

U.S. Country Commercial Guides



NIGERIA 2020

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Doing Business in Nigeria

Market Overview

The Nigerian economy has been severely disrupted by the novel coronavirus (COVID-19) pandemic. Nigeria has instituted several measures to mitigate the spread of the disease. The resulting impact on business activities adversely impacted business supply chains and the economy more broadly.

Nigeria has the largest market in Africa with a population of approximately 200 million people and is one of Africa's key oil producers, producing high-value, low-sulfur content crude oil. The economy is heavily dependent on oil, which accounts for 9% of GDP, about 90% of export earnings and about 60% of total government revenues. As a result of dwindling revenue consequent on declining oil income and the economic impact of measures taken to curb the spread of the coronavirus, the Government of Nigeria (GoN) announced that it has revised the 2020 national budget (originally passed in 2019) from 10.59 trillion Naira to 5.4 trillion Naira. The oil benchmark on which the budget is premised saw a downward reversal from \$57 per barrel to \$30, while the government's revenue projection was reduced from 8.41 trillion Naira to 5.08 trillion Naira. In line with OPEC's directives, Nigeria's oil production was reduced from 2.18 million barrels per day (bpd) to 1.80 million bpd. The Nigerian government, through the Central Bank of Nigeria (CBN), is currently trying to harmonize multiple exchange rate regimes operating in the market (both the official exchange rate/interbank and the operational rate at the Investors & Exporters (I&E) windows even as it implements continued measures to stabilize the Naira.

The Nigerian economy is broadly classified into formal and informal sectors. Business analysts estimate that the informal sector accounts for as much as 65% of the total economy, although the sector is not included in GDP calculations due to lack of credible data on the activities of a mostly cash-based informal sector. Nigeria's formal sector economic activities are conducted across broad sectors including the agricultural, services and industrial sectors. The services sector - consisting of telecommunications, financial and other services - is the largest sector in Nigeria and accounted for about 54.% of GDP in Q4 2019. Agriculture accounted for 26% of GDP in the same period, while industries (oil and non-oil) accounted for 20%.

Nigeria has an abundance of labor at rates well below high-income and some middle-income countries. Nigeria also has an abundance of natural resources including oil, other commercial minerals and precious stones. However, major impediments to development and trade include inadequate power supply, deficient transportation infrastructure, a slow and ineffective judicial system and widespread corruption - especially in the public sector. The country continues to experience some development challenges such as non-inclusive growth, poverty, poor maternal and infant mortality indices, an underachieving education sector and poor distribution of wealth amongst its citizens.

In July 2020, Nigeria's annual inflation rate rose to 12.56%, up from 12.34% in April. This was the highest rate since April 2018, a result of the continuing impact of the global pandemic. Nigeria recorded GDP growth of 1.87% (year-on-year) in the first quarter of 2020 (a drop from Q1 2019's rate of 2.10% and from Q4 2019's rate of 2.55%), reflecting both the global decline in oil prices and the COVID-19 pandemic.

In April 2020, the IMF revised its forecast for Nigeria's economy, now predicting that the economy will contract by as much as -5.4%. To help mitigate the adverse effects of COVID-19 and the slump in oil prices, the African Development Bank (AfDB) approved a \$288.5 million COVID-19 support package for the country, while the World Bank is offering a \$1.5 billion stimulus plan for Nigeria. The IMF in April 2020 also approved \$3.4 billion in emergency financial assistance for Nigeria to support its COVID-19 response.

The government of a Nigeria (GON) initiated an Economic Sustainability Plan (ESP) aimed at providing a stimulus of 2.3 trillion Naira (about \$5.9 billion), to help support the economy following disruptions due to COVID-19 in hopes of reducing economic contraction. Other plans, such as the Economic Recovery Growth Plan (ERGP), Report of the Economic Crisis Committee, The Finance Act 2019 and the Central Bank of Nigeria (CBN) proposals, have all been incorporated into the ESP. The GON plans to fund the ESP through Special Accounts (500 billion Naira), CBN structured lending (1.1 trillion Naira) and other funding sources (302.9 billion Naira). A copy of the Economic Sustainability Plan can be downloaded [here](#).

According to a WorldCity analysis of the latest U.S. Census Bureau data, during the first five months of 2020, Nigeria's trade with the United States amounted to \$1.43 billion. This is 25.4% below its total trade during the same time period last year. U.S. exports to Nigeria decreased 4.35 percent, while U.S. imports from Nigeria fell 47.1%. The U.S. surplus with Nigeria was \$432.67 million and available annual figures indicate that Nigeria recorded \$7.79 billion in trade with

the United States. Total U.S. exports to Nigeria was \$3.18 billion and imports from Nigeria was \$4.61 billion. The U.S. deficit with Nigeria was \$1.43 billion.

According to the Nigeria Bureau of Statistics, in 2019, the United States was Nigeria's third largest import partner with 8.8% of the entire volume of imports in the first quarter. Products such as durum wheat (in seed and not in seed), and used vehicles were mostly imported from the United States and the country spent over 112 billion Naira on the importation of used cars from United States in the first quarter alone. Other Nigerian imports from the United States included spare parts and machinery, refined petroleum products, and military hardware.

The United States and Nigeria have a bilateral Trade and Investment Framework Agreement (TIFA) and Nigeria is eligible for preferential trade benefits under the African Growth and Opportunity Act (AGOA). Nigeria receives development assistance from the United States through its Agency for International Development to Nigeria.

Nigeria plays an important leadership role in both West Africa and on the African continent. The headquarters of the Economic Community of West African States (ECOWAS) is in Abuja. Nigeria, which represents roughly 70% of the 15-country ECOWAS GDP and over half of the ECOWAS region's population, plays an outsized role in ECOWAS. In 2019, Nigeria finally signed the African Continental Free Trade Agreement (AfCFTA) aimed at creating intra-African trade and a \$3.4 trillion economic bloc across Sub Saharan Africa. Nonetheless, Nigeria had for some time been largely responsible for the decades-long delays in developing the ECOWAS Common External Tariff (CET) and the protections and flexibilities that remain a part of that tariff system.

Nigeria can be a lucrative market for companies that can learn to navigate a complex and evolving business environment. Established multinationals that have mastered operating in this chaotic regulatory environment make substantial profits despite the country's low-income levels and logistical difficulties. The Nigerian Government continues to promote Nigeria as a rewarding target for Foreign Direct Investment (FDI). Foreign capital flows into all major sectors of the economy with the United Kingdom, United States, Canada, France, and China being the main sources. China has re-emerged as a major development, trade, and investment partner of the Nigerian government and is Nigeria's largest contractor and partner in infrastructure projects with its total volume of projects estimated at \$77 billion. These projects cut across infrastructure sectors – road, rail, power, construction.

Oil and Gas

Nigeria has some of the largest natural gas deposits in the world with 180 trillion cubic feet of proven reserves, but the country has been unable to mobilize that gas for the domestic market. Political interference, failure to legislate on key issues, and an inconsistent approach to regulating the price of gas collectively deterred the necessary investment to capture and deliver gas to domestic markets.

Nigeria is among the world's top five exporters of liquefied natural gas (LNG). In 2018, the petroleum sector contributed 8.6% to Nigeria's GDP but accounted for approximately 90% of Federal Government income. In the first quarter of 2019, the oil sector contributed 9.1% to the country's GDP, as reported by the National Bureau of Statistics.

The oil and gas sector is the largest contributor to government revenues and the largest export product from Nigeria, however, disruptions due to oil price crash and impact of COVID-19 led to huge losses in sale of its crude. As a member of the Organization of Petroleum Exporting Countries (OPEC), Nigeria's daily production of oil is regulated by OPEC as a mechanism of price regulation in the global oil market. The oil and gas sector continues to be a source of growth for the Nigerian economy with major capital projects being conducted in the country. In May 2020, the Nigerian National Petroleum Corporation (NNPC) opened a bidding process for 57 Marginal fields. These Marginal Fields are located on land, swamp and shallow offshore terrains.

Lax contract enforcement, a lack of regulatory clarity, and high and costly operational risks has constrained growth and investment in this sector. The regulatory environment for international oil companies in Nigeria is further affected by the Nigerian Oil and Gas Industry Content Development Act of 2010. Under the Act, Nigerian independent operators are given first consideration in the award of oil projects in Nigeria. In addition, multinational companies working through Nigerian subsidiaries must demonstrate that a minimum of 50% of the equipment used is owned by Nigerian subsidiaries.

Power Sector

The power sector neither meets the existing demand of the country's population and businesses nor delivers uninterrupted reliable electricity. Today, 23 grid-connected generating plants are in the country with a total installed capacity of 12,500 megawatts (MW) with a daily operational average near 4,000 MW. The government plans to

improve access to electricity from 45% to about 90% by 2030 and through a series of power sector reforms and policy initiatives is focused on promoting efficiency in the sector to attract private investment, increase generation, and resolve critical issues adversely impacting the sector.

Infrastructure

Nigeria's publicly-owned and operated transportation infrastructure is a major constraint to economic development. The principal ports are in Lagos (Apapa and Tin Can Island), Port Harcourt, and Calabar. Of the 50,000 kilometers of roads, only a little more than 10,000 kilometers are paved, and many of these paved roads are in poor condition. In 2020 the government approved 35.944 billion Naira in funding for the construction and rehabilitation of major roads (140 km) in six states. Only five of Nigeria's twenty-two airports—Lagos, Kano, Port Harcourt, Enugu, and Abuja—currently receive international commercial flights. Nigeria's railway currently has eight lines that are slightly more than 2,000 miles long collectively. These railways require major rehabilitation, modernization, and expansion. It has been estimated that a total of \$3 trillion is needed to reduce the infrastructure deficit gap over the next three decades.

Services

Nigeria's services output ranks as the 63rd largest worldwide and fifth largest in Africa. The potential of the Nigerian financial services sector remains enormous, and foreign banks are increasingly attracted to the market. However, much of Nigeria's population has only limited access to financial services – a problem compounded by high levels of bureaucracy required to complete even simple transactions. The Nigerian government aims to push ahead with reforms of the insurance and pension industries. The insurance sector in Nigeria has low penetration but has grown over the past ten years.

Private equity (PE) in Nigeria is a growing aspect of the financial sector with over 20 PE firms operating in the country with funds ranging from \$100 million to \$1 billion in size. Over the past five years, Nigeria has accounted for more than half of the PE deals in West Africa. Nigeria has an active capital market with a market capitalization of over 28 trillion Naira as of January 2020, with over 169 companies listed on the exchange.

Consumer Products

Nigeria is an increasingly important market and manufacturing center for the African consumer product sector. Nigeria is currently home to a growing middle class now estimated to be about 50 million, and is a clear leader in the regional economic grouping ECOWAS and regionalization efforts. Major challenges to companies in the consumer products sector in Nigeria include protectionist policies and lack of adequate intellectual property rights protection.

Information and Communications' Technology (ICT)

Nigeria is Africa's largest ICT market, accounting for 29% of internet usage in Africa. In June 2018, the Nigerian Communications Commission reported that Nigeria had more than 160 million active mobile telecoms subscribers of GSM and CDMA. There are more than 160 million active mobile subscribers and mobile GSM subscribers account for more than 98% of all telecom subscribers. Fiber optic expansion is currently taking place in Lagos and Abuja; however, expansion in rural areas continues to be hampered as telecom providers await pending legislation on 'right of way' protection for telecom infrastructure.

Agriculture

Nigeria's agricultural sector employs nearly 70% of the population and comprises nearly 22% of GDP. Nigeria possesses an abundance of arable land and a favorable climate for production of nuts, fruits and grains. Most farming in Nigeria is subsistence based, utilizing manual labor and relatively little agricultural machinery. Nigeria continues to maintain import restrictions (high duties, levies, quotas and import bans) on several agricultural products, including poultry, beef and pork products, chicken, rice, amongst others on the government's banned items list.

Market Challenges

While Nigeria offers U.S. firms export opportunities in many sectors, it can pose some daunting challenges including the high cost of doing business in Nigeria, the need to duplicate essential infrastructure, the threat of crime and associated need for security countermeasures, corruption, the lack of effective judicial due process, and nontransparent

economic decision making, especially in government procurement. Clearance of goods at ports can be slow, cumbersome, and highly bureaucratic. Reports indicate that corruption and congestion remain major issues at ports.

To mitigate these challenges, U.S. companies seeking to do business in Nigeria are encouraged to do so with incorporated companies or otherwise incorporate their subsidiaries locally. U.S. firms should appoint and work with competent local partners and seek the assistance of experienced commercial lawyers.

Corruption

One of President Buhari's top priorities is to root out corruption. A recent poll conducted by NOIPolls and LEAP Africa revealed that 85% of adult Nigerians believe that the prevalence of corruption in the country is responsible for the bottlenecks that characterize the difficulty of doing business in Nigeria. Reasons given for the prevalence of corruption in Nigeria included weak government institutions (24%) and poverty (18%). Well-connected business people gain from anti-competitive practices that shield Nigeria from market forces. The Government of Nigeria has sought to address corruption through the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices and Other Related Offences Commission (ICPC), and the Extractive Industries Transparency Initiative.

Local Content

Both the oil and gas and the information and telecommunications sectors have significant local content requirements imposed by the Nigerian government.

Under the Nigerian Oil and Gas Industry Content Development Act of 2010, preference must be given to *Made in Nigeria* goods and services for all projects in Nigeria's critical oil and gas sector. The local sourcing mandates imposed under the Act apply to everything from physical materials used in construction to telecommunications, financial, and professional services used by the oil and gas industry. In 2013, the National Information Technology Development Agency (NITDA) issued Guidelines for Nigerian Content Development in the ICT sector. Major U.S. ICT companies operating in Nigeria pushed back strongly against several of the measures in those guidelines. American businesses recommended applying a coordinated approach to revising the local content requirements to encourage economic growth. In November 2015, the NITDA informed U.S. ICT companies that it would not require in-country ICT manufacturing but would continue to require capacity building targets.

Foreign Exchange Restrictions

Since 2015 the Central Bank of Nigeria has imposed exchange controls on a number of product categories and continues to intervene in the market to keep the official Naira rate from depreciating while ensuring the harmonization of the multiple exchange rates currently obtainable in the market.

More information about CBN's directives and interventions in the foreign exchange market may be found at: [CBN's Website](#)

Government Procurement

Nigeria is not a signatory to the WTO Agreement on Government Procurement. Foreign companies incorporated in Nigeria receive national treatment in government procurement. Government tenders are published in local newspapers, and a "tenders" journal is sold at local newspaper outlets. Although corruption is endemic in Nigeria, the Nigerian Government has made modest progress on its pledge to conduct open and competitive bidding processes for government procurement. Reforms have also improved transparency in procurement by the state-owned Nigerian National Petroleum Company (NPPC). Although U.S. companies have won contracts in many sectors, difficulties in receiving payment are not uncommon and can inhibit firms from bidding. Supplier- or foreign government-subsidized financing arrangements appear in some cases to be a crucial factor in the award of government procurements. Persistent transparency shortcomings create challenges for a fair bidding process and often lead to allegations of corruption.

Intellectual Property

Enforcement of intellectual property rights (IPR) remains a problem in Nigeria, despite official pronouncements, existing copyright laws, and enforcement efforts. Nigeria's legal and institutional infrastructure for protecting

intellectual property rights remains in need of further development and more funding, even though there are laws on the books to deal with enforcing most IPR violations. The absence of updated IPR legislation means some newer IPR categories are not currently addressed in Nigerian law, including online piracy, geographical indications, and plant and animal breeders' rights. Legislation has previously been proposed to fill these gaps but has not been passed.

Violations of Nigerian IPR laws continue to be widespread, due in large part to a culture of inadequate enforcement. That culture stems from insufficient resources among enforcement agencies, lack of political will and focus on IPR, porous borders, entrenched trafficking systems that make enforcement difficult (and sometimes dangerous), and corruption.

There is also a low level of public awareness of IPR laws including among rights holders themselves and those who violate those rights. Nigeria's domestic creative industries are growing fast, including the "Nollywood" film industry. The Nigerian economy has more to lose than ever before from inadequate IPR protections, including online digital piracy.

Regional Security

Nigeria's government is contending with a deadly insurgency in the North-East, oil theft in the South, all while trying to improve infrastructure for Nigerians. The extremist group, Boko Haram, has targeted churches, schools, mosques, government installations, educational institutions, and entertainment venues in Adamawa, Bauchi, Borno, Gombe, Kaduna, Kano, Plateau, Taraba, the Federal Capital Territory, and Yobe States. Thousands of Nigerians have been displaced because of violence in the North-East.

Following successes by Nigeria and its neighbors in regaining territory seized by Boko Haram in Nigeria's North-East, the terrorist group has increased the use of asymmetrical attacks. This includes expanding attacks in Chad and Niger, both of which sent forces to Nigeria earlier in the year to fight Boko Haram. President Buhari has sought to address these issues head on and with assistance from the international community.

Kidnappings remain a security concern throughout the country. Criminal elements throughout Nigeria orchestrate kidnappings for ransom; extremists, operating predominantly in the North, also have been known to conduct kidnappings. Criminals or militants have abducted foreign nationals, including U.S. citizens, from off-shore and land-based oil facilities, residential compounds, airports, and public roadways. In 2015, six U.S. citizens were kidnapped in separate incidents in the states of Kogi, Ondo, Anambra, Plateau, and Imo. Attacks by pirates off the coast of Nigeria in the Gulf of Guinea have increased substantially in recent years. Armed gangs have boarded both commercial and private vessels to rob travelers.

Market Opportunities

Nigeria has many honest, well-educated, and well-prepared businesspeople eager to form partnerships with U.S. counterparts. The U.S. Commercial Service, located at the U.S. Consulate General in Lagos, is the front-line U.S. trade agency in Nigeria. Its professional team of American Commercial Officers and Nigerian Commercial Specialists is ready and willing to support U.S. suppliers and manufacturers interested in this promising growth market. The Economic Sections at the U.S. Embassy in Abuja and at the U.S. Consulate General in Lagos, respectively, are similarly ready to provide support and advocacy for U.S. business. Opportunities abound in Nigeria for U.S. exporters in the following sectors:

- Aerospace (aircraft, services and parts)
- Agricultural products and equipment
- Automobiles, trucks, buses, automotive parts, and accessories
- Computer hardware and software
- Construction and earth moving equipment
- Education and training
- Electricity and power generation
- Franchising

- Healthcare services and medical equipment
- Oil and gas equipment
- Security and safety equipment

The continuing influx of Asian, especially Chinese, suppliers and manufacturers into Nigeria constitutes a major competitive challenge to U.S. business in the industry sectors outlined above, although some local business leaders voice concerns about the low quality of such products and their high rate of penetration in the Nigerian market.

Market Entry Strategy

The U.S. Commercial Service recommends that U.S. manufacturers and suppliers enter the Nigerian market by combining the benefits of the services and programs of the U.S. Department of Commerce's local Commercial Services Office (see <https://www.export.gov/welcome>) with the extensive knowledge and industry contacts, of the U.S. Commercial Service at the U.S. Consulate in Lagos, Nigeria (see <http://www.export.gov/nigeria>). We encourage you to make your first point of contact your local Commercial Service Office.

To establish a presence in Nigeria, we recommend that U.S. firms establish and use an agent/distributor relationship with a locally registered company. Many foreign manufacturers and suppliers appoint one or more agents/distributors to accommodate Nigeria's geographical size and ethnic diversity. In Nigeria's complicated legal environment, all relevant terms and conditions of such arrangements must be carefully negotiated.

The U.S. Commercial Service in Nigeria strongly recommends the use of experienced commercial attorneys in crafting a mutually beneficial agreement (See <http://export.gov/nigeria/businessserviceproviders/index.asp>)

U.S. Commercial Service Nigeria contact information: <http://www.export.gov/nigeria>

U.S. Global Markets worldwide information: <http://www.export.gov>

Doing Business in Nigeria information: <http://www.doingbusiness.org/data/exploreconomies/nigeria/>

Leading Sectors for U.S. Exports and Investment

Agri-Business

Overview

Unit: USD thousands

	2017	2018	2019	2020 (Estimated)
Total Market Size	50,160	85,450	94,501	116,000
Total Local Production	1,000	4,200	4,500	6,000
Total Exports	0	0	0	0
Total Imports	49,160	81,250	90,001	110,000
Imports from the U.S.	22,298	25,599	33,865	35,000
Exchange Rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry Contacts

Total Exports: UN Comtrade

Total Imports: UN Comtrade

Imports from U.S.: UN Comtrade

In pursuit of its economic diversification agenda, the Nigerian government has continued to prioritize agricultural development in its policy and budgetary plans. The target is to build a strong agribusiness economy capable of meeting domestic food demand goals, generating export revenues and creating jobs. The increased national focus on the sector has generated opportunities in the whole agricultural value chain, with farm inputs supply for production. The Nigerian government has framed various policies to push for mechanization, leading to increased adoption of tractors in agriculture practices. It has also introduced and implemented several initiatives, key amongst which is the Anchor Borrowers Program (ABP) managed by the Central Bank of Nigeria (CBN) to support small holder farmers with funding and farm inputs. Under the ABP, state governments and private sector organizations, including food-processing companies, acting as “the anchor,” can access funds at single digit rates from the CBN to provide inputs to farmers for production of agricultural commodities. The forex restriction on importers of 43 items, including food products, has incentivized private sector investments in the agricultural value chain.

These efforts have resulted in an uptick in agribusiness activity and boosted demand for farm equipment. The agricultural tractor market is growing steadily and is expected to maintain a year over year rate of 4.4% during 2019-2024 according to Businesswire. In 2018, the Federal Ministry of Agriculture signed an MOU with John Deere for the supply of 10,000 units of farm tractors over a five-year period. In January 2019, the government launched its Green Imperative Program in partnership with the More Food International Program of the Brazilian government to support small farmers with mechanization. Under this partnership, Brazil will fund the project with a loan of \$1.1 billion over a period of 15 years and supply 10,000 tractors to Nigeria. Several state governments also plan to purchase new tractors to encourage small farmers in their regions. Private sector investors are developing their out-grower network of farmers and enabling them with mechanization, technology and farm extension assistance but are more inclined towards buying used equipment. The government remains the biggest purchaser of new farm machinery in Nigeria. It is advisable for U.S. suppliers to retain local distributors/representatives with market development capabilities and experience selling to the public sector. Nigerian buyers are very price sensitive and tend to favor cheaper, basic and

easy-to-use-and-maintain farm machinery. Credit and good local aftersales support are excellent selling points U.S. exporters may apply to gain market share and increase competitiveness. Agricultural tractors imported as Complete Knock Down (CKD) or Semi Knock Down (SKD) units for local assembly attract zero duties and zero Value-Added Tax (VAT). Although no duties are imposed on Fully Built (FB) units, 7.5% VAT does apply. Used tractors are surcharged 35% import duty and 7.5% VAT.

Leading Sub-Sectors

According to the Central Bank of Nigeria (CBN), the poultry industry is the country's biggest agricultural sub-sector with a market size of about \$4 billion. The chicken population is estimated to be 165 million birds, producing approximately 650,000 and 300,000 metric tons of eggs and meat respectively. Nonetheless, this falls short of the market demand of over 200 million birds, 790,000 metric tons of egg and 1,500,000 metric tons of meat. Despite the government's ban on poultry, smugglers have continued to take advantage of the supply gap to bring in products through land borders. Opportunities exist for poultry production and feed milling machinery, incubators, extruders, feed additives, livestock health drugs and vaccines, and chicken processing equipment. In recent years, demand for egg powder making machines has spiked due to reoccurring egg glut.

