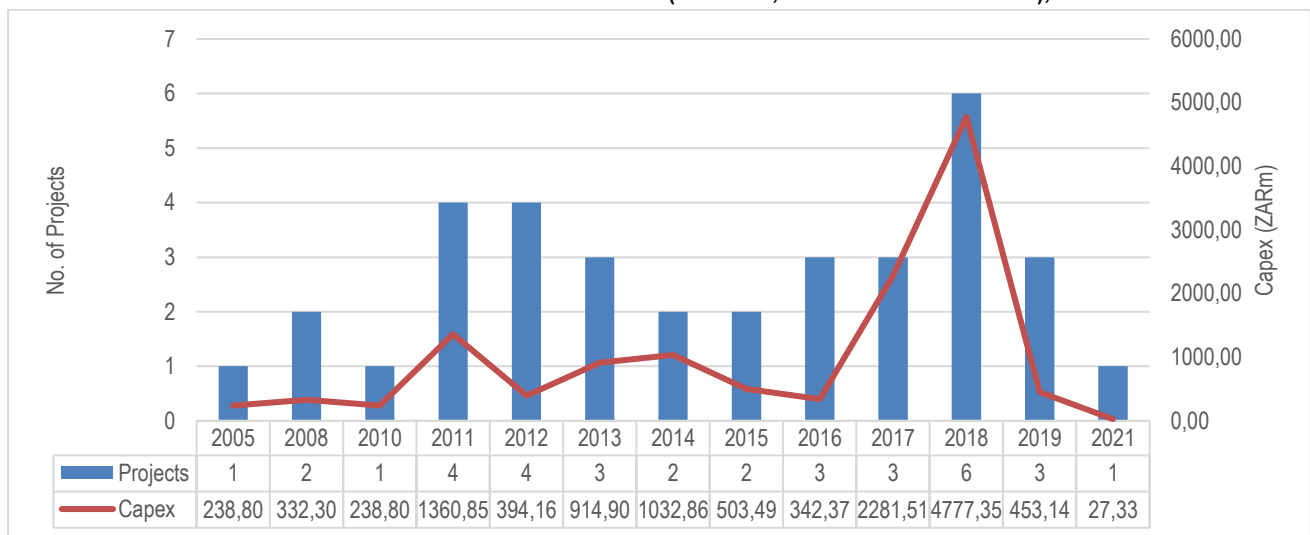
6.5 FDI FROM NIGERIA INTO WESTERN CAPE

Between January 2003 and September 2021, there were no outward FDI projects from Nigeria to the Western Cape.

6.6 FDI FROM WESTERN CAPE FDI INTO NIGERIA

During the period under review, 35 FDI projects, with a total capex of ZAR12.90bn, were recorded from the Western Cape to Nigeria. These projects created 5 051 jobs in total.

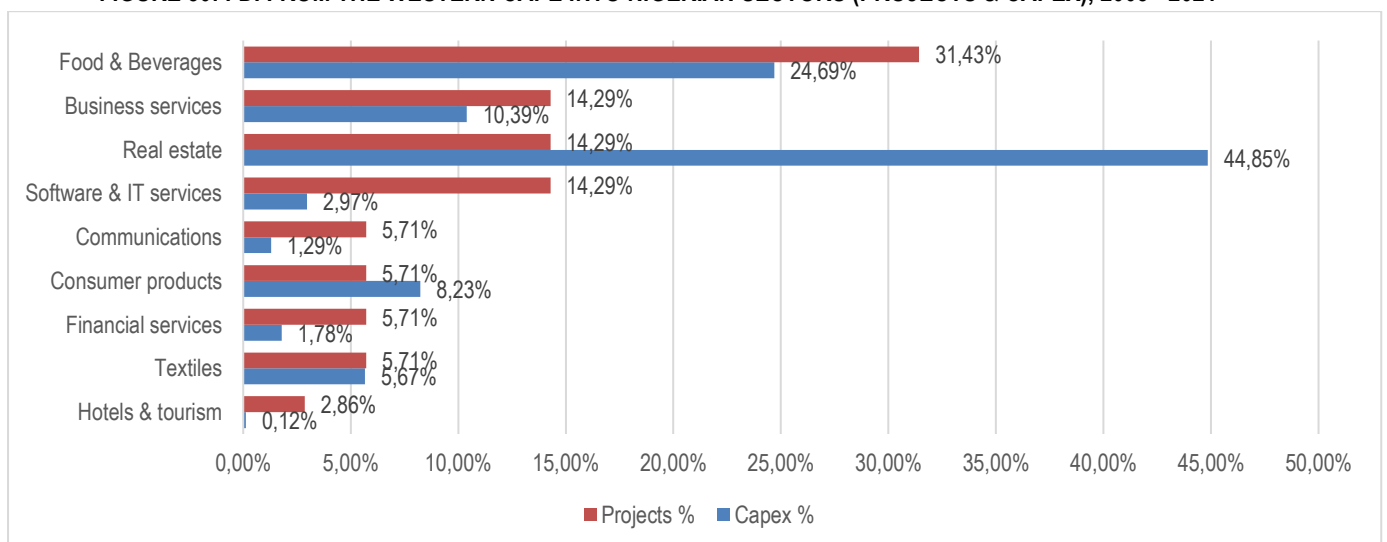
FIGURE 29: WESTERN CAPE'S FDI INTO NIGERIA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2021



Source: FDI Markets, 2022

As evident in Figure 31, 31.43% of FDI projects from the Western Cape to Nigeria during the January 2003 - September 2021 period were within the food and beverages industry. In terms of capital expenditure, the real estate sector (with 44.85% of capex) was the highest ranked sector.

FIGURE 30: FDI FROM THE WESTERN CAPE INTO NIGERIAN SECTORS (PROJECTS & CAPEX), 2003 - 2021



Source: FDI Markets, 2022

The table below presents the 10 top companies from the Western Cape which invested in Nigeria from January 2003 to September 2021.

TABLE 21: TOP 10 WESTERN CAPE COMPANIES INVESTING IN NIGERIA, 2003 - 2021

RANK	COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)	JOBS
1	Shoprite	Food & Beverages	9	2 034.08	1 423
2	Novare Equity Partners	Real estate	4	5 756.99	2 202
3	OLX Nigeria	Software & IT services	3	224.41	57
4	MultiChoice Nigeria	Communications	2	166.87	72
5	Ad Dynamo	Business services	1	98	15
6	African News Agency	Business services	1	311	8
7	AfricaWorks	Real estate	1	27	8
8	Allan Gray Asset Management	Financial Services	1	137	22
9	Carry1st	Software & IT services	1	74.80	19
10	Celebrity Services Africa (CSA)	Business services	1	310.72	8
TOTAL			35	12 898	5 051

Source: FDI Markets, 2022

7. TOURISM

7.1 NIGERIAN TOURISM MARKET OVERVIEW

TABLE 22: NIGERIA TRAVE MARKET, 2017 - 2019

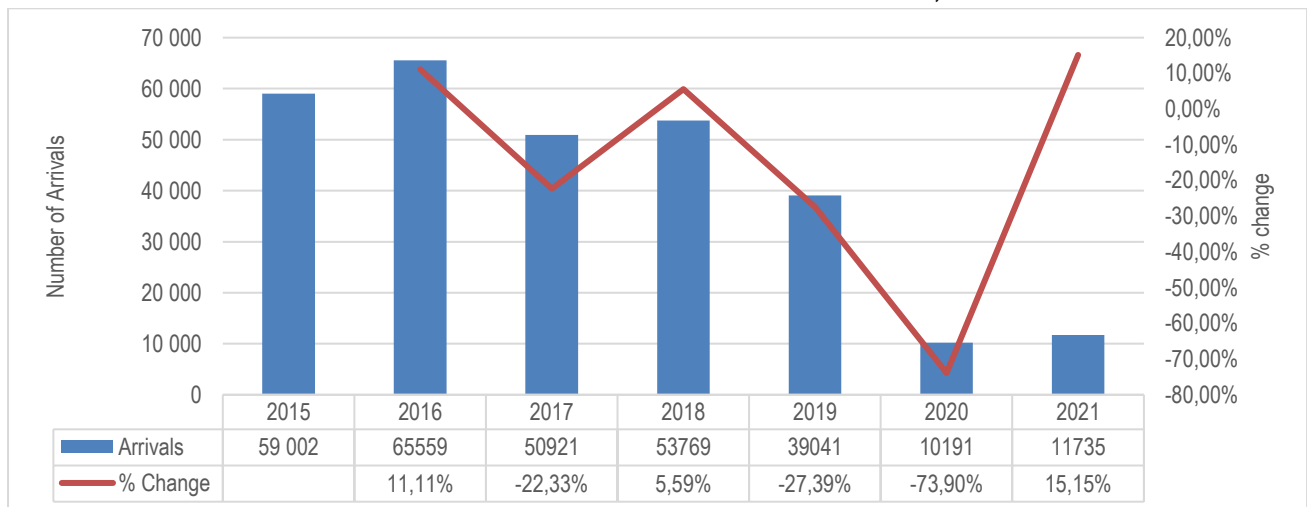
Nigerian Travel Market	
Capital City	Abuja
Disposable income Per capita, US\$ 2019	1,826
Median Age	17,9
Outbound Departures ('000 trips)	<ol style="list-style-type: none"> 1. 2017: 1,748.9 2. 2018: 1,805.1 3. 2019: 1,932.9
Top 5 Outbound Destinations ('000 trips, 2019)	<ol style="list-style-type: none"> 1. USA: 215.1 2. UAE: 167.5 3. France: 165.1 4. Egypt: 164.2 5. Saudi Arabia: 134.8

Source: Euromonitor International

7.2 THE NIGERIAN VISITOR TO SOUTH AFRICA

The graph below depicts total tourist arrivals from Nigeria into South Africa from 2015 to 2021. Due to the impact of the coronavirus pandemic on international travel, tourist arrivals from Nigerian into South Africa declined by 73.90% in 2020. In 2021, as a result of opening-up of economies and travel, the number of Nigerian tourist arrivals into South Africa increased by 15.15% from 10 191 arrivals received in 2020 to 11 735.