Post-harvest losses remain a perennial challenge to Nigeria. Farmers lose more than 50% of their produce due to lack of storage equipment. Therefore, farms, processing companies, food suppliers and vendors are looking for affordable storage and preservation technologies suited to local conditions. The cold chain industry is still at its infancy and offers enormous opportunities.

Opportunities

The Nigerian Investment Promotion Commission (NIPC) outlines the following opportunities for trade and investments in the agricultural value chain.

- Mechanized crop production such as rice, maize, millet, cassava, sugar cane, tomato and the cash crops such as cocoa, palm kernel, rubber, among others
- Food processing and preservation across the value chains of the sector
- Beef processing and packaging
- Fruit juice/canned fruits
- Beverages and confectionary
- Cash crop processing – cocoa, palm kernel, rubber, among others
- Exploitation of timber and wood processing activities
- Livestock cultivation – dairy and aquaculture (fisheries) development
- Horticulture development.
- Agricultural input supplies and machinery
- Water resources development especially for irrigation and flood control infrastructure
- Commodity trading and transportation
- Development and fabrication of appropriate small-scale mechanized technologies for on-farming processing and secondary processing of agricultural produce
- Development of private irrigation facilities
- Production of improved seeds and agro-chemicals
- Production of veterinary drug, vaccine, chemical, feeds and feeds ingredients
- Market Research

Web Resources

[Federal Ministry of Agriculture and Rural Development](#)

[Nigeria Investment Promotion Commission \(NIPC\)](#)

[Food and Agricultural Organization](#)

Local Trade Shows

[AgrikExpo West Africa](#)

September 15-17, 2020

International Conference Center

Abuja, Nigeria

[Agra Innovate West Africa](#)

November 25-26, 2020

Landmark Center

Lagos, Nigeria

For more sector information, e-mail: Chamberlain Eke, Commercial Specialist: Chamberlain.Eke@trade.gov

Agriculture Sector

Nigeria relies on imports to meet its food and agricultural product needs (mostly wheat, rice, poultry, fish, food services, consumer-oriented foods, etc.) worth about \$10 billion annually. Europe, Asia, the United States, South America and South Africa are major sources for agricultural imports. The GON has initiated agricultural programs such as the Anchor Borrowers Program (ABP) to diversify its economy away from oil. The GON also launched the “Green Imperative” agricultural plan in January 2020 to accelerate mechanization in the agricultural sector. In August 2019, the government restricted food imports by closing its land borders with neighboring countries. The border closure significantly reduced illegal cross-border trade of agricultural items. Nigeria’s agricultural sector has been hurt by several shocks: sporadic flooding, Boko Haram (BH) insurgencies, and conflicts between herdsmen and local farmers. Food processing continues to suffer from a lack of financing and infrastructure.

In 2019 U.S. food and agricultural exports to Nigeria reached \$595.5 million (up 93% compared to 2018). Wheat accounts for 79% of Nigeria’s total imports of U.S.-origin food and agricultural products. Nigeria also imports U.S.-origin soybeans, intermediate food products (especially vegetable oils and animal fats), consumer-oriented food products (mostly condiments and sauces, processed vegetables, wine, prepared food, dairy products, non-beverage ethanol), and fish products. Corn exports are currently growing (as at August 2020).

U.S. imports of Nigerian food and agricultural products reached \$50 million in 2019 (down 2% compared to 2018). Major U.S. imports of Nigeria-origin food and agricultural products include cocoa beans, tea and herbal products, feeds and fodders, cashew/tree nuts, spices, as well as seafood products. Nigeria, an AGOA beneficiary, has been unable to take full advantage of the trade preference benefits: the weakness of the country’s sanitary and phytosanitary (SPS)/food safety system means that food exports have difficulty meeting international standards.

Products with Most Export Potential:

Wheat

Unit: USD (Thousands)

	2018	2019	2020 (Projected)	2021 (Projected)
Total Market Size	1,450,000	1,799,000	2,099,000	2,395,000
Total Local Production	16,400	17,000	15,300	15,400
Total Exports	400	400	350	400
Total Imports	1,434,000	1,782,400	2,084,050	2,380,000
Imports from the U.S.	430,000	640,000	720,000	740,000
Exchange Rate: 1 USD	367	362	360	410

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: USDA/BICO; Nigeria’s Wheat Millers Association; Master Bakers’ Association, Federal Ministry of Agriculture, and Nigerian Customs Service

Local wheat production meets an insignificant portion of Nigeria’s wheat consumption demand. Overall demand is augmented by imports, which are estimated at \$1.8 billion in 2019 and projected to be \$2.1 billion in 2020. With the country’s wheat milling capacity at more than 8.0 million metric tons (MMT), Nigeria is the fourth largest U.S. wheat

importer in the world. Bread, semolina, pasta and other wheat, flour-based products are staples in Nigeria and the demand for these products continues to increase. Currently, the shares of wheat flour for bread, semolina, pasta and others, remains at 60%, 20%, 10% and 10%, respectively.

Although consumers' income is low, wheat products (e.g., bread and pasta) remain readily available at affordable prices in more populated urban areas. U.S.-origin wheat's market share in Nigeria was over 90% in 2012 but has declined to less than 40% in 2020 due to steep competition from wheat exports from the Black Sea region (primarily Russia). However, demand for U.S.-origin wheat is rebounding due to Russian wheat's higher prices in 2019.

Leading Sub-Sectors

Wheat flour utilized for bread, noodles, pasta, biscuits (cookies), and semolina.

Opportunities

Local wheat production is insufficient to meet domestic demand, and is relatively expensive. Consumers demand higher quality wheat flour-based products. Local importers consider U.S. wheat as a high-quality product and suppliers are viewed as consistent, reliable suppliers.

Web Resources

Regional Agricultural Affairs Office
 U.S. Department of Agriculture (USDA)
 Office of Agricultural Affairs
 U.S. Consulate General, Lagos-Nigeria
 Email: aglagos@usda.gov

Websites: [Foreign Agricultural Service • U.S. Embassy & Consulate in Nigeria\FAS OAA Lagos • https://www.fas.usda.gov/data/nigeria-grain-and-feed-annual-3;](https://www.fas.usda.gov/data/nigeria-grain-and-feed-annual-3)
<https://apps.fas.usda.gov/gats/BicoReport.aspx?type=country;>

Rice (Parboiled Milled)

Unit: USD (Thousands)

	2018	2019	2020 (Projected)	2021 (Projected)
Total Market Size	5,161,000	3,631,000	3,090,000	3,530,000
Total Local Production	2,440,900	2,480,700	2,110,000	2,300,000
Total Exports	0	0	0	0
Total Imports	2,720,100	1,150,300	980,000	1,230,000
Imports from the U.S.	3,520	5,580	4,820	5,320

Exchange Rate: 1 USD	362	360	379.5	410
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Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Nigeria’s Rice Importers; Rice Farmers Association of Nigeria (RIFAN); National Bureau of Statistics; Federal Ministry of Agriculture; Nigerian Customs Service.

Rice (Parboiled Milled):

Nigeria is Africa’s largest producer of rice, and is among the top 15 producers globally. The Nigerian government had announced that the country would be self-sufficient in rice production by 2018. However, the high cost of rough, paddy rice, as well as high operational costs continue to hamper large-scale/integrated rice mills from producing at competitive prices; imports continue to meet half of the country’s rice demand. Parboiled rice (also known as converted rice and easy-cook rice) account for the bulk of imports. Thailand- and India-origin rice (long-grain varieties) dominate imports. Nigeria remains one of the world’s largest markets for parboiled rice — consuming on average \$4.7 billion worth of parboiled rice per year. The Nigerian government’s Anchor Borrowers Program, initiated over the last three years, has contributed to increased domestic production. But, paddy production as well as milling costs remain high. Nigeria shut its land borders with neighboring countries in August 2019, which reduced the volume of imported rice entering through informal, cross-border channels.

Thailand-origin rice accounts for 65% of all rice imports followed by India (20%) and 15% from other origins (mainly Brazil and China). Imported rice enters the market informally through Nigeria’s porous borders. Usually, shipments are destined for seaports located in neighboring countries and transported to Nigerian markets through land border routes.

Leading Sub-Sectors

Polished and milled rice (exclusively parboiled)

Opportunities

Nigeria still depends on approximately 1.7 MMT of imported parboiled rice to meet its domestic rice consumption demand.

Web Resources

Regional Agricultural Affairs Office
 U.S. Department of Agriculture (USDA)
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 Email: aglagos@usda.gov

Websites: [Foreign Agricultural Service • U.S. Embassy & Consulate in Nigeria\FAS OAA Lagos • https://www.fas.usda.gov/data/nigeria-grain-and-feed-annual-3;](#)
<https://apps.fas.usda.gov/gats/BicoReport.aspx?type=country;>

Dairy

Unit: USD (Thousands)

	2018	2019	2020 (Projected)	2021 (Projected)
Total Market Size	1,490,000	1,634,000	1,094,000	1,340,000
Total Local Production	210,000	220,000	179,000	215,000

Total Exports	0	0	0	0
Total Imports	1,280,000	1,414,000	915,000	1,125,000
Imports from the U.S.	5,500	5,000	4,630	5,320
Exchange Rate: 1 USD	362	360	379.5	410

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Milk Powder Importers; AFBTE; Supermarket Operators Association (NASON); Wholesale Distributors; USDA/BICO.

The size of Nigeria’s dairy market in 2019 was \$1.6 billion, with over 87% of demand met through imports. The country’s dairy market is potentially as large as \$6.5 billion.

Local dairy processors rely on combining and reconstituting milk powder imported mostly from the European Union. The reconstituted milk is mostly packaged and sold as powdered, evaporated and condensed milk; packaged in metal cans and sachets of different weights. Ice cream, chocolate milk, yogurt, and local, long-life (shelf-stable) milk production is from reconstituted imported milk powder. Infant formula, cheese, butter, as well as some ice cream, are mostly imported. Demand for these products continues to grow, with the consumption of flavored milk drinks (mostly consumed by school age children) increasingly in demand.

Beginning February 2020, the Central Bank of Nigeria (CBN) launched a program to conserve foreign exchange and encourage local production of milk and dairy products. The program introduced foreign exchange restrictions on the importation of milk and milk derivatives into the country. Following this policy, the CBN exempted and approved six Nigerian companies (i.e., to import milk and dairy products) that had keyed into Nigeria’s backward integration program as the solution to increase dairy productivity. These companies are: FrieslandCampina WAMCO Nigeria; Chi Limited; TG Arla Dairy Products Limited; Promasidor Nigeria Limited; Nestle Nigeria Plc and Integrated Dairies Limited.

Leading Sub-Sectors

Powdered, evaporated and condensed milk; packaged in metal cans and sachets of different weights; ice cream, chocolate milk, yogurt, and long-life milk; reconstituted imported milk powder; infant formula; cheese; butter; skimmed milk powder; flavored milk drinks.

Opportunities

Nigeria’s dairy processors rely on combining and reconstituting imported milk. The Nigerian dairy market is growing at 5% per year fueled by a growing, increasingly urbanized population demanding more dairy-based products. Domestic milk production is underdeveloped; on average, a cow in Nigeria produces one kilogram of milk per day (compared to an average U.S. dairy cow, which produces about 32-35 kilograms per day).

Web Resources

Regional Agricultural Affairs Office

U.S. Department of Agriculture (USDA)

Office of Agricultural Affairs

U.S. Consulate General, Lagos-Nigeria

Email: aglagos@usda.gov

Websites: [Foreign Agricultural Service • U.S. Embassy & Consulate in Nigeria\FAS OAA Lagos •](#)

<https://apps.fas.usda.gov/gats/BicoReport.aspx?type=country>; <https://nairametrics.com/2020/02/13/agriculture-cbns-revised-policy-on-the-dairy-industry/>;

Seafood

Unit: USD (Thousands)

	2018	2019	2020 (Projected)	2021 (Projected)
Total Market Size	1,488,000	1,548,000	1,129,000	1,503,000
Total Local Production	470,000	400,000	280,000	450,400
Total Exports	7,000	2,000	1,000	1,400
Total Imports	1,025,000	1,150,000	850,000	1,054,000
Imports from the U.S.	18,000	20,000	26,000	15,000
Exchange Rate: 1 USD	362	360	379.5	410

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Association of Fish Suppliers of Nigeria (AFISUN); Frozen Fish Wholesale Distributors; Catfish Farmers Association of Nigeria (CAFAN); USDA/BICO; Nigeria Federal Fisheries Department.

Frozen seafood is Nigerians' most affordable source of animal protein and consumption is increasing. The country is a potential market for approximately 2.5 MMT of fish valued at \$3 billion. Atlantic mackerel, horse mackerel, herring, and croakers are the main species consumed. Domestic catches and aquaculture production (i.e., mainly catfish and tilapia) however, remain underdeveloped due to high input costs. Catfish and tilapia, which are produced in Nigeria, are banned for export to the country. On March 1, 2018, USDA's Food Safety and Inspection Service suspended the export of siluriformes and fish products from Nigeria. Nigeria's Federal Fisheries Department failed to fully address information requested in the self-reporting tool (SRT) prior to the due date. Consequently, Nigerian catfish farmers and processors lost the huge market opportunity for mostly smoked, packaged catfish they export to the United States.

Leading Sub-Sectors

Atlantic mackerel; horse mackerel; herring; blue whiting; croaker.

Opportunities

Frozen seafood is Nigerians' most affordable source of animal protein, consumption is increasing. Under-developed domestic catches and aquaculture production promotes reliance on large volumes of imports to meet local demand.

Web Resources

Regional Agricultural Affairs Office
 U.S. Department of Agriculture (USDA)
 Office of Agricultural Affairs
 U.S. Consulate, Lagos-Nigeria
 Email: aglagos@usda.gov

Websites: [Foreign Agricultural Service](#) • [U.S. Embassy & Consulate in Nigeria\FAS OAA Lagos](#) • [Global Agriculture Information Network](#)

Wine:

Unit: USD (Thousands)

	2018	2019	2020 (Projected)	2021 (Projected)
Total Market Size	490,000	520,000	355,000	415,000
Total Local Production	70,030	105,000	75,000	90,000
Total Exports	0	0	0	0
Total Imports	420,000	435,600	280,000	325,000
Imports from the U.S.	30,000	40,000	25,000	17,000
Exchange Rate: 1 USD	362	360	379.5	410

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Wine importers; USDA/BICO; Industry (AFBTE); Wine Distributors; Supermarket Owners and Operators (NASON).

Nigeria’s potential market for alcoholic beverages is valued at \$6 billion. The still wines (red and white) category lead the market — accounting for a market share of more than 80%. Red wine alone accounts for over 73% of the total volume sold. Local wine processing is still underdeveloped. Middle-class consumers are increasing their consumption of wine, perceiving it as a healthier option than other alcoholic beverages. Effective June 4, 2018, the 20% tax on wine was replaced by a tax of per centiliter over a three-year period to 2020. The government indicated it wants to raise revenues and reduce health hazards associated with alcohol abuse.

Leading Sub-Sectors

Alcoholic wines and spirits; still wines (red and white); upscale/premium wine and spirits labels.

Opportunities

Local wine processing remains underdeveloped, with the cost of production high. Middle-class, young, rich, educated and upwardly-mobile Nigerians are the key demographics boosting wine consumption.

Web Resources

Regional Agricultural Affairs Office
U.S. Department of Agriculture (USDA)
Office of Agricultural Affairs
U.S. Consulate, Lagos-Nigeria
Email: aglagos@usda.gov

Websites: [Foreign Agricultural Service](#) • [U.S. Embassy & Consulate in Nigeria](#) \FAS OAA Lagos • [Global Agriculture Information Network](#)

Automotive Sector

Overview

Unit: USD thousands

	2017	2018	2019	2020 (Estimated)
Total Market Size	1,084,659	1,416,792	1,520,000	1,150,000
Total Local Production	350,000	200,000	220,000	150,000
Total Exports	0	35	0	0
Total Imports	734,659	1,216,827	1,300,000	1,000,000
Imports from the U.S.	323,581	627,055	666,748	500,000
Exchange Rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Deloitte, NADDC

Total Exports: UN Comtrade

Total Imports: UN Comtrade

Imports from U.S.: U.S. Census Bureau

Smuggling, grey imports of second-hand vehicles and the lack of reliable data make the exact size of Nigeria's vehicle market and fleet size difficult to quantify. Challenges concerning the licensing and identification of vehicles further contribute to this difficulty. The country's current vehicle size is estimated to be 11.7 million. Due to insufficient domestic vehicle production, Nigeria is highly dependent on imports to meet local demand. In 2019, passenger cars constituted the largest export item from the United States to Nigeria (\$667 million) according to the U.S. Census Bureau. Auto imports grew rapidly between 2004 and 2014 and contracted significantly between 2015 and 2017 due to high import duties on vehicles (70%) linked to the new automotive policy as well as an economic recession that hit during that period. For example, in 2017, less than 7,000 brand-new vehicles were imported into Nigeria. The launch of the Automotive Industry Development Plan (NAIDP) in 2014 attracted the interest of leading international carmakers and led to the resumption of small-scale vehicle assembly in the country. According to the National Automotive Design and Development Council (NADDC), there are 31 licensed producers of cars, trucks and buses currently operating in Nigeria with a combined installed capacity of 205,000 vehicles a year though far fewer numbers are produced due to huge funding, infrastructure and capacity gaps. Industry analysts estimate that not more than 10,000 units have been produced each year since the launch of the NAIDP.

In early 2019, the NADDC said only nine of the assemblers were active. Therefore, in March 2020, as a mark of relative success, the government commissioned \$1 billion worth of locally-assembled vehicles it said were made by 17 companies. In all, it appears the high import tariff regime aimed at discouraging imports and spurring local assembly has not achieved its purpose. Car imports (mainly used units) have continued to rise, an indication of the threat assemblers face. The NADDC said the country spends about \$8 billion each year on imported vehicles. Although automobiles and related components are not on the Central Bank's list of 43 products ineligible for foreign exchange, the difficulty assemblers face obtaining foreign exchange has led to increased prices and reduced consumer demand. Corporate organizations, the largest buyers of new vehicles, have reduced or postponed purchases, thereby extending the replacement cycle of their fleet from four to seven years.

Japanese autos dominate the new and used vehicle market, controlling almost one third of it due to their perceived reliability among consumers. Most of the cars imported from the United States into Nigeria are Japanese brands with Toyota at the top of the chart. Hyundai and Kia have established themselves as increasingly serious competitors to Toyota due to their competitive pricing and improved image in terms of quality. The three Asian brands account for up to half of new vehicle sales in Nigeria. Although there is generally little affinity for American car brands, due to poor consumer perception of them, the Ford Explorer is fast gaining patronage due to its aesthetic design and reliability.

Leading Sub-Sectors

The growing number of used cars in Nigeria is driving demand for spare parts. In 2019, the United States exported more than \$158 million worth of vehicle parts and accessories to Nigeria, according to U.S. Census Bureau figures. The United States has a competitive advantage with regard to car care products and also accounts for about 40% of used car parts imported to Nigeria, according to industry contacts.

Rail projects intended to connect the country's commercial cities are still in the works and not fully operational. Therefore, dry and wet cargos have continued to be distributed largely by commercial heavy and light duty trucks. A significant number of the vehicles on Nigerian roads are used units imported from the United States, Germany, Netherlands and Belgium. The United States is responsible for nearly half of Nigeria's imports of used trucks and the Mack brand leads as the most preferred due to its perceived ruggedness and durability. Figures from the Census Bureau show the United States exported \$105 million worth of trucks and other vehicles to Nigeria in 2019. This represents a remarkable jump from the \$62 million and \$83 million recorded in 2017 and 2018 respectively.

Opportunities

A report by PWC indicates that the growth of companies with products and services supporting auto assembly will improve Nigeria's chances of becoming an automotive hub and provide more economic activity. Progression from basic SKD assembly to CKD or manufacturing is highly dependent on growth of auxiliary industries and supporting infrastructure such as electricity. Therefore, building capacity for components such as batteries, belts, lights and tires is key for the success of Nigeria's auto policy. In addition, there are existing gaps in repair, which will become even more obvious with increased local manufacturing. Plugging this gap will require capacity building, training of skilled labor and an adequate supply of spare parts. Other business opportunities that the industry brings include the supply of equipment to domestic assemblers, supply of spare parts and the setting up of local component manufacturing plants. The vehicle distribution system and systems for getting vehicles to market also need to be restructured and therein lie opportunities for many players.

Web Resources

National Automotive Design and Development Council (NADDC)

Price Waterhouse: Africa Africa's Next Automotive Hub

Delloite Automotive Report

Local Trade Shows

Lagos Motor Fair and Auto Parts Expo

May 6-9, 2020

Federal Palace Hotels, Victoria Island

Lagos, Nigeria

For more sector information, e-mail: Chamberlain Eke, Commercial Specialist: Chamberlain.Eke@trade.gov

Aviation / Defense Sector

Overview

Unit: USD millions

	2017	2018	2019	2020 (estimated)
Total market size	865, 207	950,000	1,700,000	1,700,000
Total local production	0	0	0	0
Total exports**	0	250,000	250,000	8,000,000
Total imports	865, 207	950, 000	1, 700, 000	1,150,000
Imports from the U.S.	54, 736	250,973	1,150, 000	1,150,000
Exchange rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: n/a

Total Exports: n/a

Total Imports: Industry Association, importers and Aviators

Imports from U.S.: U.S. Census Bureau

Nigeria National Bureau of Statistics

**Estimates are based on qualitative research done with Industry contacts and Nigeria Civil Aviation Authority (NCAA) and Operators in aviation sector.*

*** Primarily re-export of aviation related equipment (e.g. planes, plane parts, helicopter and helicopter parts) to other countries.*

In 2019, there was an upsurge in interest in the Nigerian Aerospace and Defense industry on the part of U.S. and other country equipment manufacturers, with both big-ticket sales or inquiries about short/medium term purchases. The heightened interest can likely be attributed to the growing stability of the Nigerian economy over this period, which saw government and private sector stakeholders increase spending and grow capacity in critical areas. An expanding middle income demographic also drove increased demand for air travel and associated services on domestic and international routes. Finally, there was also hardware acquisition for the military campaign against Boko Haram/Islamic State in West African Province (ISWAP). In 2019, over 14 million passengers passed through Nigerian airports, with domestic travel accounting for over 10 million of these passengers. Almost 43,000 domestic flights were completed across Nigeria's 22 airports. This figure represents an 11.2% increase in flights versus 2018. Air travel in the country is on the rise and this has created demand for more aircraft, as well as standard infrastructure to meet the needs of passengers. Government and private sector investment continues to pour into the sector. Within the private sector, three new airlines are expected to become operational in 2020: Green Africa Airways, United Nigerian Airlines and Value Jet. From the public sector, the Nigerian government is exploring the idea of floating a new Nigerian national carrier, Nigeria Air. The project was initially discussed in 2019 but stalled due to lack of funding, and other process-related challenges. Industry Analysts expect that the GON will own a large stake in the new national carrier,

but will hand it over to private sector stakeholders to operate under a Joint Venture agreement. Between all of the new airlines to be floated in 2020, it is estimated that approximately fifty (50) aircraft will be purchased to service the flying public across domestic and regional routes. There are also existing discussions between U.S. aircraft manufacturers and local airline operators looking to expand their fleet to accommodate additional traffic and increase their market share/dominance. These include requests for purchase of Boeing manufactured aircrafts.

The aviation sector in Nigeria and across the globe remains heavily regulated due to its highly technical nature. Given that Nigeria is governed under the regulations of international aviation standard setting bodies such as the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA), it is essential that it maintains and adheres to strict safety guidelines to ensure passenger safety and operational efficiency. This factor continues to serve as a strategic advantage for U.S. equipment manufacturers and suppliers, who incorporate the highest safety standards in their manufacturing processes. And given the Nigerian aviation sector's penchant for product reliability, quality, performance, durability and after-sales support, it puts U.S. equipment manufacturers in good stead. U.S. products, ranging from civilian/military aircrafts, defense equipment, maintenance and surveillance equipment, account for as much as 80% of the total products and equipment used in the Aerospace/Defense sector in Nigeria. The United States' established dominance in the market continues to provide a good opportunity to take advantage of the potential growth in the sector in Nigeria.

As above, in keeping up with international best practices and requirements of the ICAO, the GON has embarked on a phased upgrade of aviation infrastructure and equipment. These upgrade projects were initiated in 2018 through the Nigerian Airspace Management Authority (NAMA) and the airports in Lagos and Abuja were given greater priority due to high passenger traffic. At the Lagos and Abuja airports, the GON planned to upgrade the CAT-II Instrument Landing Systems to CAT-III Instrument Landing Systems. The GON's 2020 budget provided for key capital expenditure across various airports in the country with the aim of improving the infrastructure in these airports, including the building and completion of control towers at five airports (Akure, Ibadan, Ilorin, Maiduguri, and Benin) runway relining/refurbishment at the Enugu airport, and a few other developmental activities across other airports in the country. In addition to this, provision has been made for cargo terminal development projects across eight airports. The National Airspace Management Agency has made provisions for projects involving the optimization of nationwide airspace surveillance and ATC control, procurement of navigation aids and equipment (CAT-III) for Kano, Katsina and Port Harcourt airports in 2020. There is also provision for other projects involving the supply of conveyor belts and upgrade of airport tower VCCS radios across 13 airports.

Aircraft used in Nigeria continue to be dominated by U.S.-origin planes in both the commercial and government segments of the sectors. It is expected that Nigeria will take possession of 12 Super Tucano A-29 Aircrafts purchased from the U.S. in 2018 for use by the Nigerian Military to aid the ongoing action in the north-eastern region of the country against insurgents. The GON also announced plans to upgrade the presidential fleet with state-of-the art communication equipment. The strong footprint of U.S.-origin equipment in the Nigerian Aviation sector was further established by the delivery of a full flight simulator to the GON (in June 2020, the Minister of Aviation announced that Nigeria had taken possession of a Boeing B737-NG Full Flight Simulator destined for the Nigerian College of Aviation Technology (NCAT) in Zaria, Kaduna state). Airlines in Nigeria operate different Boeing series planes, from Boeing 737s-700, to 800 series, Boeing 777s- 300 series, Gulfstream jets – 500 and 600 series – as well as Bell helicopters for civilian and military use. Currently over 60% of aircraft in Nigeria are of U.S.-origin and produced by Boeing. The pattern of purchase for these planes varies: some operators purchase directly from Boeing (new or used) or buy as used from dealers. Nigeria is also joining the league of local manufacturers.

Leading Sub-sectors

Important subsectors within the aviation sector include providers of services that aid the operations of airline operators. Two major sub-sectors of opportunity for U.S. companies in Nigeria are:

- Aircraft training and maintenance services, and
- On-ground handling services.

Aircraft training and maintenance services include the provision of flight simulators and personnel training services. Stakeholders in the Nigerian aviation sector have indicated interest in attracting international companies to provide Maintenance, Repair and Overhaul (MRO) facilities in the country, with viable locations being Lagos or Abuja, given the high passenger traffic.

Due to the increasing number of air travelers in the country, the increasing number of aircraft operators and positive government involvement in the sector, there is also a growing need for more advanced on-ground handling and other airport equipment, such as cargo and passenger scanners. This is an opportunity for U.S. companies to sell more equipment to the already welcoming market that is the Nigerian Aviation sector. Security scanners for people and goods was estimated at \$7.7 billion in 2019, according to market research firm Insight Partners.

Global COVID-19 Pandemic

Amidst the current global pandemic and fall in global oil prices (Nigeria is heavily dependent on earnings from sale of crude oil) the GON, through the Ministry of Aviation and the Infrastructure Concession and Regulatory Commission (ICRC) has reprioritized the funding of some of the country's infrastructure which includes airports, to enable it focus resources in other essential areas. To that effect, the GON approved the concessioning of some of the nation's airports and has invited private sector stakeholders to bid for such concessions.

Resources

Federal Ministry of Aviation 2020 Budget (www.budgetoffice.gov.ng)

Sunnewsonline.com

[Federal Ministry of Aviation](#)

[National Bureau of Statistics](#) (NBS)

[Guardian Online](#)

[NCAA](#)

[FAAN](#)

For more information, e-mail: Adesina Anthony A., U.S. Commercial Service, U.S. Consulate General, Lagos, Nigeria at Anthony.Adesina@trade.gov

Construction Sector

Overview

Unit: USD Millions

	2017	2018	2019	2020 (estimated)
Total Market size	878,282	962,522	962,522	680,000*
Total local production	217,754.06	238,640	265,225	2,562,017
Total exports	75,960.72	83,246.35	90,500	87,423
Total Imports	660,528	723,882	800,000	772,800
Imports from the U.S.	162,049.54	177, 592.39	195, 000	188,700
Exchange rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: National Bureau of Statistics; McKinsey & Company

Total Local Production: Estimated based on previous year trends

Total Exports: Estimated based on previous year trends

Total Imports: National Bureau of Statistics

Imports from U.S.: U.S. Census Bureau

**Estimates have factored in the projected -5.4% GDP growth rate expected in 2020*

Nigeria has a huge infrastructure deficit with total infrastructure stock in the country amounting to 30% of Gross Domestic Product (GDP), falling short of the international benchmark of 70% of GDP, set by the World Bank. With Nigeria's population growing at a rate of over 2.5% per annum, and an expected population of 400 million people by 2050, the current state of infrastructure in the country is likely to be overwhelmed in the very near future. Some salient infrastructure challenges in the country include:

- Insufficient road networks linking commercial centers across the country, posing a continued challenge to business operation; and
- An insufficient stock of affordable housing for low-income earners.

The World Bank has estimated that Nigeria would need to invest \$3 trillion in infrastructure in order to reduce the infrastructure deficit in the country. The GON has begun to take steps towards reducing the infrastructure deficit through increased spending as part of a 30-year infrastructure plan (National Integrated Infrastructure Master Plan) with a target date of 2043, which aims to bring Nigeria's infrastructure stock to the 70% of GDP level recommended by the World Bank.

Construction projects in Nigeria are driven by both the government and private investors. The government provides key infrastructures such as roads, bridges, dredged water ways and ports, railways etc., via a number of means including, full government financing, public-private partnerships (PPPs), multilateral development banks (MDBs), and bilateral creditors. Due to the increasing cost of key infrastructure projects in the country and dwindling government financing, the government has made use of PPPs as a tool to finance projects for which the government was not able to secure debt financing. The GON got the approval from the Senate to begin the process of securing

about \$22 billion in external loans for key infrastructure projects in the National Infrastructure Master Plan. Based on the proposed share of investment across critical sectors in Nigeria, the housing sector is expected to account for 11% of this fund while transportation will account for 25% of infrastructure investments.

In terms of housing, Nigeria currently has a housing deficit of 17 million houses, and it has been estimated that the country needs to build a minimum of 700,000 houses per year in order to close the gap. However, Nigeria currently builds just 2,000 houses per year. In 2019, the Ministry of Works and Housing set aside a total sum of 19.8 billion Naira or \$55 million for the construction of 2,383 units of housing under the National Housing Program, across the 36 states of Nigeria. The GON has continued to keep its commitment towards reducing the housing deficit in the country by proposing an additional 60.8 billion Naira (\$160 million) expenditure for the housing sector in the 2020 budget. State governments have also embarked on projects aimed at providing affordable housing for citizens. The Borno state government has commenced an Owner Occupier scheme for 2,787 housing units in the state. On May 28th, 2020, the Governor of Lagos State commissioned 246 housing units in the Lekki area of Lagos State. Other states such as Delta, Ebonyi, Enugu, Edo, Ekiti, Gombe and the Federal Capital Territory (FCT) have all embarked-on projects to provide affordable housing units for state government workers and other categories of citizens.

Financing and mortgage lending are increasingly significant in Nigeria as a number of financial institutions, including the Nigerian Mortgage Refinance Company, have increased their footprint in the affordable housing market through the provision of loans and advances of over \$3.4 billion to customers. The Federal Government, in its bid to support the mortgage industry, waived initial 10% payments on mortgages below five (5) million Naira (\$15,800) on loans provided by the state-owned Federal Mortgage Bank. In addition, the GON has set up the Family Homes Fund, a \$1.57 billion fund, to construct two million social housing units by 2020 through PPPs. However, the status of this project may be affected by the economic effects of the worldwide pandemic and drop in oil prices.

Private investors are also active in the construction sector through the development of projects aimed at residential customers and corporate establishments. Commercial estates are being built by private investors to meet the housing demand of high earning citizens in choice locations across Nigeria. Currently, residential housing unit developers in Lagos develop and sell properties in highbrow areas of Lagos for as much as \$ 1 million.

The largest deep sea port in West Africa is being built in Lagos via a partnership between Tolaram Group, the Lagos state government and the National Investment Promotion Commission (NIPC). The project is expected to cost \$1.5 billion with a 16.5-meter water depth capable of berthing large vessels that are currently unable to berth in West African waters. This will increase the efficiency of ports in the country as higher numbers of goods can be imported and exported due to the larger capacity of the port. These construction projects have become a template for other states in Nigeria and the individual governments of these states have begun plans for similar infrastructure projects to boost their local economies.

Leading sub-sectors

The construction equipment sub-sector as well as the building materials subsectors remain the leading subsectors in the construction industry.

Construction equipment such as dump trucks, excavators, dredgers, graders, etc., continue to be major products purchased in Nigeria due to the presence of numerous ongoing projects. The equipment is bought new or used from manufacturers or dealers. Some equipment companies have set-up a lease-to-own service for their equipment. U.S. equipment is preferred in this subsector due to its durability, reliability and rigidity. Building materials are largely imported as Nigeria's manufacturing sector is limited in the scope of building products it currently produces for this sector.

Opportunities

Due to the global pandemic, it is estimated that Nigerian GDP will contract by as much as -3.4% in 2020. However, the economy is expected to rebound in 2021 with a 2.4% growth rate. Following the Nigerian Senate's approval of

the President's request for a \$22 billion external loan for infrastructure projects, the short- and long-term growth of the construction sector was designated for housing and transportation (including roads), accounting for 11% and 25% each of the share of infrastructure investment needs in Nigeria.

Several major road projects were provided for in Nigeria's 2020 budget. There are also plans by the GON, through the Federal Ministry of Works and Housing and the Infrastructure Concession Regulatory Commission (ICRC), to concession several road projects across Nigeria under the Highway Development and Management Initiative. The rationale behind this initiative is to ensure private sector engagement as an avenue to mitigate paucity of funds.

U.S. companies are welcome to participate in bidding for and partnering with key stakeholders on these projects due to the competitive advantage in terms of quality, reliability and durability, which they have over other suppliers.

Resources

[National Bureau of Statistics](#) (NBS)

[Housing Finance Africa](#)

[Africa Housing News](#)

[Punch Online](#)

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Trade shows

Architecture, Construction and Engineering (ACE) webinar – July 31, 2020

Education/Training Sector

Overview

Unit: USD thousands

	2017	2018	2019	2020 (estimated)
Total Market size	85,762.94	92,068.69	98,127	94,790
Total local production	20,321.05	22,581.59	25,000	24,150
Total exports	0	0	0	0
Total Imports	65,441.89	69,487.1	73,127	70,640.68
Imports from the U.S.	30,873	35,349	40,175	38,809.05
Exchange rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry contacts, Federal Ministry of Education, National Universities Commission (NUC)

Total Exports: Industry sources

Total Imports: Leading importers, distributors, and industry associations.

Imports from U.S.: U.S. Census Bureau.

**Estimates have factored in the projected -3.4% GDP growth rate expected in 2020*

Nigeria's increasing population poses a huge challenge to the country's educational sector, in a country already struggling to provide quality service to currently enrolled students. With an estimated population of over 200 million people, Nigeria's young demographic (people below the age of 35 years old) currently 100 million people, means that a substantial number of students need to be absorbed by the educational sector each year. Currently, Nigeria is in the global top ten (according to Unicef) for proportion of children not in education, with more than 13 million children in the country not enrolled in school. The out of school population is unevenly distributed. For example, Anambra State (located in the south-eastern part of the country) has the lowest percentage of out-of-school children (6%), while Bauchi has the highest number (55%). Insurgency, low income and illiteracy on the part of parents in the northern part of the country are factors that have resulted in the high out-of-school population numbers in that part of Nigeria, along with distrust in Western education (which in turn has fueled the growth of insurgency).

Provision of educational services in the country is provided by both the government and private institutions across all stages of the Nigerian education system (kindergarten to university level). The country operates a 6-3-3-4 (K – 12th grade) education system which mandates that six (6) years be spent in primary school, three (3) years in junior secondary school, three (3) years in high school, and a minimum of four (4) years in tertiary institutions such as universities, polytechnics, etc. Twelfth graders are required to take two (2) major examinations that determine admission into public or private tertiary institutions within and outside Nigeria. The first of these examinations is the West African Senior Secondary Certification Examination (WASSCE) conducted by the West African Examinations Council. The second examination is the Unified Tertiary Matriculation Examination conducted by the Joint Admission and Matriculation Board of Nigeria. Annually, over 1.6 million students sit for the WASSCE examinations, effectively

putting the number of Nigerian students annually seeking admission to tertiary institutions in the country at (at least) 1.6 million. Due to lack of adequate funding and poor governance, Nigeria's public institutions have declined both in terms of quality of education delivered and education infrastructure capacity.

The dependence on the federal and state governments for funding has resulted in the poor state of these institutions. The decline of public institutions created a market opportunity for the provision of quality education for citizens of Nigeria who had the means to pay rates above those paid at public institutions. In the past two decades, there has been a boom in the number of private universities in the country that have been established to provide value that public institutions in the country currently do not provide. Based on data from the National Universities Commission (NUC) the number of private universities in Nigeria was 79 compared to 43 for federal universities and 48 for state universities. With private universities accounting for 46% of the total number of universities in the country, compared to 25% and 28% for state-run universities, it can be inferred that Nigerians value educational quality, which in turn informs their decision to procure services from private institutions (which can cost as much as \$6,000 dollars per term). In addition to procuring educational services from private schools in the country, middle income/affluent Nigerians send their children to western countries, particularly the United States, United Kingdom, Canada, Ghana, Malaysia, India, etc. to get good quality education. According to the International Institute of Educators (IIE) Open Doors Report, Nigeria has over 85,000 students studying abroad, including over 13,000 studying in the United States.

In 2020, the education sector in Nigeria will continue to benefit from increased federal funding for the sector, via budgetary allocations: almost 700 billion Naira (\$2 billion) in total. This represents a 24.5% increase in overall education spend by the government between 2015 and 2020. The increased government spending is expected to yield positive results in the sector in the near future as projects involving school construction, teacher training as well as student welfare are undertaken at all levels.

Technology is also being leveraged in the Nigerian education sector as a means of providing valuable education services to students across the country. In 2020, uLesson, a digital learning application for students, backed by venture capital companies, was launched. The product is aimed at helping Nigerian students prepare for key examinations such as UTME (JAMB) and WAEC. The application, released in February 2020, has over 100,000 downloads and is currently being used by thousands of students across Nigeria to prepare for examinations. uLesson has partnered with state governments such as the Plateau state government to provide this solution to children across the state. Other companies operating in this space and providing similar services include Pass.ng, schoolgate.ng, etc., which have been accredited by the Nigerian Federal Ministry of Education to warehouse virtual content which can be accessed online and offline. It is important to note that the underlying factors driving the adoption of technology-leveraged solutions in the Nigerian education sector are high rates of smartphone penetration as well as broadband and mobile telecommunication connection across regions of the country.

Technology-backed educational institutions offering online education have begun to reap the dividends of investing in telecommunication infrastructure following school shutdowns during the COVID-19 pandemic. The pandemic has made the opportunities for technology adoption in the Nigerian educational sector, from delivery of lessons to examinations, more visible.

Opportunities

Several opportunities exist for U.S. higher education institutions, and suppliers of educational products and services across the Nigerian educational sector.

Nigerians increasingly favor foreign education over that provided locally due to the inadequacies in the Nigerian educational system. However, due to the high cost of procuring foreign education, many Nigerians cannot travel abroad, and have therefore adopted a distance learning posture, or a hybrid learning mode of virtual and physical learning. U.S. higher education institutions can take advantage of this opportunity by partnering with local educational institutions/partners to provide educational services. The huge market for private universities in Nigeria (with typical

fees of \$3,000 to \$6,000) makes this opportunity feasible for U.S. educational institutions seeking to enter/expand in Nigeria.

U.S. suppliers are favored in Nigeria for the provision of technology-based solutions. For example, a U.S. based company supplies smart cards to WAEC for candidate verification during its annual WASSCE exams. In addition, U.S. based technologies are increasingly being adopted at computer-based testing centers across the country. With the advent of COVID-19, a number of institutions, including the Lagos Business School, pivoted to using Zoom, a California-headquartered company, to deliver lectures to students.

The pandemic has created an opportunity for U.S. companies selling educational solutions for online lectures and exams to Nigerian universities, particularly private institutions. (Federal and state government universities, due to dwindling government revenues in 2020, are likely to have less capacity to purchase services in the short-term.)

Resources

[Budgit](#)

[uLesson](#)

[Stears Business](#)

[National Universities Commission](#)

For more information, e-mail: Adesina Anthony A., U.S. Commercial Service, U.S. Consulate General, Lagos, Nigeria at Anthony.Adesina@trade.gov

Trade Shows:

EdTech and Distance Learning Virtual Connection Program: August 10- 14, 2020

Location: Online

Electricity Power Systems & Renewable Energy

Overview

Unit: USD thousands

	2015	2016	2017	2018	2019	2020 (estimated*)
Total Market Size	312,244	218,571	255,407	162,379.2	165,789.2	158,494
Total Local Production	9,844	6,891	8,867	9039.02	9228.8	9007
Total Exports	1,698	1,189	898	915.42	934.65	893.5
Total Imports	302,400	211,680	151,320	154,255.6	157,495	356,444
Imports from the U.S.	51,348	49,807	20040	100,240	102,345	171,565
Exchange Rate: 1 USD	193	246	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Independent Power Producers and other local sources such as Manufacturers Association of Nigeria, National Bureau of Statistics.

Total Exports: Independent Power Producers and other local sources such as Manufacturers Association of Nigeria.

Total Imports: Independent Power Producers and other local sources such as Manufacturers Association of Nigeria.

Imports from U.S.: U.S. Census Bureau, ITC Trade Map

**Estimates for 2020 based on estimated GDP trends across the sector*

In 2013, the Nigerian government privatized 11 electricity distribution companies (DISCOs) and six generating companies (GENCOs) while retaining 100% ownership of the Transmission Company of Nigeria (TCN) as part of a wider strategy to reform the sector and stimulate growth. The country's ongoing comprehensive power sector reforms aimed at expanding capacity, increase electricity access and upgrade transmission are broadly on track. Nigeria's power generation is mostly thermal and hydro with installed capacity of about 12,522 MW. The country is part of the Economic Community of West African States and part of the West African Power Pool (WAPP), a specialized agency of ECOWAS that includes 14 of the 15 countries in the regional economic community, set up to promote and develop power generation and transmission infrastructures as well as to coordinate power exchange among the ECOWAS member states. Nigeria currently supplies electricity to the Republic of Benin, Togo and Niger.

It is important to note that the Nigerian power sector will require substantially more investment to achieve reliable 24/7 power supply. Industry operators estimate that the country will require as much as \$100 billion in investment over the next 20 years. The World Bank is financing a \$486 million International Development Association credit for the Nigerian Electricity Transmission Access Project (NETAP), part of the Transmission Rehabilitation and Expansion Program (TREP), to support the rehabilitation and upgrade of Nigeria's electricity transmission substations and lines, to expand the power transmission network and allow distribution companies to improve supply to consumers. Following the roll out of TREP I, which is fully donor funded, the Government is currently sourcing funding for TREP II, in hopes of further increasing transmission capacity. TCN has raised over \$1.6 billion through TREP, which seeks to rehabilitate, stabilize, provide requisite flexibility, expand wheeling capacity of the grid and create ample redundancy in line with international reliability standards.

Other ongoing programs include the Meter Assets Provider regulation which was rolled out in 2018. The Regulation aims to bring new money into the market to finance meter deployment to close metering gaps (currently less than 50% of customers are metered), remove estimated billing and related issues, and begin to alleviate some collection related challenges faced by the electricity distribution companies (DISCOs).

Industry sources indicate that the country will need an additional 26.6 GW generation capacity to meet demands through 2020. This will be comprised of 30% capacity from coal, about 2,200 MW from the NIPP projects (1,896 MW), IPPs (296 MW) and FGN legacy assets (installed – thermal: 5.6 GW, hydro: 1.3 GW and wind (pilot) 10MW).

In addition, GON is also investing heavily to boost generation through large, medium and small hydrostatic power plants with total capacity of over 6,024 MW, including Mambilla - 3,050 MW; Zungeru -700 MW; Gurara 11 - 360 MW; Lokoja – 750 MW, Makurdi – 1,000 MW, small hydropower - 84 MW; Itisi – 40 MW and Kashimbila - 40 MW.

The Nigerian government has rolled out a 2.3 trillion Naira (about \$5.9 billion), stimulus plan to help support the economy. International organizations are also providing support for Nigeria’s power sector with the AfDB (already working with the country on a \$410 million transmission project) pledging to invest an additional \$200 million through the Rural Electrification Agency (REA), to expand Nigeria’s power sector and improve access to electricity. The World Bank approved an additional \$750 million Power Sector Recovery Operation (PSRO) loan for Nigeria to achieve financial sustainability, enhance accountability and ensure the supply of 4,500 MW/h of electricity to the grid by 2022. In 2019, the Bank approved a \$550 million loan for Nigeria to develop mini grids and solar home systems based on its projections that the country’s mini grid subsector was set to expand rapidly. The Power Sector Recovery Program (PSRP) was initiated in 2017 by the Nigerian government, in collaboration with the World Bank, as an operational and financial intervention to review and address the power sector financial deficit. According to the PSRP, Nigeria requires about \$7.5 billion funding to bail out the power sector and this figure is expected to grow by nearly \$1.5 billion annually.