FIGURE 31: NIGERIAN TOURIST ARRIVALS INTO SOUTH AFRICA, 2015 - 2021



Source: SA Tourism, 2021; STATS SA, 2022

Purpose of visit to South Africa

Nigerian visitors traveling to South Africa are predominantly visiting for holidays, meetings and visiting friends and relatives.

Travelers are typically between the ages of 25 and 54 years, with 31.6% in the 25 – 34 category and 39.9% in the 35 – 44 category and the 45 – 54 age group holding a share of 18.2%.

The highest share of Nigerian visitors were first timers (42.1%) and 2–3-time visitors (17.5%).

Top reasons for travel to SA

Holiday (30.6%)

MICE (17.7%)

VFR (17.1%)

Average
length of
stay (2019)

20.1
nights

Top activities undertaken

Shopping

Business

Natural Attractions

Culture, History & Heritage

Education

Shopping, business, visiting natural attractions, culture and heritage and education were amongst the top activities enjoyed by Nigerian tourists while in South Africa.

On average travelers from Nigeria stayed in South Africa for 20.1 nights. While in 2018 they stayed for 23.3 nights as compared to 20.4 nights in 2017 and 14.9 nights in 2016.

Source: SA Tourism, 2021

7.3 NIGERIAN TOURIST TO THE WESTERN CAPE

Visitor arrivals in the Western Cape were at a -26.0% decline, despite a 0.4% increase nationally.

As such, the Western Cape also saw a decrease in Nigerian visitors in 2019 (-9.5%).

This clearly indicates that the drought in the Western Cape may have impacted Nigerian visitors' decision to travel to the province.

Period	Tourist Arrivals	Y-O-Y % Change
2015	7 799	-18,2%
2016	7 770	-1,3%
2017	9 624	25,0%
2018	10 599	10,1%
2019	9 588	-9,5%

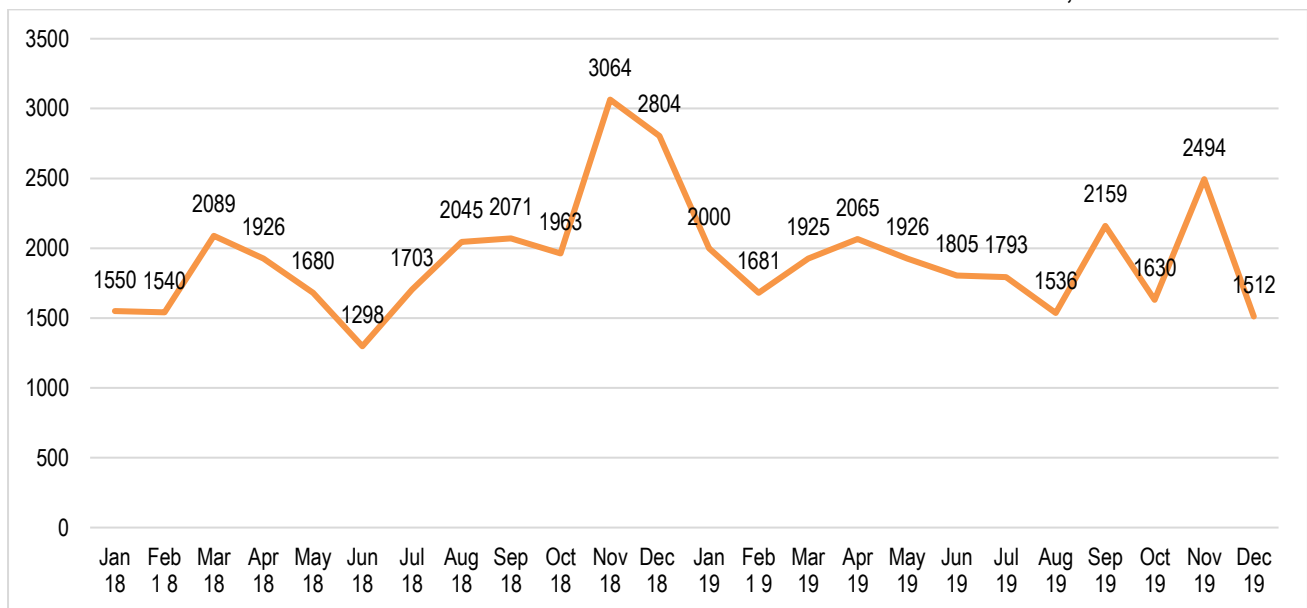
Source: SA Tourism, 2021

Nigerian passenger movement through the Cape Town International Airport

Cape Town International Airport welcomed 22 666 Nigerian travellers in the period under review, a 5.8% drop as compared to the previous year.

Travelers from the country are typically between the ages of 35 – 44 (39.9%). Of the total travellers 4.1% fall under the 18–24-year-old category, with 31.6% between the ages of 25 and 34 and 18.2% between 45 and 54 years old.

FIGURE 32: NIGERIAN PASSENGER MOVEMENT THROUGH CAPE TOWN INTERNATIONAL AIRPORT, JAN 2018 – DEC 2019



Source: OAG Traffic Analyzer, 2021

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