In June 2020, the Government approved a \$120 million for the continued construction and completion of the Kashimbila multipurpose dam in Taraba State, expected to generate 40 MW and water for the community. The government recently signed a six-year, 1.15 trillion Naira (about \$3.8 billion) contract with Germany’s Siemen AG for a three-phased electrification project aimed at increasing Nigeria’s power to 25,000 MW. According to the Technical and Commercial Proposal released in May 2019, the first phase of the project will add an additional 2,000 MW, significantly reduce aggregate technical, commercial and collection losses and achieve improved grid stability and reliability. The scope of work for the first phase would entail transmission and distribution assets upgrades, grid automation, national metering infrastructure, power system simulation and general technical training.

The NNPC-Abuja 1350-megawatt power plant, which received a \$1.16 billion funding commitment from USTDA, is set to benefit from the AKK gas pipeline being built. The power plant project is being built by U.S. companies GE and Continuum Associates, in partnership with the NNPC. In addition to ongoing power projects in Nigeria, the Nigerian government has signed a \$2 billion power production agreement with Siemens under the Presidential Power initiative. The project is expected to boost Nigeria’s electricity production to 25,000 megawatts by 2023. The NNPC plans to build two more power plants in Kano and Kaduna, bringing the total capacity of the three projects to 4600 MW of electricity production capacity.

Power Africa: Launched in 2013, Power Africa is a market-driven, U.S. government-led public-private partnership to double access to electricity in Sub-Saharan Africa. It also serves as a one-stop shop for private sector entities seeking tools and resources to facilitate doing business in Africa’s power sector. In 2016, the Electrify Africa Act unanimously passed both houses of Congress and was signed into law, institutionalizing Power Africa and establishing two goals; to add 30,000 MW of generation capacity and expand electricity access to 60 million people in sub-Saharan Africa by 2030. In bringing together more than 170 of the world’s top companies, development institutions, and financial entities, Power Africa employs a technical assistance-centered approach to directly address key constraints to project development and investment in the power sector. These interventions aim to de-risk investments and improve the overall enabling environment for private sector investment from facilitating project bankability with financing and risk mitigation, to providing technical and transaction support, to engaging with host-government counterparts. Learn more about the full Power Africa toolbox at <https://www.usaid.gov/powerafrica/toolbox> or other opportunities offered by Power Africa at <https://www.usaid.gov/powerafrica>.

Power Africa Support: Power Africa has provided significant transaction assistance to the Government of Nigeria and private sector entities in accelerating landmark power projects, including Nigeria’s first IPP which reached financial close in 2015 and added 450 MW to the grid. Since April 2018, Power Africa has facilitated the financial close of 1003.2 megawatts of generation capacity; achieved 269,058 new off-grid connections and unlocked \$277.3 million in investments for on-grid generation and off-grid projects in Nigeria. Power Africa also played a key role in assisting the Nigerian government in unbundling the electricity sector into six generation companies, eleven distribution companies, and the Transmission Company of Nigeria. Critical to this support has been the role of the Overseas Private Investment Corporation (OPIC) (now the U.S. International Development Finance Corporation

(DFC)) in providing much needed investment funding for IPPs and USTDA in modernizing distribution networks, while reducing technical and commercial losses. Without more generating capacity, it will be difficult to connect additional customers to the grid, thus Power Africa is supporting the growth of off-grid options including mini-grids and rooftop solar through technical assistance to electrify communities, and residential and small commercial customers. As an example, Power Africa has developed various tools, business models and guidance documents for the Nigeria Rural Electrification Agency (REA), investors, and private sector companies seeking to access the market.

Learn more about how Power Africa is partnering to address key challenges in Nigeria's electricity sector and supporting private sector investment in electrical power equipment at:

<https://www.usaid.gov/powerafrica/nigeria>. For more information, please contact us at: powerafrica@usaid.gov.

Leading Sub-Sectors

Two (2) major subsectors currently exist within the electrical power sector in Nigeria:

- Electrical equipment, and
- The renewable energy subsector.

Electrical Equipment Subsector

The electrical equipment segment is large and has a high potential for growth in the future. Electrical equipment such as electrical wires, power generating machines, inverters, transformers, conductors, meters, switch gears, capacitors, distribution boards, voltage regulators etc., are all used in Nigeria on a large scale. Most of the demand for electrical equipment in Nigeria is supplied by foreign countries, due to low production capacity and expertise in the country.

Renewable Energy

In 2006, GON initiated the Renewable Energy Master Plan (REMP) aimed at increasing the supply of renewable electricity (wind, solar, biomass and small hydro) from 13% of total installed electricity generation capacity in 2015 to 23% in 2025 and 36% by 2030. The country also expects to add 30% capacity from coal with the objective of increasing the country's power generation capacity to 10,000 MW.

With over \$12 billion spent per annum on electricity at a cost of 140 Naira per kWh or \$0.50/kWh, there is a market for less expensive, off-grid power solutions for companies and households in Nigeria. With local companies working to fill this gap, there is high demand for equipment such as solar panels, installation equipment, distribution equipment, batteries etc. as part of their solutions. Due to the lack of production capacity for such equipment in the country, U.S. manufacturers have an opportunity to export such equipment to the companies operating in this segment of the market.

Currently, the energy mix in Nigeria is dominated by thermal (75%) and hydro (25%) power generating sources. The Nigerian government has embraced the use of renewable sources such as biomass and solar for the production of electricity mostly for rural and semi-urban areas that are out of the reach of distribution companies. The government, through the Rural Electrification Agency (REA), has actively been commissioning electrification projects since 2014 in rural areas, using solar energy as the main source of electricity. According to the agency's impact report released in January 2019, the REA recorded over 99,450 connections in a 20-month period, and sourced over \$550 million in funding for investment in rural areas and market areas in the country.

Solar: Nigeria signed a Power Purchase Agreement (PPA) with 14 solar firms for solar power plants across the country, expected to add about 1.1 GW of power to the grid. There have been concerns about the capacity of the current transmission infrastructure to accommodate the additional power generation. Industry watchers believe smaller solar plants are viable for rural communities, especially in the northern parts of Nigeria, which is estimated to hold the most potential for solar energy - particularly rural communities that are off grid and can benefit from small micro grid projects and solar plants. Power Africa has been instrumental in helping suppliers of solar home systems to better understand and enter the Nigerian market.

Hydro: Nigeria is estimated to have total exploitable large-scale hydro power potential of over 14,120 MW, capable of producing 50,832 GW of electricity annually. Its potential for small hydro power is estimated at 3,500 MW of which only 60.58 MW (about 1.7%) has been developed. The country's hydroelectric energy is about 20% of installed capacity. Studies estimate that there is potential for 11,500 MW in large hydro power plants and up to 730 MW in small hydro-power projects.

Wind: Nigeria has great potential for onshore power generation and a 100 MW wind power project is already under development, while offshore wind resources are being evaluated and mapped out.

Biomass: The Nigerian government, through the national oil company, the Nigerian National Petroleum Corporation (NNPC), has a renewable energy division that has mapped out biomass options/opportunities in the sector and has a mandate to expand the automotive biofuels industry. Their project, which will be executed as a Public-Private-Partnership (PPP) with NNPC as a minority shareholder, will use sugarcane and cassava as key biomass raw materials. However, this has been stalled due to a lack of appropriate legislative framework, appropriate equity financing and a biofuels policy.

Coal: Coal-fired electrical power is also being explored by the Nigerian government as an additional source of power. HTG-Pacific Energy (a Chinese consortium) signed an MoU with the GON for the exploration and mining of coal bricks. The MoU is expected to be followed by a Power Purchase Agreement (PPA) which will boost investors' confidence in the 1,000 MW, coal-fired plant project. However, the absence of infrastructure in both the power and mining sectors, coupled with lack of skilled coal mining labor, may hinder the development of large-scale, coal-fired power in Nigeria

Opportunities

There continues to be widespread self-generation, which significantly impacts costs of doing business. However, various opportunities, including transmission and distribution (T&D) network upgrades, and expansion of backbone infrastructure, metering, billing and collection software systems and solutions in addition to theft and loss prevention systems are available. Nigeria presents a significant opportunity for U.S. manufacturers and suppliers of diesel-operated generating sets (20-500 KVA). Until service is improved, corporate offices, service providers and individuals have to generate their power needs (ranging from 20 KVA to 500 KVA) and U.S. diesel-operated power equipment is preferred.

There are tremendous opportunities for U.S. companies in Nigeria's power sector, however, U.S. companies still face competition from Chinese, U.K., French, German, Indian and Korean companies for projects and sale of electrical equipment in the Nigerian market. The country's growing population and its ambition to become an industrialized nation continues to increase its power infrastructure needs. There are opportunities for U.S. companies in equipment exporting – as well as training and technical services.

Government Opportunities

According to the National Integrated Infrastructure Master Plan (NIMP), the power sector accounts for the largest proportion of proposed investments over the next thirty years in Nigeria. The \$2 billion Siemens agreement is an indication that the government will increase spending in the electricity segment. The government is also developing Integrated Power Projects (IPPs) in order to increase the country's production capacity.

U.S. firms interested in the power sector are encouraged to explore opportunities in the following areas:

- Building of transmission and distribution infrastructure: construction of a transmission infrastructure to wheel increased power generated by GENCOs and sold to DISCOs. This is expected to enhance Nigeria's national grid and enable independent power plants interconnect and sell their power
- Joint Venture partnerships to build off-grid captive power plants (5–19 MW) for resale to manufacturing industries in strategic cities (GoN Power Reforms allow off-grid sales of generated power)
- Partnerships to offer technical services to newly privatized GENCOs and upgrade of existing equipment (turbines, turbines, generators, and ancillary systems)
- Renewable Energy (RE) systems: solar, wind, biomass technologies
- Technical services to DISCOs for proper metering and billing systems
- Supply of prepaid meters to DISCOs
- Training of GENCO and DISCO technical personnel for maintenance of equipment
- Sale of Heavy-duty Power Plants (100 KW to 1 MW): Most companies operating in Nigeria provide their own reliable source of power such as diesel-operated heavy-duty generating sets. U.S. and European-origin

equipment is preferred in view of its reliability and serviceability. U.S. manufacturers of power equipment may utilize the guarantees provided by Ex-Im Bank and DFC as incentives to purchasing plants from the United States. Ex-Im Bank has put forth a plan to provide up to \$1.5 billion in financing and guarantees in the Nigerian power sector.

Support Services:

- Provision of specialized training for electricity industry technicians and managers.
- Assembly Plants for intermediary power equipment and accessories, including meters
- Consultancies in regulatory and consumer education initiatives
- Provision of power sector specific equipment testing, calibration and logistics services
- Smart metering devices, both manufacturing and servicing
- Manufacturing of electricity generation, transmission and distribution equipment/spare parts

Trade Events

- Nigerian International Power Expo & Conference (<https://www.nigeria-energy.com>), September 22-24, 2020
- Future Energy Nigeria (<https://www.future-energy-nigeria.com/>), November 10 – 11, 2020
- Nigeria Alternative Energy Expo (<https://nigeriaalternativeenergyexpo.org/>) October 20-21, 2020
- USA FAIR 2020: ACCESS NIGERIA (April 28-30, 2020 - TBC) , Eko Convention Center, Victoria Island, Lagos. Organized by the US Commercial Service exclusively for American exhibitors to meet thousands of prospective Nigerian businesses.

Web Resources

Federal Ministry of Power, Nigeria: <http://www.power.gov.ng/>
Nigerian Electricity Regulatory Commission: <http://www.nercng.org/>
Energy Commission of Nigeria: <http://www.energy.gov.ng/>
Nigerian Bulk Electricity Trading Plc: <http://nbet.com.ng/>
Renewable Energy Programme (part of the Nigerian Ministry of the Environment): <http://renewableenergy.gov.ng/>
Nigerian Electricity System Operator: <http://www.nsong.org/>
Nigerian Rural Electrification Agency: <https://rea.gov.ng/>
Nigerian Electricity Liability Management Company: <http://nelmco.gov.ng>

Key Agencies in the Nigeria Power Sector:

- Federal Ministry of Power, Works and Housing – Policy formulation and consistency
- Nigeria Electricity Regulatory Commission – Issuance of licenses and regulation
- Nigeria Bulk Electricity Trading Company Plc – Power purchase agreements
- Nigeria Electricity Liability Management Company – Mandated to take over management and settlement of power purchase agreement obligations and other legacy debts.
- Bureau of Public Enterprise -Support privatization of Nigerian legacy assets
- Gas Aggregation Company of Nigeria – Allocation of gas for domestic use
- Transmission Company of Nigeria – Management of the national grid
- Nigeria National Petroleum Company – Gas infrastructure and transportation
- Rural Electrification Agency – Remote and off grid projects
- Nigerian Electricity Management Services Agency– Testing and certification of electrical components for quality and suitability
- Advisory Power Team (Vice President’s Office) – Facilitating cross-sector solutions

For more sector information, e-mail: Benedicta N. Nkwoh, U.S. Commercial Service, U.S. Consulate General, Lagos, Nigeria at Benedicta.Nkwoh@trade.gov

Franchise Sector

Franchising in Nigeria is a well-utilized model for business expansion, used by both multinational businesses and local businesses in Nigeria. It can be said that the franchise sector in Nigeria has evolved from a state of not being well understood and utilized to a state where understanding of the franchise model is growing and actively being discussed. The country has two main bodies overseeing franchise operations in Nigeria and they include the National Office for Technology Acquisition and Promotion (NOTAP) and Nigerian International Franchise Association. Based on a survey of some franchise operations in Nigeria, four main franchising models are used in the country:

- Trade Name Franchise
- Business Format Franchise
- Master Franchising
- Product Franchising

Nigeria's population of over 200 million makes the country the most populous in Africa. While the large population is expected to accelerate the growth of franchises in the country, some economic factors significantly affect this growth such as the low purchasing power of a large percentage of the population. This effectively reduces the market size for products priced above the reach of this proportion of the populace. The low purchasing power of the majority reflects in the high price sensitivity of the market. Franchises looking to come into the market must be mindful of this price sensitivity in developing their business model, pricing their products and segmenting their market.

The availability of credit and the interest rate also affects the growth of franchises in Nigeria as credit helps customers augment or facilitate the purchase of items. According to Trading Economics.ng, the current interest rate is 13.5% and this affects the cost of financing via debt as the loan repayment is structured to accommodate the current high interest rates which in turn reduce the consumer purchasing power. In light of the Corona Virus Disease 2019 (COVID-19) financial institutions are availing credit facilities to sectors dubbed "essential services/goods" by the government. These sectors are reportedly flourishing irrespective of the COVID 19 pandemic. They include the health sector, food processing, manufacturing and FMCGs. Inflation has also played a role in increasing the prices of goods and services and reduces the consumer purchasing power which in turn can hinder growth of franchisees. Nigeria's inflation rate is at an all-time high at 12.56% as at July 17th, 2020. Loss of income and reduction in salaries of individuals as a fallout of COVID-19 has also resulted in reduced purchasing power.

Cost of doing business for Franchises is also on the rise, especially for dependent on imported components for their business. The constant fluctuations in the exchange rate and the recent devaluation of the Naira to N380/\$ officially by the CBN and the current black market of approximately 470/\$ has resulted in higher costs for franchises. This cost may in turn be passed on to the consumers in form of higher prices for goods and services ultimately leading to inflation and lower purchasing power. In 2019, the value-added tax rate was increased from 5% to 7.5%, resulting in increased cost of goods and services for franchises in Nigeria.

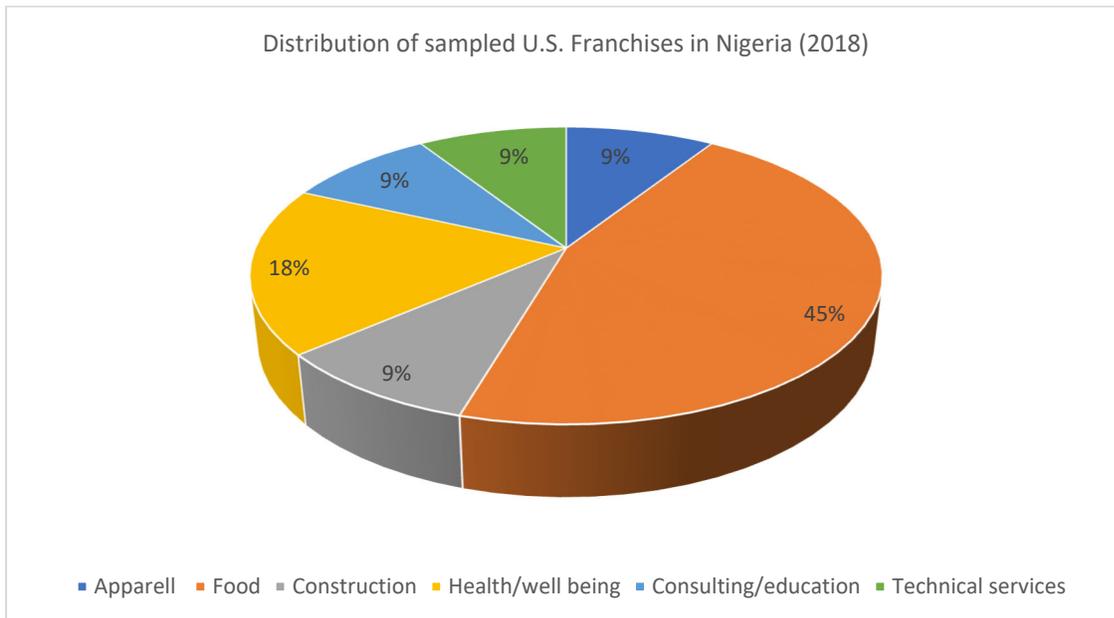
Top Franchises in Nigeria

Quick Service Restaurants (QSRs) and Fast Food operations account for the top franchises in the country based on volume. South Africa and the U.S. companies account for the highest owners of franchise operations in Nigeria. Some top franchise operations, which span the food service and consumer goods sectors, include:

- Dominoes (U.S.)
- Johnny Rockets (U.S.)
- Kentucky Fried Chicken (U.S.)
- Krispy Kreme (U.S.)
- Mr. Price (South Africa)
- SPAR (South Africa)
- Ocean's Basket (South Africa)
- Shoprite (South Africa)

State of US Franchise in Nigeria

In 2018, the FCS in Lagos conducted a market research on identifying the U.S. franchises in the country and it was discovered that about 45% of the U.S. franchise operators do business in the Food and confectionary space followed by Health and Wellbeing, accounting for 18% while Apparel, construction, consulting and technical services account for 9% of total franchise operators each.



The general distribution of U.S. franchises in Nigeria is in tandem with the general distribution of franchise operations of companies from other countries. The food and confectionary segment represent one of the largest opportunities for revenue generation due to factors such as;

- Increasing population; with over 50% below the age of 35
- Desire for the consumption of foreign brands amongst the bourgeoning young population
- Huge market gap for QSRs

U.S. franchises operating in the country have had to adjust to the economic situation in the country which has continually been declining due to fluctuations in global oil prices which serves as the major revenue generator for the Nigerian government. Domino's pizza, for example, has created a cheaper product priced at \$1.44 or 550 Naira, to attract more customers with lower purchasing power. In 2020, the Nigerian economy is expected to contract by as much as -5.4% (according to the IMF) due to the combined effects of low oil prices and the novel COVID-19 pandemic. However, the Nigerian Government through the Economic Sustainability Plan (ESC) has begun to take steps to manage this contraction rate to -0.59 % by introducing an economic stimulus package of 2.3 trillion Naira for the economy. The expected economic contraction may have an effect on the U.S. franchises in the country as revenues may reduce due to lower spending by the populace and this will negatively affect expansion plans of the businesses. In addition to these challenges, foreign exchange risk in the country continues to be a challenge as the country's foreign exchange rate has lost over 100% of its value in the past 4 years. For example, Krispy Kreme became operational in 2018 when the exchange rate was 360 Naira to 1 dollar; however, the exchange rate is currently 380 Naira to 1 dollar, representing a 6% devaluation rate. This will have an effect on royalty payments which will be paid in dollars.

Challenges in the Franchise Sector

U.S. franchises in Nigeria have the strong presence of the U.S. government, through the FCS, and other U.S. affiliated agencies to leverage on as strategic resources. These resources reduce the number of institutional challenges such as

adverse regulations and adverse policies that can affect U.S. companies in the country. However, U.S. franchises continue to face market-based challenges related to poor economic conditions in the country. Some of these challenges include:

- Foreign Exchange risk
- Low level of infrastructure
- Declining consumer spending power
- Ban on dairy products

Foreign Exchange risk: The Nigerian Naira has continued to weaken against the dollar and the costs to businesses is high. Businesses that have high naira exposure but purchase raw materials in foreign currencies have witnessed a significant increase in costs while revenues have declined or at best remained flat. Innovative businesses have created products and adjusted their business models to fit into this new reality.

Low level of Infrastructure: Nigeria's infrastructure stock was estimated to be 30% of GDP as against the World Bank's recommendation of 70%. The country's infrastructure deficit cuts across a number of segments with power and roads being the most salient. The country produces 141kWh of electricity for its 200 million people compared to over 5000kWh for 50 million people in South Africa. The lack of stable electricity in the country has resulted in businesses creating their own electricity through the use of power generating sets. It is estimated that power accounts for over 60% of the costs of doing business in Nigeria and this also applies to U.S. companies which are known to provide quality service without compromising business qualities.

Declining consumer spending power: In 2020, [SBM intelligence](#) conducted a research on the income distribution and spending pattern of 1633 respondents across major cities in Nigeria. The result of the company's research showed that 63% of respondents were unable to spend more money on other pleasures after food had been taken care of. The company concluded that the effective market size for businesses outside of the food sector was about 37% of the population or about 74 million of over 200 million people. This poses a risk to the revenue of U.S. companies that may have forecasted revenue using numbers higher than the current effective market size based on economic realities.

Ban on Dairy products: In July 2019, the Central Bank of Nigeria (CBN) banned commercial banks and other authorized dealers from accepting Form-M for the importation of milk and other dairy products, effectively banning access to foreign currency for the importation of these products. The CBN noted that \$1.2-\$1.5 billion was being spent annually importing milk into Nigeria hence this decision would reduce that and stimulate the local production of milk and growth of the local dairy sector. Foreign companies requiring dairy products as part of their raw materials were advised to invest in the local dairy sector. By February 2020, the CBN announced that six companies who had keyed into the bank's backward integration program for milk production had been exempted from the ban. These six companies had their full access to Form M for the importation of dairy products restored. Two American companies were included in the six. Other players in the industry requiring dairy products now engage with these companies for purchase of milk and other dairy products. The American Business Council and the U.S. Commercial Service are engaged in an ongoing dialogue with the Nigerian government regarding the dairy ban.

Opportunities and General insights

Based on our understanding of the market and conversations with industry experts and stakeholders, opportunities for *market share increase, acquisitions and business scope expansion* exists for U.S. franchises in the country. Due to the current state of the economy, businesses without the capacity to survive will pull out (e.g Mr Price has announced they will be leaving Nigeria), hence, creating a market gap that will need to be filled by more effective businesses with better models that can help them survive in the Nigerian economy. Some of the sectors where significant opportunities exist for franchises in Nigeria include: food, movie, logistics, medical health care, educational services and beauty care.

The IMF has estimated a growth of ~2.0% in spite of the 2020 contractions) for the Nigerian economy in 2021; therefore, businesses that are able to withstand the economic turmoil will enjoy the benefits of increased patronage due to market share gained from competitors that have exited the market during this period.

The Nigerian government is taking some steps to improve the business environment and this will be beneficial to U.S. Franchises. Some of these steps include:

- Through the CBN, the government is enacting regulations which help improve the availability and accessibility of credit facilities
- Provision of the NOTAP Act which regulates the transfer of foreign technology to Nigeria. This thereby regulates any franchise agreement involving the transfer of technology
- Facilitation of business incorporation and registration of non-nationals for business purposes. Business registration has now been digitized and can be carried out on the website of the Corporate Affairs Commission (CAC)
- Provision of seamless trade mark process. With trademarks privileges lasting between 7 to 14 years
- Deployment of a Franchise Bill is pending since 2016 before the Senate. It is currently at the third stage of reading at the House of Assembly. This regulation will help tackle the existing loopholes
- Federal government's mandatory directive to dairy companies to source local raw material for their milk products, has curbed the hitherto existing huge capital flight, thus boosting the backward integration of the supply chain Nigeria. This has created a viable market for franchisees in consumer goods and agriculture value chain.

Web Resources

[Franchising Standards and Market Performance of Fast Food Firms in Port Harcourt, Nigeria](#)

[Franchising in Africa: Growth in the Industry and Data Privacy and Protection Issues](#)

[Nigeria Economic Sustainability Committee \(ESC\), 2020: Bouncing Back](#)

[Reinventing Business Growth through Franchising in Developing Economies: A Study of the Nigerian Fast Food Sector](#)

<https://www.vanguardngr.com/2020/07/nigerias-inflation-rate-hits-12-56-%e2%80%95-nbs/>

<https://tradingeconomics.com/nigeria/gdp>

For more sector information, e-mail: Chidinma Akaniro, Commercial Specialist, U.S. Commercial Service, Nigeria, at Chidinma.Akaniro@trade.gov

HealthCare Sector

Overview

Unit: USD thousands

	2017	2018	2019	2020 (estimated)
Total Market Size	119,538	232,148	220,000	250,000
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	119,538	232,148	220,000	250,000
Imports from the U.S.	8,720	8,754	7,256	10,000
Exchange Rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry Contacts

Total Exports: UN Comtrade

Total Imports: UN Comtrade

Imports from U.S.: UN Comtrade

Compared to South Africa’s sophisticated healthcare infrastructure, the most advanced on the continent, the Nigerian medical system is still underdeveloped and lacks modern facilities. There is a wide lack of qualified medical professionals, with the country having 35,000 doctors despite needing 237,000, according to WHO figures, partially due to massive migration of healthcare workers overseas in search of greener pastures. As a result, Nigeria loses at least 1.5 billion dollars every year to medical tourism according to the Nigerian Medical Association (NMA). Of this figure, India accounts for more than half from nearly 5,000 Nigerian patients. To reverse this trend and ensure access to health for all Nigerians, the Nigerian government In February 2017, approved the second National Strategic Health Development Plan (NSHDP II). According to Prof. Isaac Adewole who was the Minister of Health, the policy provides direction necessary to support the achievement of significant progress in terms of improving the performance of the national health system. It also lays emphasis on primary healthcare as the bedrock of national health system in addition to providing financial risk protection to all Nigerians, particularly poor and vulnerable populations. An Oxford Business Group report on the Nigerian healthcare sector indicates that the Nigerian Sovereign Investment Authority (NSIA) in partnership with the Federal Ministry of Health (MoH), has signed a series of agreements to modernize and expand health care services through private sector participation. The agreements look to develop the capacity of specialist hospitals and diagnostic centers to ensure they can provide advanced medical care services. So far, a total of ten memorandums of cooperation have been signed between the NSIA, the MoH and various health care facilities throughout the country’s six geopolitical zones, with six of the agreements already in advanced stages. For example President Muhammadu Buhari in February 2019 commissioned the newly built Lagos University Teaching Hospital (LUTH) Cancer Care Center in Lagos with equipment supplied by Varian Inc. USA. In addition to its collaboration with the NSIA, the MoH has also set ambitious new targets to increase access to health facilities, with a specific aim to increase the number of primary health care centers (PHCs). As part of its goal to ensure access to health care for 100m Nigerians, the MoH plans to build 10,000 PHCs throughout the country with at least one PHC per ward to facilitate health care access across a wide geographic area.

In addition to improving the quality of care and expanding infrastructure, the government is also looking to reduce barriers to insurance coverage. Although Nigeria's National Health Insurance Scheme (NHIS), introduced in 1999, targets universal coverage, penetration remains persistently low. Less than 5% of the population is currently enrolled in the NHIS, and an estimated 120 million Nigerians currently do not have health insurance coverage according to local media while other sources cite even less at just 10% of the population. Payment for treatment is largely out-of-pocket for most of the population. One major impediment to increasing participation rates is the non-mandatory nature of health insurance in Nigeria according to the NHIS. While most employees in the federal civil service are currently subscribed to the program, the NHIS has yet to capture most citizens, including those individuals working in the country's large informal sector. Stakeholders in the health insurance sector such as the NHIS and health maintenance organizations (HMOs) are also calling for legislation that would make it mandatory for employers with more than 10 employees to provide health insurance. Meanwhile, the competitive nature of the insurance market means that HMOs often cut prices to gain market share, which in turn results in poorer quality services for patients. According to the NHIS, there are 40 accredited HMOs in Nigeria, with each vying for greater market share.

In response to the Covid-19 pandemic, the government through the National Center for Disease Control (NCDC) rolled out the "National Strategy to Scale up Coronavirus Disease Testing in Nigeria". This plan includes, expanding existing NCDC laboratory network for molecular RT PCR, leveraging capacity within the HighThroughput HIV molecular testing laboratories, repurposing Point of Care tuberculosis testing GeneXpert machines for COVID-19 testing, engaging private sector clinics and laboratories and using antigen and antibody tests to learn more about the disease. According to the NCDC, the rapid investment in establishing molecular laboratories highlights the critical need for a well-defined hub and spoke model for public health laboratories in Nigeria. The goal is to ensure that every state in the country establishes a molecular laboratory, which will be linked to the NCDC National Reference Laboratory in a hub and spoke model. The molecular lab in each state will also serve as a state-level hub, to ensure that every state has a well-coordinated structure for other disease specific laboratories such as for HIV and tuberculosis.

Leading Sub-Sectors

Most private clinics cannot afford new equipment and therefore settle for used ones. The United States is competitive with medical devices such as diagnostic equipment, Magnetic Resonance Imaging (MRI), Computed Tomography scan (CT), Digital X-Ray, Mammography and Ultrasound Scans. Test kits, especially those for testing for malaria parasites, drug abuse, and infectious diseases such as HIV/AIDS and tuberculosis will also do well in Nigeria. With respect to vitamins, the United States has a better opportunity than most countries due to the quality of U.S. medicines. China is a dominant offshore supplier of very basic, low tech instruments which most private clinics can afford. All medical devices and medicines entering Nigeria must first be registered with the National Agency for Food and Drug Administration and Control (NAFDAC) and the Standards Organization of Nigeria (SON) prior to import.

Opportunities

As part of its health sector intervention for the Covid-19 pandemic, the Nigerian government through its national oil company, the National Petroleum Corporation (NNPC), plans to build 14 medical centers as well as expand and upgrade two Intensive Care Units (ICU) in the country's six geopolitical zones. The project will cost about \$58 million. With the government lacking the funds to implement its health sector plans, the private sector is emerging as the indispensable player to improve Nigeria's healthcare fortunes. Federal and state governments are using the Public Private Partnership (PPP) model to attract private sector participation in health projects. For example, Lagos State plans to build a 120-150 hospital bed Medical Park (MediPark) through a PPP to offer a full spectrum of excellent quality high technology cutting edge specialist medical and diagnostic services. The project will cost US\$247.3 million and will be developed on an 18,750.15 square meter site previously used for the Lagos State School of Nursing.

Most Nigerian hospitals still store patient records manually using traditional paper methods. This indicates a good market opportunity for simple and affordable Electronic Medical Record (EMR) systems. Medical expertise remains in short supply. Therefore, medical training and education services will do well. Prospects are also emerging in

hospital administration, management and consulting services. The Covid-19 pandemic has uncovered opportunities for telemedicine. E-health service providers have reported a surge in new subscription levels. They say more people are turning to telemedicine platforms for medical consultation with doctors to avoid visiting hospitals for fear of getting infected. The government, which before the pandemic paid little attention to telemedicine, has begun adopting the technology as part of its public health intervention programs. E-health professionals foresee a continuing upsurge in demand for telemedicine services after the pandemic, a trend they say would be sustained through persistent user engagement and education on the importance of telemedicine.

Challenges

Medical devices and pharmaceutical products must be registered with the National Agency for Food and Drugs Administration and Control (NAFDAC) before they can be imported into Nigeria. This process can be painfully long, rigorous and involves the submission of several documents. Product counterfeiting is rampant and rights enforcement is weak. Nigeria is experiencing declining revenues due the fall in oil prices and this is affecting the government's ability to fund its healthcare procurements and projects. Therefore, U.S. companies must plan to back their project propositions with financing to be competitive.

Web Resources

www.nafdac.org.ng

<http://www.health.gov.ng/>

<https://www.medicwestafrica.com/content/dam/Informa/medic-west-africa/english/2019/NigeriaMedicalDeviceMarketOverview.pdf>

[Lagos Medipark Project](#)

[Telemedicine Opportunity](#)

Local Trade Shows

Medic West Africa

October 7-9, 2020

Eko Convention Center, Victoria Island

Lagos, Nigeria

<https://www.medicwestafrica.com/en/home.html>

For more sector information, e-mail: Chamberlain Eke, Commercial Specialist, U.S. Commercial Service, Nigeria, at Chamberlain.eke@trade.gov

Information & Communications Technology (ICT) Sector

Overview

Unit: USD thousands

	2017	2018	2019	2020 (Estimated)
Total Market Size	100,255.14	108,725	NA	
Total Local Production	3,570.85	3,865	4,432	
Total Exports	0	0	0	
Total Imports	96,883.44	104,860		106000
Imports from the U.S.	61,238.95	69,503	109,750	95000
Exchange Rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry Contacts

Total Exports: NA

Total Imports: UN Comtrade

Imports from U.S.: UN Comtrade

The Information and Communications Technology (ICT) sector has continued to maintain some buoyancy in Nigeria's economy contributing as much as 14% to the GDP in 2019 up from 13.32% that was recorded in the preceding year. This impressive growth is attributable to several years of policy implementation and investment drive in the sector. Though Nigeria still remains a major ICT powerhouse on the continent, there have been reports of a recent slow-down caused by rising exchange rates which in turn resulted in foreign exchange scarcity, hampered investments and resulted in increased cost of procuring equipment.

The country is still easily regarded as Africa's largest ICT market with 82% of the continent's telecoms subscribers and 29% of Internet usage. Sub-Saharan Africa is also projected to be the fastest growing region with a CAGR of 4.6% and an additional subscriber enrollment of over 167 million in the next five years. Nigeria is expected to account for over 55% of this. The Nigerian Communications Commission estimates that the country has over 76 million subscriptions on broadband (penetration of 40%) and 190 million lines in the voice segment as of April 2020, representing 99% teledensity.

The Federal Government of Nigeria (GON) recognizes ICT as the enabler for developing other critical sectors including education, healthcare, agriculture and manufacturing. Thus, in its drive to diversify the economy from oil and gas, the GON is encouraging partnerships between local ICT companies and multinational/foreign investors. To promote these partnerships and grow an entrepreneurial eco-system in the technology sector, the federal government has supported creating government or private sector led incubator hubs, youth innovation programs, and science technology parks. Abuja Technology Village, which serves as an example, received the Abuja government support to become a destination for research, incubation, development, and commercialization of Information and Communications Technology. Construction has now begun at the site, and the GoN has granted Special Economic Zone status to Abuja Technology Village and other hubs to enable duty-free shipments and elimination of labor issues

as a fiscal incentive to investors and entrepreneurs. Prominent among the partnerships with the private sector are collaborations with local accelerators like iDEA (startup) and the Co-Creation Hub (CC-Hub) in Yaba, Lagos. These initiatives have attracted foreign investors like the Silicon Valley-based Y Combinator who recently participated in pitches by Nigerian startups, and New York-based Andela which established an incubation center in Lagos to recruit and train talented Nigerians to code and subsequently outsource them to foreign firms. In 2018, Facebook launched NG_Hub in Lagos intending to provide a platform for startups to collaborate and innovate. There are now several accelerators, incubators and co-working spaces in most major cities across Nigeria.

The Federal Ministry of Communications and Digital Economy has overall responsibility for the ICT sector. The ministry further dovetails into three different agencies including the Nigerian Communications Commission (NCC) - the regulator for the telecoms industry; the National Broadcasting Commission (NBC) regulates the broadcast industry while the National Information Technology Development Agency (NITDA) is responsible for policy implementation.

The Nigerian government in November 2019 launched the National Digital Economy Policy and Strategy (2020-2030) aimed at repositioning the Nigerian economy in order to take advantage of the many opportunities that digital technologies provide and to diversify the economy away from dependence on the oil and gas sector. The program is based on the ministry's 8-pillars for the acceleration of the Nigerian economy. The 8 pillars are: *Developmental Regulation; Digital Literacy & Skills; Solid Infrastructure; Service Infrastructure; Digital Services Development & Promotion; Soft Infrastructure; Digital Society & Emerging Technologies; and Indigenous Content Development & Adoption*. As part of measures to achieve this objective, the NCC rolled out a new National Broadband Plan for 2020-2025.

The new Broadband Plan is designed to deliver data download speeds across Nigeria of a minimum 25Mbps in urban areas, and 10Mbps in rural areas, with effective coverage available to at least 90% of the population by 2025. As part of the initial broadband expansion plan, the federal government is seeking private sector "infrastructure" partners in expanding last-mile access. To deepen broadband penetration across the country, the Nigerian Communications Commission (NCC) had granted licenses to telecommunications infrastructure companies (*Infracos*) to provide telecommunication broadband infrastructure across the various geo-political regions of the country and especially connect the rural populace with equitable access to telecom service. The Infracos include: MainOne Cable Company (Lagos zone); IHS Holding Limited (North Central and Abuja zone); Zinox Technology Ltd (southeast zone); BCN (Northwest zone) and Brinks Integrated Solutions Ltd (northeast zone).

It's been Nigeria's aspiration to become one of the top economies in the world and the country recognizes the significant impact of ICT development and broadband access as critical requirements to achieve this vision. This ambition, however, remains far from being accomplished as several hurdles have encumbered broadband expansion and the attendant investment opportunities for the sector. Some of the major challenges that has affected the sector include long delays in the processing of permits; multiple taxation at Federal, State, and Local Government levels and having to deal with multiple regulatory bodies; damage to existing fiber infrastructure as a result of cable theft, road works and other operations as well as the Right of way (RoW) charges implemented by several state governments. This typically leads to high cost of leasing transmission infrastructure. Following criticisms and outcry by several stakeholders, the GoN has been crusading for the states to review RoW charges as part of promoting ease of doing business and attract more investments. Currently, many states have started reviewing the charges to the federal government-approved rate of N145 (about 0.37 dollar) per linear meter. Some states are providing zero-cost for laying broadband or any other telecommunications infrastructures as ways to boost digital infrastructure rollout to towns and communities.

Several opportunities exist in the country's telecom market as the government is committed to increasing mobile broadband penetration to 70% by 2021 and the regulator recently announced an additional need of over 80,000 mobile base stations to achieve desired nationwide coverage while there are continuing efforts to promote infrastructure sharing.

Following the rapid growth and progress recorded in the country's ICT landscape, the country's international connectivity tremendously improved from a single international submarine cable system with 340 GB total capacity installed in 2001 to a total of five cable systems with a combined overall capacity of over 40 terabytes, though much of this remains unutilized because of inadequate distribution infrastructure and channels to areas of need inland. This holds huge potentials for Nigeria as increasing data capacity will help put the government agencies and businesses on the tech ecosystem and consequently implement digitization. The future looks promising for this segment of the market as Nigerian mobile network operator and owner of the GLO 1 submarine cable already announced ongoing work to launch a second submarine fiber cable – GLO 2. Glo2 is expected to have a capacity of 12 Terabit per second and be the first submarine cable in Nigeria to land outside Lagos when completed. It is also intended to scale up for further expansion southwards to Cameroon, Equatorial Guinea, Gabon, and Angola, among others. Additionally, in mid-2019, Google announced its Equiano subsea cable, which will run from Portugal to South Africa, with an additional touch point in Nigeria. Google's Equiano cable is expected to have nine branching units creating room for more international connectivity. In the Nigerian terminal point, it will further extend to Bonny Island in the country's southernmost region.

There are several other huge capital projects being championed by U.S. multinationals. Cisco Systems recently got the approval of the Nigeria's government to develop six "IoT labs" across the country with the focus of building the necessary skillset among students. In 2018, IBM announced its Digital Nation Africa (IBM DNA) program focused on empowering youths on the continent. The platform is designed to provide digital knowledge with practical understanding and enhance digital careers. Facebook also recently announced its '2Africa' project - the laying of subsea Internet cables that will stretch 22,990 miles and interconnect Europe to about 16 countries in Africa and 21 landings points including Nigeria. Facebook notes that the cable, upon completion, will provide nearly three times the total network capacity of all the subsea cables serving Africa today as well as support further growth of 4G, 5G, and broadband access for hundreds of millions of people.

The NCC recently announced completing a 3-month study trial regarding the deployment of 5G technology in Nigeria. The agency noted the role of 5G technology in providing the platform for new and emerging technologies such as Internet of Things (IoT), Artificial Intelligence (AI) and Big Data, it however stated that no license for 5G in Nigeria has been issued and therefore the mobile network operators (MNOS) cannot switch on such technology. While many telecom operators are anticipating a roll out of the technology soon, NCC is technology-neutral as it does not license technology but assigns spectrum to operators for deployment of any service when allocated.

The Nigerian software market is far larger than the hardware industry and is estimated to be \$10 billion annually due to broadband expansion. The explosion of e-services and cloud computing has fueled the demand for data services and created the need for more reliable and high-quality broadband from service providers. The enterprise application software (EAS) market is currently dominated by products from Asia and Europe, with some imports from the United States, but the market segment for high quality products remains largely unsaturated.

The four major mobile network operators in the country (Airtel, MTN, Globacom and 9Mobile) continue to consolidate on their gains and strengthen their marketshare. MTN currently dominates the GSM market with over 74 million subscribers (39.2%). This is closely followed by Globacom with 52 million subscribers (27.2%). Airtel has 51 million subscribers (27%) while 9Mobile has about 13 million subscribers (6.6%).

Nigeria has been able to maintain footprint in space especially through its communications satellite (NigComSat-1R) which was launched in 2011. The satellite is expected to be retired around 2025. NigComSat had long announced plans to launch two back-up satellites (NigComSat-2 and NigComSat-3). Though these were projected to have followed immediately after the last launch of 2011, the agency is yet to actualize on this ambition. It may now become a priority as the agency has been tasked to go commercial and generate revenue using its satellite's quad-band capacity to provide services for telephony, video, data transfer, telemedicine, teleconferencing, tele-education, broadcast/multicast signals and internet data transmissions, etc.

Leading Sub-Sectors

The expansion of Internet connectivity is driving several segments of the ecosystem to record new or increased investments:

Fiber on Air/Fiber to the Home (FTTH) is receiving high interest following the increased bandwidth capacity now available in the country. Local Internet Service Providers (ISPs) in Nigeria are providing improved high-speed Wireless to the Home (WTTH) services.

Cloud Computing is fast becoming a necessary aspect in the operations of large businesses and some government agencies in Nigeria. Nigeria currently has about 3 enterprise-grade Tier III and Tier IV data centers rendering any or all major data center offerings: Software as a Service (SaaS), Platform as a Service (PaaS), Infrastructure as a Service (IaaS) and Back-Up as a Service (BaaS).

Fintech/Digital Financial Services in Nigeria is gaining widespread use and acceptance as the government continues to campaign for a cashless economy. This is also being fuelled by the increasing adoption of mobile phones. NCC is collaborating with the Central Bank of Nigeria (CBN) to allow Mobile Network Operators (MNOs) be licensed and permitted to issue Mobile Money Payment Services to enable them to undertake mobile financial transaction services.

So far, Digital Financial Services in Nigeria mainly revolves around savings, lending and payments. The payments acceptance market, especially merchant and bill payment services, is fast becoming dominated by third-party aggregators and other nonbanks including switch operators. Major players commonly named in the space are Cellulant, Flutterwave, Paystack, Systemspec, WebPay, Paga, etranzact, Quickteller, Payarena, etc.

Smart Mobility is another aspect of the tech ecosystem that has gained some popularity. Following the launch in Nigeria of Uber's ride-sharing service in 2014, several other models have been introduced and adopted including bike-hailing services. Smart mobility is forecast to be the next disruptive market force in the global transportation technology sector in the future and there are huge prospects for the vehicle technology industry in Nigeria especially within the automotive aftermarket space including aesthetic elements and electronic features like GPS navigation systems, telematics, mobile electronics, camera systems, self-cleaning windows, security control and tracking systems, etc.

Opportunities

There are several investment opportunities in Nigeria's nascent but diverse information technology sector for U.S. investors. Nigeria's cloud service market terrain is still quite green as there are only few players currently involved in enterprise-grade deployments. Industry analysts see much activity brewing for partnerships as well as equipment sales and technical services. Also, the digital financial services and Fintech sector is continually evolving with new players and product launches. This is spurred by both government policy to promote a cashless economy and the high number of digital natives in the ecosystem.

Additionally, there are huge potentials in the country's fiber optic/broadband market given the continued expansion of Nigeria's international submarine cable system – the landscape currently has a combined overall capacity of over 40 terabytes with some others proposed to be launched soon. This is already helping to generate considerations for smart cities development and further opportunities may be explored in the satellite Internet and Television White Space (TVWS) segments as the roll out of terrestrial fiber across the country may not provide the much-needed nationwide coverage hence the need for alternative technologies. U.S. InfoTech companies, Original Equipment Manufacturers (OEMs) and Internet Service Providers (ISPs) may also consider the emerging needs for supply of required devices (antennas, solar kits, cabling, diverse range of wireless communication and radio products for high-capacity data and voice delivery, etc.) in this space. Clients may choose to have direct investment or partnering with local companies in Nigeria for any of these opportunities.

Local Industry Events

- Digital Africa Conference 2020

Date: August 25, 2020

Location: Online (<https://www.digitalafrica.com.ng/>)

- NigeriaCom Conference 2020

Date: September 29, 2020

Location: Online (<https://tmt.knect365.com/nigeria-com/>)

- Social Media Week 2021

Location: TBD (<https://www.smwlagos.com/>)

Date: TBD

- USA FAIR: ACCESS NIGERIA

Date: TBD

Location: TBD

USA Fair is organized by the US Commercial Service exclusively for American exhibitors to meet thousands of prospective Nigerian businesses. For more information, please contact Ambrose.Thomas@trade.gov

Ambrose plans to promote and/or lead delegations to:

- Consumer Electronics Show 2021 (<https://www.ces.tech/>)
- NAB Show 2021 (<https://www.nabshow.com/>)
- International Telecommunications Week 2021 (<https://www.internationaltelecomsweek.com/>)

Resources

- [United States Census Bureau](#)
- <https://tradingeconomics.com/>
- [National Bureau of Statistics](#)
- [Nigerian Communications Commission](#)

For further sector information, e-mail: Ambrose Thomas, Commercial Specialist, U.S. Commercial Service, Lagos, Nigeria at: Ambrose.Thomas@trade.gov.

Media and Entertainment Industry (Nollywood and Nigerian music)

Nigeria's media and entertainment industry "Nollywood" sprang up in 1992 and is currently the second-largest film producer in the world in terms of number of movies. It is a unifying brand for practitioners in scripting, directing, sound, High Definition (HD) techniques, acting, cinematography, make-up, editing, etc. The Nollywood industry is articulated around a few major production centers like Lagos, Onitsha, Enugu, Asaba and Abuja. The distribution of the films also hinges on these same production centers as well as other major distribution points in Nigeria such as Aba.

Business opportunities in the Nollywood industry include opening of cinemas in underserved cities, use of technological platforms to enhance distribution e.g. Iroko TV and Netflix, training and capacity building for cinematography, scriptwriting and directing, and movie production equipment. The local industry employs about a million people and generates over US\$7 billion for the economy. The industry accounts for 1.4% of GDP according to IMF reports. Nigeria produces around 2,500 films a year with a projection of US\$22 million by 2021 for total cinema revenue. Total music revenue in Nigeria is estimated to rise at a 13.4% CAGR to US\$73 million in 2021. Nigeria face challenges with copyright piracy and this poses some difficulty in monetizing services in the industry.

Nigeria's TV and video market revenue grew by 7.49% to reach US\$732 million in 2018 and is projected to reach US\$806 million by the end of 2020. The market is driven by Pay-TV subscription revenue, which accounted for 72.26% of the total in 2018. TV advertising accounts for 21.31% of total revenue while physical home videos account for the remaining 5.33%. Multi-Choice is the leading player in Nigeria's Pay-TV industry with its DStv and GOTv services. Subscription based movie streaming has also become very popular in Nigeria with players like Netflix and Iroko TV. Although Netflix subscription has long been available in Nigeria, Netflix made its official debut in Nigeria in February 2020, joining several major acquirers and distributors of filmed content in Nigeria.

The music sector of Nigeria's entertainment industry also recorded significant growth over the years. The stakeholders include artists, musicians, producers, promoters, managers, distributors, marketers, etc. In the past six years, the growing numbers of new production studios and artists springing up has paved way for a more vibrant and self-sustaining industry. Others have won prestigious awards in international contests and events, hence attracting more and more investments from very many sources. The investments have no doubt aided production of world class quality music because of innovations in sounds, rhythms and recording techniques. Pace-setters, Nigerian musicians have developed a vast spectrum of music genres, blending hip-hop, rap, rhythm and blues, reggae, gospel, etc. with traditional Nigerian genres.

U.S.-origin equipment is generally considered superior to imports from other countries. Local entrepreneurs seek opportunities to represent and work with U.S. suppliers of computer parts and peripherals for local assembly of PCs at the Computer Village in Lagos State. Nigerian importers and end-users, however, prefer suppliers who, in addition to prompt delivery of products, are able to provide timely after-sales support, including spare parts at competitive prices. Asian competition, however, is fierce, particularly with regards to price and availability of parts.

Challenges in the Media and Entertainment Sector

The impact of COVID necessitated the lockdown which has led to many media businesses being unable to pay salaries and down-sizing as a result of high cost of operations. Newspaper Proprietors Association of Nigeria (NPAN), Broadcasting Organizations of Nigeria (BON) and Nigerian Union of Journalists (NUJ) are currently making an appeal to the Federal Government for financial intervention for the industry.

Digital streaming services and social media has greatly disrupted the traditional media players as anyone with a smart phone and internet connectivity can produce content and stream online. This has increased customer sophistication as customers now have a very wide variety of content to choose from. Players must continuously innovate in order to retain the attention of customers.

Piracy and Intellectual Property Rights (IPR): Despite significant effort to reduce the piracy rate and strengthen intellectual property rights in Nigeria, copyright infringements are still the order of the day. It is not uncommon to see

pirated books and compact discs being openly sold in traffic in some major cities like Lagos and Port Harcourt. Piracy and counterfeiting constitute major hindrances to development of intellectual property rights in Nigeria while actively hindering the growth and development of the media and entertainment industry. The American Business Council (ABC) is actively engaging with key stakeholders and Non-Governmental Organizations in Nigeria to raise awareness of IPR issues in Nigeria and work towards finding a solution. In September 2019, the U.S Embassy in Nigeria, in partnership with the ABC held an Intellectual Property symposium in Lagos Nigeria. Key stakeholders addressed the issues with intellectual Property law in Nigeria, the cost to the Nigerian economy and framework to getting it right.

Poor Infrastructure such as epileptic power supply and bad roads can also pose significant challenges for movie production as it increase the time and cost to create content. Players will have to factor in cost of alternative power generation leading to higher cost. Also, uncertainty of government regulations such as the National Broadcasting Commission (NBC) regulation in early June which makes exclusivity illegal, compelling sub-licensing of content and regulation of pricing is reducing the attractiveness of the industry for bigtime players that strive on exclusive content.

Opportunities and General Insights

Significant opportunities for U.S companies in this sector include:

- Establishment of training facilities which engage in animations, visual effects other technical skills development
- Establishment of consultancy service which focuses on content creation and digitization of media offerings to expand reach and improve penetration rate
- Establishment of a distribution and/or renting business for new technology useful for production by industry players
- Video streaming platform business with exportable content
- Mergers and acquisitions of national players who require financial assistance and other resources to leverage growth.
- Collaboration with global film producers for film festivals and media tourism

The Nigerian government has taken some key steps to grow the media and entertainment industry. These include:

- Creation of the Creative Industry Financing Initiative: The CBN in collaboration with the Bankers' Committee as part of efforts to boost job creation in Nigeria, particularly among the youth, has developed a loan scheme called the Creative Industry Financing Initiative (CIFI). The initiative has four pillars, namely: Fashion, Music, Movie and Information Technology. Movie production businesses can get a loan of up to N30m while Movie distribution business can get financing of up to N500m. The repayment is flexible over a period 3 to 10 years with a single digit interest rate of 9% per annum inclusive of all charges. The loan scheme also comes with a minimum of 24months moratorium.
- Internet Penetration Rate: In response to the low level of internet connectivity which hampers the digitization of business, the Nigerian Communications has established laws and guidelines aimed at promoting increased access to the Internet through the already licensed Infrastructure Companies (InfraCos) and other initiatives in order to heighten Internet access by the people of Nigeria. The Nigerian Ministry of Communications has vowed to intensify efforts at putting in place an Internet Industry Code of Practice (IICP) that will spell out the minimum acceptable behaviors relating to the provision and use of the Internet in Nigeria.
- Fibre Optics Deployment: The federal and state government are exerting effort in improving fibre optics deployment. This is expected to improve connectivity which will enhance digital streaming of movies and other entertainment content in the country.

Web Resources

<http://nitda.gov.ng/>

<http://www.commtech.gov.ng/>

<http://www.ncc.gov.ng>

<http://www.nfvcb.gov.ng/>

<http://www.nigerianstat.gov.ng/>

<http://www.pmanonline.net/>

<https://fmic.gov.ng/>

<https://fmic.gov.ng/>

<https://www.cbn.gov.ng/out/2019/ccd/creative%20industry%20financing.pdf>

<https://www.pwc.com/gx/en/entertainment-media/pdf/outlook-2017-curtain-up.pdf>

<https://www.pwc.com/ng/en/assets/pdf/the-business-of-entertainment-final.pdf>

For further sector information, e-mail: Chidinma Akaniro, Commercial Specialist, U.S. Commercial Service, Lagos, Nigeria at: Chidinma.Akaniro@trade.gov.

Logistics Sector

Overview

Unit: USD Millions

	2017	2018	2019	2020 (estimated)
Total Market Size	133,990	132,988	141,000	300,000
Total Local Production	4,000	6,000	6,000	3,000
Total Exports	10	12	12	0
Total Imports	130,000	133,000	135,000	195,586
Imports from the U.S.	9,146	9,512	9,800	198,586
Exchange Rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry contacts, Nigerian Postal Service, Nigerian Investment Promotion Commission (NIPC)

Total Exports: Industry sources

Total Imports: Leading importers, distributors, and industry associations.

Imports from U.S.: U.S. Census Bureau.

**Estimates have factored in the projected -3.4% GDP growth rate expected in 2020*

The logistics and supply chain sector is one of the fastest growing industries in Nigeria, though still in its nascent stage. As at 2018 the value of Nigeria's logistics sector was estimated to be 250 billion Naira (\$696 million US Dollars), a rise of 50 billion Naira (\$140 million US Dollars) from 2017 figures. This was according to the 2018 Logistics and Supply Chain Industry report as reported by Vanguard.

A huge infrastructure deficit and anti-business government policies, poor road network, unstable electricity, multiple taxation, etc. has led to the sector not being able to achieve its full potential, with local stakeholders unable to meet financial obligations, transferring costs and charges to end-users thus making them uncompetitive, and making room for foreign owned operators with the financial capabilities to absorb higher levels of business risk to enter into the market, entrenched corruption, and others being additional factors.

According to industry experts, infrastructure is critical to any logistics and supply chain development objective. The health of available infrastructures and level of integration between them directly impacts logistics access, cycle-time, reliability and cost. Maintaining a competitive logistics and supply chain ecosystem requires a constant and strategic upgrade of regional infrastructure-mix. It also demands high performing government institutions, financing and industry skills. Logistics can therefore be attributed to be the main indicator of economic advancement expressed boldly in trade facilitation and business competitiveness. Unfortunately, there are obvious regional and national deficits in Nigeria's logistics infrastructure which hinders its trade competitiveness negatively.

A representative of a major stakeholder in the Nigerian logistics and supply chain sector, Red Star Express, a courier and logistics company has said that there is almost a total lack of infrastructure at the level needed to fast track the development of the economy adding that with a 40% deficit in infrastructure availability, the quest for development begins with a wholistic and focused approach focusing on non-conventional areas, as we first have to overcome that deficit within the sector to compete globally. Nigeria being an import-centric country with a huge potential for growth requires a renewed focus on infrastructural development. Given the vast nature of the sector and the sub-sectors contained within, local and foreign operators require pooled resources to engage government to provide and improve

the overall infrastructure network in Nigeria, as this is the foundation upon which all businesses rest and can thrive. A country without good modern transportation systems and the infrastructure that supports it will remain underdeveloped.

Nigeria requires a national logistics strategy focused on the following areas: transportation and distribution industry, transport and distribution workforce, road infrastructure, road congestion, road conditions, interstate highway access, vehicle taxes and fees, railroad access, water port access air cargo access, etc. to ensure innovation within the infrastructure development cycle of logistics and supply chain.

A survey carried out by a leading stakeholder in Nigeria's Organized Private Sector (OPS), the Lagos Chamber of Commerce and Industry, LCCI, showed that the Nigerian economy lost an estimated annual revenue of N3.46trillion due to poor infrastructure, poor implementation and corruption at the ports, of which N2.5trillion are corporate earnings losses across the various sectors of the economy. According to the report, profit margins of corporate entities using some of the country's key infrastructure, namely the Apapa port, have gradually dwindled as logistics cost has increased significantly.

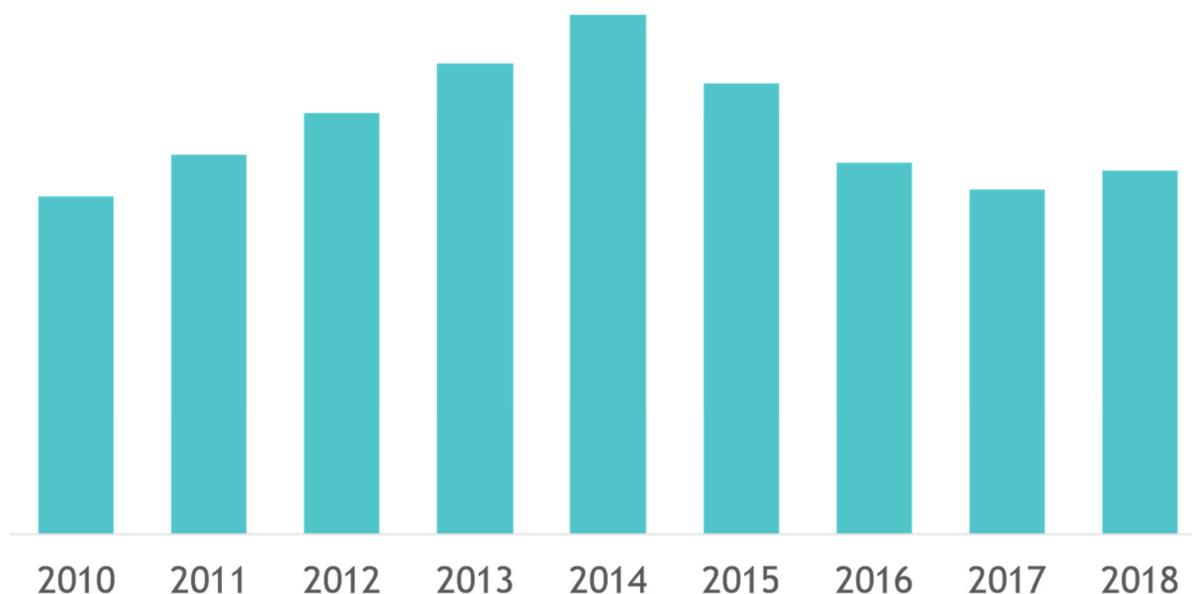
In Nigeria, there are several local and foreign private sector companies operating in the logistics industry; Red Star Express (a franchisee/fulfilment partner to FedEx Express), United Parcel Service (UPS), DHL, etc. The Government of Nigeria regulator, the Nigerian Postal Service (NPS), regulates the activities of stakeholders and also operates the Nigerian Post Office (NiPOST), a courier delivery service which competes with the private sector courier operators.

To aid the growth of the sector it is expected that Nigeria's bilateral and free trade agreements with various countries, along with its involvement in initiatives such as ECOWAS and AGOA are expected to improve trade substantially. With the African Continental Free Trade Agreement, Nigeria now has free access to the entire African market thereby improving the trade between the neighboring countries and impacting the logistics sector in the future.

Due to the recession in 2016-17, the Government of Nigeria banned access to foreign exchange for import of 43 products with the aim of boosting local manufacturing and industrial units, as well as to support the agricultural sector, which requires a functioning logistics/supply chain network to boost the nation's economy. The project MINE is an initiative by the President Muhammadu Buhari administration to develop special economic zones and promote the goods that are made in Nigeria. The first round of funding will concentrate on developing Funtua Cotton Cluster, Enyimba Economic City and Lekki-Epe Model Industrial Park in Katsina, Abia and Lagos State respectively. This will increase the domestic demand as well as exports in the market giving a boost to the warehousing sector.

Given the huge presence of industrial parks and the proximity to seaports and airports in Nigeria majority of the warehouses are situated in Lagos. With the developing manufacturing industry and increasing demands for logistics, some companies have entered the market recently like Dangote, Vicampro Farm, BlackPace and Kiremko.

Logistics industry costs in Nigeria 2010-2018 (in billion US\$)



Source: Mordor Intelligence



Opportunities:

Technologies such as GPS tracking and control towers are still not very popular in Nigeria, which poses a major opportunity for entry by U.S companies with the competence and technical skillsets to close the gap in the market. Other upcoming technologies include real-time fuel management systems, warehousing management systems, cargo management systems, and communication and information systems such as Electronic Data Interchange (EDI) which can be used to reduce paperwork and minimize the time taken for compliance procedures.

Nigeria is also expected to build the Lekki Lagos Airport on a 3,000-hectare plot and the largest Deep Sea Port project at a budget of USD 1.5 billion which was projected to be completed in 2020, though this timeline will slip given the effects of the global COVID-19 pandemic, global drop in oil prices leading to depletion of Nigeria's foreign exchange reserves, investor apathy, high levels of corruption, ineffective financial policies, and other such challenges. The hope is that once completed the new development will decongest the traffic around the Apapa sea port and open up additional logistics routes within the Lagos metropolis, as well as promote efficient transportation.

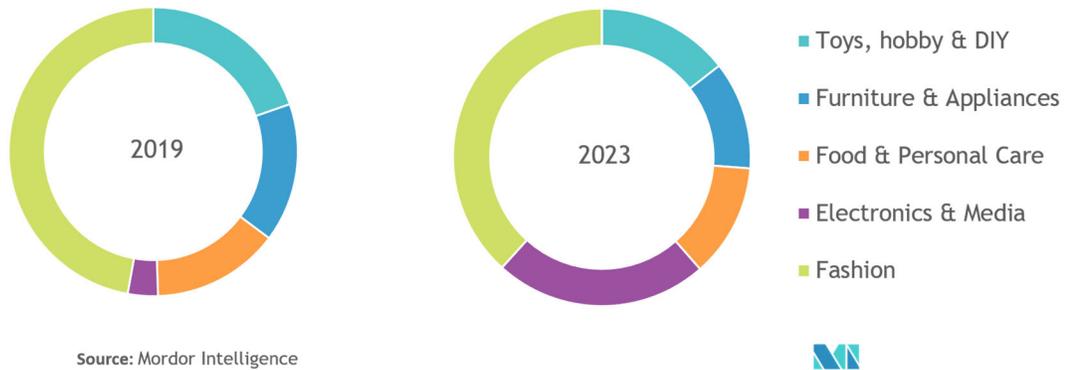
The Nigeria Special Economic Zones Investment Company is currently raising capital of USD 250 million from various lenders to develop Free trade zones in Katsina, Abia and Lagos States which will fill the supply-demand gap in the economy.

The e-Commerce sector is also expected to experience exponential growth given the investments generated by direct and Third Party Logistics operators within the sector to boost the Courier and Parcel market in Nigeria.

In the last 10 years online shopping has become deep-rooted in Nigeria and changed the landscape in how Nigerian's shop. Online shopping and platform providers have provided easy and seamless access to all kinds of local and international items: books, food, toiletries, clothes, electronics, furniture, and so on. The online shopping sub-sector generated revenue of about US\$ 4,885.7 million in 2019, with expected growth at a CAGR of 20.5% in the period of 2019-2023, resulting in a market volume of around US\$ 10,290.6 million by 2023.

Online shopping trends in 2019 showed that the fashion industry led with a transaction volume of US\$ 1,761.9 million and User penetration of 52.2%. This is expected to reach 75.2% by 2023. With the ease of payments through mobile money, physical and virtual debit cards, electronic wallets and other payment modes increasing internet penetration is expected to help this sector to grow further in Nigeria and also give a boost to the logistics and freight market.

E-Commerce Revenue (in million US\$), by Segment, 2019 to 2023



Resources

[Vanguard](#)

[National Bureau of Statistics \(NBS\)](#)

[Ekiti state Government](#)

[National Investment Promotion Commission](#)

[Mordor Intelligence](#)

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Oil, Gas and Mining Sectors

Overview

Unit: USD thousands

	2017	2018	2019	2020 (estimated)
Total Market Size	255,407	162379.2	165,789.2	158494.4
Total Local Production	8,867	9039.02	9228.8	8822.77
Total Exports	898	915.4	934.65	893.5
Total Imports	151,320	154255.6	157495	150565.2
Imports from the U.S.	20040	20428.8	20857.7	19940
Exchange Rate: 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Independent Power Producers and other local sources such as Manufacturers Association of Nigeria, National Bureau of Statistics.

Total Exports: Independent Power Producers and other local sources such as Manufacturers Association of Nigeria.

Total Imports: Independent Power Producers and other local sources such as Manufacturers Association of Nigeria.

Imports from U.S.: U.S. Census Bureau, ITC Trade Map

Estimation for 2020 were made based on estimated GDP trends across the sector

The government of Nigeria (GoN) initiated an Economic Sustainability Plan (ESP) aimed at providing a stimulus of 2.3 trillion Naira (about \$5.9 billion), to help support the economy following disruptions and adverse impact of COVID-19 and low oil prices. The GON plans to fund the ESP through Special Accounts (500 billion Naira), CBN structured lending (1.1 trillion Naira) and other funding sources (302.9 billion Naira).

A copy of the Economic Sustainability Plan can be downloaded [here](#).

Nigerian Economic Sustainability Plan (<https://media.premiumtimesng.com/wp-content/files/2020/06/ESC-Plan-compressed-1.pdf>)

Government has been forced to revise the national budget, earlier passed in 2019 from 10.59 trillion Naira to 10.8 trillion Naira. The oil benchmark on which the budget is premised also saw a downward reversal from \$57 per barrel to \$30 even as government's revenue projection was reduced from 8.41 trillion Naira to 5.08 trillion Naira. This is in addition to the country's oil production which was reduced from 2.18 million barrels per day (bpd) to 1.70 million bpd and the country's production may continue to hover around 1.412mbpd, 1.495mbpd and 1.579mbpd respectively.

Nigeria remains one of Africa's key oil producers producing high-value, low-sulphur content crude oil. Although the country is currently struggling to cope with depleting revenues, liquidity and convertibility issues, supply chain disruption, economic, social, and health impacts of COVID-19, it is vigorously adopting measures to overcome economic downturn and exploring various alternative revenue sources, especially through gas commercialization and infrastructure development.

Industry observers are of the opinion that many projects will be delayed or pushed out, including Shell's Assa North/Ohaji South Gas Project, a new mega gas project initiated in 2019, Shell's next big project - the Bonga South West Aparo Oil Project which has already sent out invitation to tender in 2019, both may not reach final investment decision (FID) in 2020 as planned. Other projects which may also experience delays and have their FIDs at risk includes Total's Preowei, Eni's Zabazaba-Etan, ExxonMobil's Bosi, Uge and Chevron's Nsiko projects. Industry observers see tremendous opportunities in service contracts from these ongoing and upcoming deep-water projects,

which are expected to offer tremendous ancillary service for drilling and production systems as soon as the economy is opened and supply chain restored post-COVID.

Government is continuing its prioritization of gas and of gas and gas-based infrastructure development in the country and is moving ahead on the Nigerian Gas Flare Commercialization Program (NGFCP) policy, offering investor opportunities for gas infrastructure and development equipment and services. GoN has also refocused and in March 2020, reached financial investment decision (FID) on the \$12 billion 7th train of the 22 million tons per annum (mpta) to 30 mpta Nigerian liquefied natural gas project and has awarded front-end engineering design (FEED) for the project. The Engineering, Procurement and Construction (EPC) Contracts has been signed with the SCD JV Consortium, comprising affiliates of Saipem, Chiyoda and Daewoo expected to trigger the commencement of the Detail Design and Construction phase of the project. The signing of this EPC contract will in the next five years, offer tremendous opportunities for gas infrastructure development, gas technologies and machineries (fabrication/procurement of LNG vessels, storage tanks, transmission pipelines, gas equipment, terminals, dredging and supply of ancillary engineering and construction services.

In July 2020, Government inaugurated the 614-kilometer first phase \$2.8 billion Ajaokuta-Kaduna-Kano (AKK) Gas pipeline, touted to be one of the nation's biggest domestic gas transmission infrastructure. The Nigerian Government hopes that with the signing of the EPC contract for the AKK pipeline in April 2018, will initiate the beginnings of what it terms "...an ambitious pipeline project to supply gas to Europe through the proposed Trans Sahara Gas Pipeline (TSGP) and Nigeria Morocco Gas Pipelines."

The Nigerian National Petroleum Corporation (NNPC) in May 2020, opened a bidding process for 57 Marginal fields located on land, swamp and shallow offshore terrains. Foreign technical and financial partners are not outrightly precluded from participation in the development of marginal fields, however, once contracts are awarded, international investors may have direct and indirect participation through services or technical assistance contracts from technology providers or under capital injections from funds or private equity investors. Marginal fields are oil fields that the International Oil Companies abandoned because of limited commercial potential, but which provides opportunities for local players to gain oil exploration experience. Marginal fields in Nigeria have an average economic life of between 8 and 15 years and can produce between 4,000 barrels of oil equivalent (boepd) to 30000 boepd per field. About nine marginal fields are currently producing.

The Nigerian National Assembly is once again mulling the review and passage of a new version of the Petroleum Industry Bill in hopes of finally passing it into law. Since 2008, Nigeria has been attempting to pass the Petroleum Industry Bill (PIB), which seeks to incorporate and update 16 different laws that regulate the sector and enable the government to reform its oil and gas legal framework. The non-passage of the PIB has continued to create uncertainties that have delayed billions of dollars in potential investment in this sector. The National Assemble has now split the Bill into five sections and passed it as the Petroleum Industry Governance Bill (PIGB), which is expected to be ratified by the Presidency. Under the new Bill, a couple of government agencies in the oil industry will be restructured, including the national oil company, the Nigerian National Petroleum Corporation (NNPC), which will become the National Petroleum Company (NPC) a fully commercial integrated entity, the oil and gas regulator, the Department of Petroleum Resources (DPR), will become the Nigerian Petroleum Regulatory Commission (NPRC) will focus on petroleum regulation, while the Petroleum Products and Pricing Regulatory Agency (PPPRA) will be the National Assets Management Commission (NPAMC).

In 2019, the President assented the Deep Offshore and Inland basin Production Sharing Contract (Amendment) Act, 2019, which requires an adjustment of the revenue due to the Federal Government from Production Sharing Contracts (PSCs) whenever the price of crude oil exceeds \$20 per barrel in real terms. The amended law further provided for the replacement of the existing production and price-based royalty regime and mandates the Minister of Petroleum Resources to cause the NNPC to call for a review of the PSCs every eight (8) years. The new laws has resulted in reduced investment commitments in the Nigerian oil and gas sector from the oil majors.

Over the next decade, Nigeria hopes to increase its reserves through field optimization, as well as encouraging investments in the development of marginal fields, deep water offshore and exploitation of bitumen reserves. The GoN continues to prioritize investment in natural gas and gas-based industries, as outlined in the Gas Master Plan, a comprehensive gas infrastructure development program which targets new investments in gas processing and pipelines, gas-to-power projects and petrochemical facilities and the Gas Flare Commercialization Program (NGFCP) policy. The government's ongoing power sector reform and privatization is also in dire need of required concurrent investments in new gas supply for Independent Power Producers (IPPs) and refurbishment of former state-owned

generation assets. Several gas commercialization projects include the existing Notore Chemical Industries Fertilizer plant, Indorama Eleme's petrochemicals plant, the proposed Dangote's \$10 billion oil and petrochemical refinery expected to come on stream by 2021. Dangote's integrated project is expected to cost up to \$15 billion in total, with \$10 billion invested in the refinery, \$2.5 billion in a fertilizer factory, and \$2.5 billion in an underwater pipeline infrastructure to connect Nigeria's Niger Delta to other West Africa markets and will generate gas demands of over 2.5 billion standard cubic feet of gas per day. Investment opportunities range from financial services, gas transmission pipelines, pipe milling and fabrication yards to upstream gas development, Liquefied Natural Gas (LNG) and Liquefied Petroleum Gas (LPG) plants as well as gas processing facility and gas-based manufacturing industries. All these upcoming projects offer tremendous opportunities for foreign firms for sale of equipment and services. Many local companies are gradually getting involved in gas projects and look to the U.S. as a source for expertise, equipment and services.

Nigeria's oil and gas industry, remains its most lucrative and viable investment opportunities as observers believe that the oil and gas sector offer consistent opportunities for marketing essential capital equipment and technology, for both extraction and production. Drilling equipment continues to offer the most promise for U.S. exporters as does gas technology and the supply and services sector which is increasingly expanding despite challenging environment. Nigerian government has shown preference to foreign investors willing to invest in Nigeria's oil and gas industry. Although American companies continue to maintain some dominance of the market share of imports of high-end oilfield machinery, European and Asian suppliers are also increasing their market share mainly due to the financing model they offer. These companies continue to encroach in various areas of the upstream industry due to their business model (offer of short-term capital equipment and project funds with favorable repayment terms) which is attractive to Nigerian stakeholders.

In terms of challenges, the Central Bank of Nigeria's foreign exchange controls as well as Nigerian Local Content legislation present significant barriers to foreign participation and imports in the oil and gas sector. This is a key issue worth emphasizing and is relevant for foreign companies interested in operating in Nigeria's oil and gas industry, as the [Nigerian Content Act](#) imposes limits on foreign management and the content of the petroleum sector, and stipulates specific indigenous participation in engineering, welding and fabrication projects, presents significant barriers to foreign participation and imports in the sector. While this does represent significant barrier to entry, it is one that international companies can successfully manage with the right strategy Please see a concise summary of the Act [here](#).

In addition, foreign companies seeking to operate in Nigeria's oil and gas industry are also expected to register with the Department of Petroleum Resources (DPR - <https://www.dpr.gov.ng/>), the regulatory agency for all activities in the oil and gas industry. Government is also committed to improving transparency in the procurement process through the Nigerian Petroleum Exchange (NipeX) portal, <http://www.nipexnig.com/>

Leading Sub-Sectors

Within the oil sector in Nigeria, the upstream and the downstream subsectors are the most lucrative with activities expected in the future when the private refineries and modular refineries being built come online.

The upstream segment currently accounts for the highest share of revenue, capital expenditure and investments. Given its capital-intensive nature, this subsector is dominated by large multinational companies as well as wealthy local investors and major companies in the country. The subsector provides more opportunities for equipment sales as well, service contracts and/or even procurement agreements. The downstream subsector is mostly controlled by local investors who setup logistics companies for the transportation of imported fuel as well as service stations or filling stations where petrol, kerosene and diesel are sold to the final consumers.

Oil and gas machinery is key due to its unrivaled potential as a source of investment opportunities for U.S. businesses in Nigeria. Business observers believe that the oil and gas sector offer consistent opportunities for marketing essential capital equipment and technology, for both extraction and production. Training services is another area where U.S. service companies have comparative advantage especially in exploration and production, engineering and seismic techniques.

Opportunities

In the upstream subsector of the Nigerian oil and gas sector, several opportunities are available including;

- Provision of Gas-to-Liquid technology for approved bidders of the NGFCP

- Technical service contracts with already existing gas producers
- Opportunity to bid and own marginal oil fields in which are currently being auctioned by the DPR
- Opportunities to access huge ancillary services accruing from the NLNG Train 7 project
- Steel pipe supply for the on-going gas pipeline construction projects ongoing in the country.

Additional opportunities to offer services to the downstream sector also exists from provision of insurance services for oil shipments, truck supply, service station equipment supply, storage equipment, consulting services and legal services.

Within the upstream and downstream segments, opportunities abound in exploration and production, drilling and manufacturing equipment, support services, marketing, construction, engineering and consulting services, transportation and storage of crude oil, insurance, legal services, facilities maintenance, and environmental management. State-owned Nigerian National Petroleum Corporation (NNPC's) commercialization activities offer opportunities for investment in pipelines and storage depots (tank farms) which are critical for the downstream sector.

Additional opportunities exist in the fabrication of pipes for the oil and gas industry and the water services sector. Nigeria's estimated average demand for steel pipes range upwards of over 1 million to 1.2 million tons annually and offer opportunity for partnership for the pipe milling and fabrication services. The Nigerian Government's prioritization of growing domestic gas sector to support power generation and gas-based industrialization presents a major opportunity for U.S. manufacturers and suppliers of modular gas stripping and treatment plant equipment, LNG, Compressed Natural Gas (CNG), LPG, and methanol and fertilizer plant equipment. American firms with advanced scalable technology and associated service experience in the oil and gas industry will be well positioned to meet this requirement.

Opportunities in Mining

Nigeria offers other excellent investment opportunities for U.S. companies involved in the extractive industries including, mining of solid minerals, especially sales of mining equipment, machinery and associated technology and services. The solid minerals sector in Nigeria also provides an opportunity for U.S. companies to export to the Nigerian market. The Ministry of Solid Minerals Development (MMSD) is working actively to attract local and international investment into Nigeria's mining sector. Currently, investments are being made in Gold, Baryte, Tin as well as Lead and Zinc mining and processing. Lithium deposits have also been found in the Northern part of the country and there are indications that this opportunity will be exploited by local mining companies. The increased mining activities experienced by local and foreign investors provide U.S. firms with the opportunity for sale of mining equipment such as excavators, dredgers, drillers and trucks to mining companies operating in the sector.

As part of its efforts to diversify its revenue sources and exploit its non-oil sectors, Government has undertaken substantial institutional and legal reforms to address the underutilized potential of its solid mineral wealth and make the sector more attractive for investment. The Ministry of Mines and Steel Development secured a \$150 million World Bank loan for enhancing mining project and infrastructure development and has also drawn down funds from the government's 30 billion Naira Natural Resource Intervention Fund which it plans to use to explore new minerals and enhance regulatory framework. The government also signed an MOU with the U.S. Geological Society to accurately map Nigeria's estimated 34 potential minerals to open the country for investment. Government hopes to focus on eight sub-sectors: iron ore, gold, copper, coal, tar-sands/bitumen, barite, lead-zinc and dimension stone. Nigeria has proven reserves of coal, which the Nigerian Coal Corporation (NCC) indicate it has a mandate to identify U.S. technical partners for clean coal development and conversion, coal gasification, manufacture of coal briquettes and cement and coal to power generation to help meet government's proposed national power target of 14,000MW. Several states in Nigeria, especially Ondo State, which has the second largest deposits of Bitumen in the nation, is keen to attract requisite foreign investors and technical partners for its exploitation and development.

Resources

<https://nnpcgroup.com/Pages/Home.aspx>

<https://www.dpr.gov.ng/>

<http://www.nipexnig.com/nipexsite/>

National Bureau of Statistics

www.nigerianstat.gov.ng

U.S Census Bureau

Trade Events

- Sub Saharan Africa International Petroleum Exhibition and Conference February 25-27, 2021(SAIPEC-<https://saipec-event.com/>)
- Nigeria Oil and Gas Conference & Exhibition (NOG), November 9-12, 2020 (<https://www.cwcnog.com/>)
- Nigerian International Petroleum Summit (NIPS), February 9-12, 2020 (<https://www.nigeriapetroleumsummit.com/>)
- Offshore West Africa Exhibition & Conference (OWA), June 2020 <http://www.offshorewestafrica.com>)
- OTL Africa Downstream Expo, October 26-28, 2020
- Oil & Gas Supply Value Chain Management Conference and Exhibition, July 21-23, 2020
- Oil & Gas Upstream & Downstream Conference & Expo, (<http://oilandgasexpos.com/>)
- Society of Petroleum Engineers SPE Nigeria International Conference & Exhibition, August 11-13, 2020
- The Nigerian Association of Petroleum Explorationists (NAPE) international conference & exhibitions, November 15-19, 2020 - <https://nape.org.ng/>
- USA FAIR 2020: ACCESS NIGERIA (April 28-30, 2020 - TBC), Eko Convention Center, Victoria Island, Lagos. Organized by the US Commercial Service exclusively for American exhibitors to meet thousands of prospective Nigerian businesses.

For more sector information, e-mail: Benedicta N. Nkwoh, U.S. Commercial Service, U.S. Consulate General, Lagos, Nigeria at Benedicta.Nkwoh@trade.gov

Safety and Security Sector

Overview

Unit: USD Millions

	2017	2018	2019	2020 (estimated)
Total Market size	13,998	15,220	20,603	19,902.5
Total local production	807	701	701	677.16
Total exports	0	1016	1,200	1,159.2
Total Imports	13, 189	14, 499	21, 102	20,384.53
Imports from the U.S.	5,286	7,500	12, 098	11,686.68
Exchange rate Naira to 1 USD	367	362	360	379.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: National Defense Academy (NDA)

Total Exports: National Bureau of Statistics Trade Data

Total Imports: Security Practitioners' Association of Nigeria, Industry practitioners, National Bureau of Statistics

Imports from U.S.: U.S. Census Bureau

Nigeria National Bureau of Statistics

**Estimates have factored in the projected -3.4% GDP growth rate expected in 2020*

Nigeria ranks 148 out of 172 on the Global Peace index (GPI), a measure of relative position of nations and regional peacefulness. The GPI report is produced by the Institute for Economics & Peace (IEP) on an annual basis. Insecurity in Nigeria has risen sharply over the last few years and in every region of the country there are at least two major security issues: communal clashes/civil unrest or kidnap-for-ransom (KFR). The Northern region has been hit with waves of insurgency from the Boko Haram (BH)/Islamic State of West African Province (ISWAP) sect over the past decade, however, their activities have greatly reduced due to the successful operations of the Nigerian Army against the insurgents. Community clashes are also increasing in areas such as Kaduna (Northern Nigeria) with over 3 community clashes recorded in the past year in the state. According to SBM Intelligence, kidnappings in the country has increased. Between June 2011 and the end of March 2020, at least \$18.34 million was paid to kidnappers as ransom with as much as \$11 million out of the total sum paid between January 2016 and March 2020. Between 2015 and 2019, Nigeria's rate of unemployment doubled to about 23.5% of total adult population. This figure is estimated to be close to 40% in 2020 based on estimates from the Nigerian Economic Sustainability Plan (NESP) document released by the government in June 2020. Therefore, it is inferred that the high rate of unemployment is a key driver of insecurity. With insecurity being a major issue, the GON has taken commendable steps in ensuring that this challenge is eliminated. The GON is expected to take possession of 12 Super Tucano A-29 aircrafts for use by the Nigerian Airforce in its fight against insurgency. These aircrafts were purchased from the U.S. at a cost of \$500 million in 2018 under a U.S.-funded program. The GON has increased the budgetary allocation for security in the country from 950 billion Naira in 2015 to 1.78 trillion Naira in 2020 (\$3 billion in 2015; \$5 billion in 2020) in its fight against

forms of insecurity. Currently, the security budget of the country represents 16.8% of the total 2020 budget which is a sizeable proportion. The breakdown of the security budget is shown below;

- 900 billion Naira or \$2.3 billion dollars allocated to the Ministry of Defense
- 410.5 billion Naira (\$1.05 billion) allocated to the Ministry of Police Affairs
- 75 billion Naira (\$197.4 million) allocated to military operations
- 253.4 billion Naira (\$700 million dollars) allocated to the Ministry of Interior
- 144.3 billion Naira (\$378 million) allocated to the Office of the National Security Adviser

In terms of expenditure, the country plans to spend over 150 billion Naira or \$400 million on capital expenditure in 2020. Shown below are the capital expenditure items across different arms of the country's security infrastructure.

Army

- a. Purchase of 'B' Vehicles – 2.03 billion Naira or \$5 million
- b. Purchase of arms - 3.93 billion Naira (\$10 million)
- c. Purchase of ammunition – 3.26 billion Naira (\$10 million)
- d. Purchase of Qty 100X KRAZ TCV for Operation Lafiya Dole – 2 billion (\$ 5 million)
- e. Operational Kitting – 1.39 billion Naira (\$3 million)

Navy

- a. Procurement of Landing ship tank – 6.17 billion Naira (\$20 million)
- b. Procurement of Hydro Survey Ship – 4.01 billion Naira (\$ 10 million)
- c. Construction of jetties in 6 X Forward Operating Bases and Shoreline Protection at Nigerian Navy Ship Beecroft – 949 million Naira

Airforce

- a. Part payment for purchase of 3 X JF -17 Thunder Aircraft and support equipment – 11 billion Naira
- b. Periodic Depot maintenance for C-130h (NAF 918) Aircraft -1.33 billion Naira
- c. Procurement of Aircraft spares – 2 billion Naira
- d. Procurement of Troop Carrier and other Operational Vehicles – 1,35 billion Naira

Private individuals and organizations are also important stakeholders in the security and safety market in Nigeria. An increasing number of homes and offices are fitted with surveillance cameras and Closed Circuit cameras (CCTVs). Automated gate systems solutions are also on the rise in upscale areas in Nigeria as well as car trackers and video enabled doorbells.

Cyber security is a growing niche in the Nigerian market with a particular focus on financial institutions and other related companies. Given the sensitive nature of the financial sector they make for easy targets by cyber criminals. Organizations that also process large data are prospective targets of cyber criminals, thus promoting the opportunity for U.S. origin cyber security firms to explore the Nigerian market.

Leading Subsectors

Leading subsectors in the security and safety sector include: Security Equipment sub-sector and Security training subsector.

U.S. companies are the preferred choice of suppliers for high profile security products purchased by public and private sector stakeholders in Nigeria. Equipment such as military jets, unmanned aerial vehicles, bomb detectors, surveillance systems, body scanners, body cameras, covert cameras, etc. are mostly sourced from U.S. manufacturers.

Security and safety training for government officials, private security companies, as well as organizations is an opportunity U.S. companies that provide these kinds of services can take in Nigeria. U.S. companies can bid directly or through public tenders for security equipment procurement tenders or security training tenders made available to the public via the respective agencies or through the Bureau of Public Procurement (BPP).

Opportunities

U.S. companies have an advantage over other countries for the supply of security equipment to Nigerian entities. As shown above, numerous supply opportunities exist for U.S. companies to supply security equipment to the GON through any of the procuring security agencies as listed in the overview section of this report. In addition to these supply opportunities, the Ministry of Interior will be procuring as many as 11 fire trucks as part of the total 21 approved in 2018. In May 2020, the Ministry took possession of 10 out of the 21 approved for a sum of 1.8 billion Naira. U.S. companies can bid to supply the outstanding fire trucks which the Ministry of Interior will need to purchase in the near future. Sale of surveillance equipment to state governments and private organizations are additional opportunities that U.S. companies can take advantage of including the supply of aerial surveillance equipment to state governments for the monitoring of state boundaries and forests.

States within the South East, South West and South-South corridors in the country have all established different levels of vigilante/security enforcement units to forestall security challenges within their regions.

Resources

[Budgit](#)

[Institute for Economics & Peace](#)

[SBM Intelligence](#)

[Guardian](#)

[Africabusiness.com](#)

For more information, e-mail: Adesina Anthony A., U.S. Commercial Service, U.S. Consulate General, Lagos, Nigeria at Anthony.Adesina@trade.gov

Trade Shows

Global Security Exchange (GSX): September 21st to 25th

Location: Online

Customs, Regulations 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) Book. 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 may apply additional charges (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 its local industries and grow several strategic sectors, especially agriculture, the Nigerian government has continued to restrict or place bans on certain imports. Click on the following link for [a list of banned items](#).

Most goods destined to Nigeria, especially in the food, drug, and cosmetics categories, require some sort of inspection and/or certification from government authorities or their appointed third-party contractors. Because the Nigerian government 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 labor 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. Amongst these measures is a Federal Government 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:

1. Uniforms and Footwear
2. Food and Beverages
3. Furniture and Fittings
4. Stationery
5. Motor Vehicles
6. Pharmaceuticals
7. Construction Materials
8. Information Technology

Furthermore, in December 2019 the Nigerian Senate passed an amendment to the Public Procurement Act of 2007 which would, among other changes, compel Federal Government 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 up for days, and in some cases weeks and months, before being able to berth and discharge their contents. 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.

More [information about non-tariff trade barriers in Nigeria](#).

For more information and help with trade barriers please contact:

- International Trade Administration
Enforcement and Compliance
(202)482-0063
ECCoMmunications@trade.gov

Import Tariff

Nigeria began the implementation of Economic Community of West African States (ECOWAS) Common External Tariffs (CET) on January 1, 2015 in compliance with ECOWAS Heads of State's adoption of a five-band regional CET. The CET was slated to be fully harmonized by 2020 but is not yet complete. ECOWAS CET seeks to liberalize trade in line with WTO guidelines by harmonizing tariff charges within ECOWAS countries and strengthening its common market vis-à-vis non-member countries. Nigeria is among ten ECOWAS member countries which have adopted the CET thus far. ECOWAS had expected the remaining five countries to adopt the CET by January 2017. However, member countries, including Nigeria, can continue to employ restrictive trade policies on many food and agricultural products. To this end, the Federal Government since August 2019 closed Nigeria's land borders with Benin and Niger to curb smuggling of mostly agricultural products from the said markets. The Federal Government has stated that the action was based on the governments of both Benin and Niger failing to adhere to the tenets of the ECOWAS CET.

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 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 the local industries. Such sectors are agriculture where wheat, sugar, rice and tomato paste have effective rates of 85%, 75%, 70% and 50% respectively, and mining with an effective duty of 70% on salt and 55% on cement.

In October 2013, the Nigerian government announced an Automotive Industry Development Plan (NAIDP), which seeks to expand domestic vehicle manufacturing. The NAIDP imposes a 35% levy on automobile imports, over and above 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.

Import Requirements & Documentation

Nigeria aborted its pre-shipment inspection policy in favor of a destination inspection policy for imports. Under this policy, all imports are inspected on arrival into Nigeria. The Nigerian Customs Service (NCS) is currently in the initial stages of procuring scanning equipment which is expected to scan containers in a more accurate and timely manner. More [information on Nigeria's destination inspection policy](#).

[The Nigeria Trade Hub](#) serves as an information portal for traders. Users are able to classify their imports/exports, estimate freight charges and applicable duty, find information on clearing processes etc.

To receive clearance for goods imported into Nigeria, traders must present a Bill of Lading, Commercial Invoice Exit Note, duly completed Form 'M', Packing list, Single Goods Declaration, and a Product Certificate. Until recently, the importer was also required to submit a Combined Certificate Value & Origin (CCVO) which contains the description of goods, port of destination, country of origin, date of shipment, country of supply etc. However, in line with international trading procedures and recommendations from stakeholders, the Central Bank of Nigeria (CBN) reviewed its trade transactions guidelines and replaced the CCVO with the simpler Certificate of Origin in April 2017. The revision also prescribes a 48-hour maximum processing time from the receipt of application.

Nigeria's Single Window Portal is a trade facilitation project of 12 Nigerian Government agencies involved in the customs clearance process. The Single Window Portal allows traders to access customs regulations online, submit customs documents electronically, track transaction status online, and submit electronic payments. The Single Window Portal can be accessed at: <https://www.trade.gov.ng>. The Nigeria Ports Authority (NPA) is also developing a Single Window Platform as part of projects in its pipeline. The objective is to coordinate all port related and cargo clearance activities for a seamless and paperless operation.

The NCS uses a Pre-Arrival Assessment Report (PAAR) system which allows importers to submit their import documents online for assessment and clearance prior to the arrival of the cargo. This replaced the Risk Assessment Report System in 2013 with the objective of facilitating trade and revenue collection. The NCS is also working with the World Customs Organization to grant Authorized Economic Operator (AEO) status to importers and clearing agents who have maintained a satisfactory level of trade compliance. Likewise, the NCS maintains a Fast Track window through which select importers may forward their cargoes directly to their warehouses where customs procedures such as examination and payments are undertaken. This allows the importer to bypass tedious ports inspection processes and reduces costs associated with port storage and demurrage. Importers selected as beneficiaries of the Fast Track Scheme are those who have consistently exhibited integrity in their documentation and dealings with NCS.

Labeling/Marking 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 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. All items entering the country must be labeled in metric terms exclusively. Products with dual or multiple markings will be confiscated or refused entry. More information on labeling may be found on [Standard Organization of Nigeria](#).

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

The Board of Customs and Excise grants temporary importation status and duty waiver for the importation of the following machinery and equipment that are to be re-exported within a period of 6 months (though it is not uncommon for extensions to be granted for up to two years) on completion of specialized government approved projects: aircraft, ships/vessels/boats, barges/pontoons/tugs for oil exportation or approved projects, dredgers for soil erosion projects or oil drilling operations; oil rigs and accessories; and super cranes used for petrochemical construction/oil exploration and related projects. There are ongoing plans to review the Temporary Import Permit process.

Prohibited & Restricted Imports

Nigeria's list of prohibited or restricted imports is as follows:

- Live or dead birds including frozen poultry
- Pork, beef
- Bird's eggs, excluding hatching eggs
- Refined vegetable oils and fats (includes mayonnaise). Crude vegetable oil is NOT banned from importation
- Cane or beet sugar and chemically pure sucrose, in solid form in retail packs
- Cocoa butter, powder and cakes
- Spaghetti/noodles
- Fruit Juice in retail packs
- Waters, including mineral waters and aerated waters containing added sugar or sweetening matter or flavored, ice snow, other non-alcoholic beverages and beer and stout (bottled, canned or otherwise packed, but excluding energy or health drinks (liquid dietary supplements)
- Bagged cement

- Paracetamol tablets and syrups
- Cotrimoxazole tablets and syrups
- Metronidazole tablets and syrups
- Chloroquine tablets and syrups
- Haematinic formulations; ferrous sulphate and ferrous gluconate tablets, folic acid tablets, vitamin B Complex Tablets (except modified released formulations)
- Multivitamin tablets, capsules and syrups (except special formulations)
- Aspirin tablets (except modified released formulation and soluble aspirin)
- Magnesium trisilicate tablets and suspensions
- Piperazine tablets and syrups
- Levamisole tablets and syrups
- Clotrimazole cream
- Ointments – penicillin/gentamycin
- Pyrantel pamoate tablets and syrups
- Intravenous fluids (dextrose, normal saline, etc.)
- Waste Pharmaceuticals
- Mineral or Chemical Fertilizers containing two or three of the fertilizing elements nitrogen, phosphorus and potassium (NPK 15-15-15), excluding organic fertilizer
- Soaps and Detergents in retail packs only
- Mosquito Repellant Coils
- Rethreaded and used Pneumatic tires but excluding used trucks tires for rethreading of sized 11,00 x 20 and above
- Corrugated Paper and Paper Boards, and cartons, boxes and cases made from corrugated paper and paper boards, toilet paper, cleaning or facial tissue, excluding baby diapers and incontinent pads for adult use
- Telephone Re-charge cards and vouchers
- Carpets and other textile floor coverings
- All types of Foot Wears, Bags and Suitcases but excluding Safety Shoes used in oil industries, sports shoes, canvass shoes all Completely Knocked Down (CKD) blanks and parts
- Hollow Glass Bottles of a capacity exceeding 150mls (0.15 liters) of all kinds used for packaging of beverages by breweries and other beverage and drink companies
- Used compressors and used fridges/freezers
- Used Motor Vehicles above fifteen (15) years from the year of manufacture
- Ball Point Pens and parts including refills (excluding tip)
- Tomato Paste or Concentrate put up for retail sale

In addition, NCS lists items whose importation is “absolutely prohibited:”

1. Air Pistols
2. Airmail Photographic Printing Paper
3. All counterfeit/pirated materials or articles including Base or Counterfeit Coin of any Country
4. Beads composed of inflammable celluloid or other similar substances
5. Blank invoices
6. Coupons for Foreign Football pools or other betting arrangements
7. Cowries
8. Exhausted tea or tea mixed with other substances
9. Implements appertaining to the reloading of cartridges
10. Indecent or obscene prints, painting, books, cards, engraving or any indecent or obscene articles
11. Manilas
12. Matches made with white phosphorous
13. Materials of any description with a design which, considering the purpose for which any such material is intended to be used, is likely in - the opinion of the president to create a breach of the peace or to offend the religious views of any class of persons in Nigeria
14. Meat, Vegetables or other provisions declared by a health officer to be unfit for human consumption

15. Piece goods and all other textiles including wearing apparel, hardware of all kinds' crockery and china or earthenware goods bearing inscriptions (whether in Roman or Arabic characters) from the Koran or from the traditions and commentaries on the Koran
16. Pistols disguised in any form
17. Second-hand clothing
18. Silver or metal alloy coins not being legal tender in Nigeria
19. Nuclear Industrial waste and other Toxic waste
20. Some spirits
21. Weapons and ammunition of any description which in the opinion of the Comptroller-General are designed for the discharge of any noxious liquid, gas or other similar substance

Besides the import restrictions by NCS, the Central Bank of Nigeria (CBN) in 2015 restricted access to foreign exchange at the official window for importers of several items. Instead, importers of the under-listed items source foreign exchange from the parallel market where the price of forex is significantly higher than the official rate. However, in May 2017, the CBN lifted the restriction on importers whose cumulative transactions are \$20,000 and below per quarter.

Items which are ineligible for Foreign Exchange at the CBN's Official Window are as follows:

1. Rice
2. Cement
3. Margarine
4. Palm kernel/Palm oil products/vegetables oils
5. Meat and processed meat products
6. Vegetables and processed vegetable products
7. Poultry chicken, eggs, turkey
8. Private airplanes/jets
9. Indian incense
10. Tinned fish in sauce (Geisha)/sardines
11. Cold rolled steel sheets
12. Galvanized steel sheets
13. Roofing sheets
14. Wheelbarrows
15. Head pans
16. Metal boxes and containers
17. Enamelware
18. Steel drums
19. Steel pipes
20. Wire rods (deformed and not deformed)
21. Iron rods and reinforcing bard
22. Wire mesh
23. Steel nails
24. Security and razor wire
25. Wood particle boards and panels

26. Wood Fibre Boards and Panels
27. Plywood boards and panels
28. Wooden doors
29. Furniture
30. Toothpicks
31. Glass and Glassware
32. Kitchen utensils
33. Tableware
34. Tiles-vitrified and ceramic
35. Textiles
36. Woven fabrics
37. Clothes
38. Plastic and rubber products, polypropylene granules, cellophane wrappers
39. Soap and cosmetics
40. Tomatoes/tomato pastes
41. Eurobond/foreign currency bond/ share purchases
42. Fertilizer
43. Dairy

Customs Regulations

NCS' Customs and Excise Tariff is based on the Customs Cooperation Council Nomenclature (CCCN). Duties are either specific or *ad valorem*, depending on the commodity, and are payable in Nigerian Naira upon entry. Import tariffs are non-preferential and apply equally to all countries outside the Economic Community of West African States (ECOWAS). A local insurance company must insure all imported goods. A special duty may be imposed on imported goods if the government feels that such goods are being dumped or unfairly subsidized, thus threatening established or potential domestic industries.

Duties previously paid on abandoned, re-exported, damaged, or destroyed goods may be refunded. However, a claim must be made before the goods leave customs custody. A destruction certificate must be obtained from a customs officer to obtain a refund of duties paid for goods that were subsequently destroyed. Upon presentation of a customs certificate attesting to the landing of goods in another country, duties paid on such goods in Nigeria will be refunded.

The Nigeria Customs Service Headquarters is located at:

3 – 7 Abidjan Street, Wuse Zone 3,

P.M.B. 26, Zone 3, Abuja – FCT

Tel: +234 (0) 9 4621597, +234 (0) 9 4621598, +234 (0) 9 4621599

Fax: +234 (0) 9 5234694

E-mail: info@customs.gov.ng; pro@customs.gov.ng

The Nigeria Trade Hub can be reached at:

Tel: +234 (0) 8100112600

E-mail: support@nigeriatradeshub.gov.ng

<http://www.nigeriatradeshub.gov.ng/>

Standards for Trade

Overview

Nigeria operates a top-down government-driven standards system. The two primary government agencies which regulate product standards are the Standards Organization of Nigeria (SON) – the apex standardization body in Nigeria, and the National Agency for Food and Drug Administration and Control (NAFDAC) which controls the production, trade and sale of food, drugs, cosmetics, chemicals, detergents, medical devices and packaged water. Standards set by SON and NAFDAC are mandatory and must be met before any product can be registered or certified. Standardization programs at SON are managed by the Directorate of Standards with the support of technical groups. At the national level, the directorate coordinates the activities of experts, relevant stakeholders and other interested parties known as National Technical Committees to develop the Nigerian Industrial Standards (NIS). While at the international level, the directorate participates in technical committees of ISO, IEC, AFSEC, CODEX as well as in the harmonization of standards within ECOWAS and Africa.

Standards

Nigeria accepts standards developed by other organizations including U.S. domiciled bodies and does not favor those of its trading partners. SON primarily adopts ISO, American, European, African and ECOWAS standards. The organization has relationship with the American National Standards Institute (ANSI) and in 2019, adopted 10 of the American Petroleum Institute's (API) standards for the country's oil and gas industry. Nigeria does not have any standards treaty with the United States; therefore, products made in the U.S. or made to U.S. standards must still undergo SON's conformity assessment or NAFDAC's product registration/certification process.

SON: The organization's objectives are to:

- Prepare standards relating to products, measurements, materials and processes among others, and their promotion at the national, regional and international levels;
- Certify industrial products;
- Provide capacity for local production of quality goods;
- Improve measurement accuracy; and
- Circulate information relating to standards.

NAFDAC: by its enabling legislation, NAFDAC is empowered to “regulate and control the importation, exportation, manufacture, advertisement, distribution, sale and use of food, drugs, cosmetics, medical devices, bottled water and chemicals” or regulated products by conducting tests to ensure compliance with standards specifications predetermined by the NAFDAC Council. NAFDAC is also empowered to inspect imported regulated products and production sites as well as issue certification for regulated products destined for export.

SON's two major schemes for determining conformity to standards are:

1. **Mandatory Conformity Assessment Program (MANCAP):** this is a mandatory program which ensures that all locally manufactured products conform to the relevant Nigerian Industrial Standards (NIS) prior to sale or export. For more information visit [SON](#).
2. **SON Conformity Assessment Program (SONCAP):** SONCAP checks goods pre-shipment to ensure that imports into Nigeria are in conformity with the applicable NIS or approved equivalents.
3. **NAFDAC's Laboratory Service Directorate** is responsible for analyzing the quality and compliance to requirements of all regulatory products including imports and exports. The Directorate also monitors products in the market post-registration to ensure standards are maintained, investigates quality complaints by the public and serves as a reference laboratory for other government agencies such as the NCS and the National Drug Law Enforcement Agency (NDLEA).

Product Certification

SON's product certification is implemented through the following schemes:

1. Voluntary Product Certification Scheme (NIS Mark of Quality): this scheme is designed to reward products which consistently comply with the requirements of the relevant NIS at the point of production and in the markets. For more information: <http://son.gov.ng>
2. Product-Type Certification for Exports: under this scheme, products in a specific consignment are tested for conformance with applicable standards or trade contract. For more information: <http://son.gov.ng>

NAFDAC's Registration and Regulatory Affairs Directorate is responsible for certifying products following testing by the Laboratory Service Directorate as well as other conformity assessment exercises. The Directorate also undertakes investigation of public complaints and post-registration surveillance and serves as coordinator for foreign Goods Manufacturing Practices (GMP) in Nigeria.

Testing, Inspection and Certification

SON's conformity assessment focuses on third party assessments of products and processes. Nevertheless, SON has expertise in assessing product conformity in the following areas: chemical, inorganic and textile testing with ISO/IEC 17025 accreditation for its chemistry laboratory. Testing of international products is typically outsourced to international testing laboratories. For more information on assessment: <http://son.gov.ng/>

NAFDAC has accredited consultants with requisite knowledge of laws and regulations relating to foods and drugs regulation in Nigeria and globally. These consultants assist firms to meet regulatory requirements for local production, sale and export. For a full list of consultants see [NAFDAC](#).

Publication of Technical Regulations

SON standards are spelled out in the Nigerian Industrial Standards (NIS) which "provides, for common and repeated use, rules, guidelines or characteristics for products and services and related processes or production methods, aimed at the achievement of the optimum degree of order in each context." The NIS is reviewed by several of the under-listed Technical Groups under the leadership of SON's Director of Standards Department and approved by SON's Standard Council. A Technical Library serves as the compendium for all published standards.

Technical Groups:

- Electrical/Electronic Group
- Food/Codex Group
- Chemical Technology Group
- Civil/Building Group
- Service Standards Group
- Mechanical/Metrology Group
- Textile & Leather Group
- International Standards group

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at [NOTIFY U.S.](#)

SON, also in compliance with the TBT and as the apex standardization body in Nigeria, serves as the [National Enquiry Point](#) – a source for standards-related information – for stakeholders within and outside Nigeria.

[NAFDAC](#) maintains a compendium of its regulations and guidelines on its website. These include its key regulations on cosmetics, foods, drugs, chemicals, herbal products and breastmilk substitutes.

It is important to note that even in instances where SON and NAFDAC regulations are thorough and clear in documentation, the best practice is to inquire about any changes to regulations and approach each issue on a case-by-case basis.

Contact Information

Contact details for SON's Corporate Headquarters are as follows:

52, Lome Crescent,
Wuse Zone 7, Abuja
Nigeria.

E-mail: info@son.gov.ng, customerfeedback.collaboration@son.gov.ng

Phone: +234(0)8002255766, +234(0)7056990099

Customer Feed Back Desk: +23470322800925, +2348159570003

Website: www.son.gov.ng

Contact details for NAFDAC Corporate Headquarters are as follows:

Plot 2032, Olusegun Obasanjo Way

Wuse Zone 7, Abuja

E-mail: nafdac@nafdac.gov.ng

Phone: 09-6718008, 09-5240996

Website: www.nafdac.gov.ng

Trade Agreements

In 2000, Nigeria and the United States signed a Trade and Investment Framework Agreement (TIFA). The eight U.S.-Nigeria TIFA council meeting was held in March 2014 and Nigeria was represented by the Federal Ministry of Industry, Trade and Investments (FMITI). To view the TIFA document, click on Nigeria in the following link: <https://ustr.gov/trade-agreements/trade-investment-framework-agreements>.

Licensing Requirements for Professional Services

Medical Professionals

The Medical and Dental professions in Nigeria are regulated by the Medical and Dental Practitioners Act Cap 221 (now Cap M8) Laws of Federation of Nigeria 1990, which sets up the Medical and Dental Council of Nigeria as the medical regulatory body of the country.

Foreign medical graduates must sit for and pass the MDCN Assessment Examination to be eligible to practice in Nigeria. Foreign medical graduates must show evidence from the health regulatory bodies of the countries where they were trained that they are qualified to be registered and could have practiced in those countries if they had wanted to do so. For more information: <https://www.mdcn.gov.ng/>

Engineering Professionals

The Council for the Regulation of Engineering in Nigeria (COREN) provides Engineers with the license to practice in Nigeria. A previous requirement from COREN mandated registration with the Nigerian Society of Engineers (NSE) as a prerequisite for obtaining a COREN license. However, this prerequisite has been expunged from the new regulations even though in practice, an application to COREN without the NSE endorsement might be rejected. For more information: <http://www.coren.gov.ng/>.

Architects

The Architects Registration Council of Nigeria (ARCON) regulates practice of architecture in Nigeria. Foreign architects working in Nigeria must have a Nigerian architect as the lead consultant.

Lawyers

The Council of Legal Education is the supervisory body responsible for the accreditation, control and management of legal education in Nigeria. The Council of Legal Education runs the Nigerian Law School. Foreign qualified lawyers wishing to re-qualify to practice law in Nigeria must successfully complete the six months Bar Part 1 course and the

one-year Bar Part 2 course at the Nigeria Law School to obtain a Bachelor of Laws and be called to the Nigerian Bar. The laws in Nigeria limit eligibility for requalification to holders of qualifications from common law jurisdictions.

Accountants and Auditors

There are three (3) Nigerian professional accounting bodies recognized by law namely; Institute of Chartered Accountants of Nigeria (ICAN), Association of National Accountants of Nigeria (ANAN) and Chartered Institute of Management of Nigeria (CIMA). Currently, ICAN grants all members of the American Institute of Certified Public Accountants (AICPA) full membership after undergoing a special intensive course.

Selling US Products and Services

Distribution & Sales Channels

Distributions and sales channels for U.S. companies emanate from the local companies with which they have signed an agreement. All three transportation systems available in the country can be utilized for this purpose. The wider road network for ground transportation comes to play in here as the interior or rural areas in the country can be covered. There are also very good courier companies that could help expedite both delivery and logistics services at a pre-determined cost. The cities of Lagos, Kano, Abuja and Enugu have airports serving international flight operations for both passenger and cargo traffic. Additionally, the most active seaports of Apapa and Tin Can Island in Lagos handle large volume of sea freight and containerized goods regularly.

The Government of Nigeria is now investing in railway transportation as a viable option for the movement of goods between ports/production facilities and other regions of the country. The focus on rail transportation has gained more attention from public and private sector leaders as the poor condition of road transportation and frequent traffic congestion presents huge challenges for businesses. Depending on the product type, most wholesalers and merchants have warehousing/storage facilities in the major markets from where they resell to distributors and retailers.

Using an Agent or Distributor

Often when U.S. companies export into Nigeria, they involve local representatives with whom they may have spoken and/or met with. However, companies often choose to leverage the services provided by the Commercial Service in Nigeria to find and vet qualified representatives to meet their business partnership requirements to facilitate their market entry into the country.

CS Nigeria encourages U.S. companies to employ the services of experienced commercial lawyers in completing the incorporation process and in dealing with providers of ground support services such as product registration, license acquisition, housing and tenancy agreements. Please see [list of service providers](#).

Establishing an Office

U.S. firms wishing to do business in Nigeria, other than through incorporated local companies acting as representatives, agents, distributors, or partners, are required by law to establish a local presence. The business must be incorporated locally in Nigeria. Foreign firms cannot operate through a branch office in Nigeria. As part of efforts being made by the Government of Nigeria to improve the ease of doing business in the country, a Presidential Enabling Business Environment Council (PEBEC) was established in early 2017 to help review challenges encumbering the business environment. The speed of business registration with the country's [Corporate Affairs Commission](#) (CAC) has also received a boost.

Franchising

Significant opportunities exist for U. S. franchise companies in the Nigerian market. U.S Brands are well sought after in this market, because of their reputation for quality products and services. However, Nigeria is a price sensitive market hence players coming into this market must strike a balance between quality and price considerations. The average spending power is low, and the market is very price sensitive. Nigeria's franchise market is estimated to be \$25 billion in products and services. The most promising industry sectors in franchising include fast food, hotel services, professional and service training, fashion, healthcare, oil/gas distribution services, transportation, telecommunications, and distribution services. There is a high demand for American-style education and industry-specific training for businesses in diverse sectors including oil and gas. The key competitive advantage that American franchises possess is quality of product, quality of service and superior brand name. These three components coupled with an efficient management system integrated into operations, strategy, planning and human resource (training) distinguish American franchises. To succeed in Nigeria, it is vital that U. S. franchisees maintain the top-quality offering for which they are known, while offering competitive prices. Slight localization of service offering is also

fundamental to succeed in this market. A more detailed report on Franchising is given in the franchise sector section of this document.

Every year, CS Nigeria recruits and escorts an official Nigerian delegation to the annual International Franchise Expo organized by the International Franchise Association (IFA) based in Washington, D.C. For more information about the International Franchise Expo, please visit <http://www.franchise.org>. Interested U.S. franchisors may utilize the services of CS Nigeria to identify, pre-qualify, and select a competent and reliable master franchisee or area developer for the country.

Direct Marketing

Direct marketing is a popular concept or method of international business expansion in Nigeria as well, especially in beauty and wellness sectors. Several U.S. companies have been operating in Nigeria for a decade. Among them are Forever Living Products (health and wellness food supplements), Jeunesse, a Florida company, (anti-aging skin care and food supplements), Total Life Changes, a Michigan company (nutritional supplements), Moringa Bioactive, a Utah company (personal care and food supplements), and Trevo, an Oklahoma company (nutritional supplements). Many local and foreign companies especially in the personal care sector now utilize direct marketing to reach their target buyers in the country. The most commonly used methods include face-to-face and social media marketing while some others also deploy multi-level marketing structures.

Joint Ventures/Licensing

Joint venture agreements and relationships are governed by Nigerian commercial law, which is based on British common law. The Government of Nigeria is aggressively promoting joint ventures, particularly in the oil and gas and maritime industries. The objective is to encourage technology and knowledge transfer and improve local content. Similar efforts are manifest in the information and communications technology industry, manufacturing, and distribution sectors.

Express Delivery

Express delivery and courier services are highly prevalent in Nigeria with many international delivery services operating. The Nigerian Postal Service (NIPOST) is the government-owned and operated corporation with the largest network for postal services delivery in Nigeria. Several other private businesses especially in the transportation sector handle local and interstate package deliveries. For international deliveries, the following express delivery mail services are readily available in Nigeria: [EMS Nigeria operated by the Nigerian Postal Service](#); [DHL](#); [Red Star Express](#) [Red Star Express](#); [FedEx](#), [UPS](#) and [Airborne Express](#). Money transfer services: [Western Union](#) and [Moneygram](#).

Due Diligence

All U.S. companies coming to do business in Nigeria are advised to carry out a comprehensive due diligence before commitments are made. This is to help the companies understand the partnership they are going into. This exercise includes check on the owners of a local business, their corporate social responsibilities, standard that is required, meeting with local taxation obligations and making sure that the finances of the local organizations are coming from legitimate sources.

eCommerce

Nigeria's economy is gradually becoming cashless as digital payment and electronic banking are being implemented in phases across most states of the federation. At present, many transactions can be conducted electronically using several of the emerging digital financial service platforms.

Cross-Border eCommerce/B2B eCommerce/Online Payment

The successful adoption of electronic payments in Nigeria is encouraging the entrance of payment service providers which see Nigeria as a promising market. Debit cards from many local banks such as Citibank, Zenith, UBA, and Fidelity, are now used by Nigerian travelers to make payment in countries such as the United Kingdom, Germany, South Africa, and the United States. The demand for electronic transactions has attracted payment facilitators from Europe and Asia who are investing in Nigerian electronic infrastructure projects. Online commerce and financial

technology in Nigeria is strengthened by fast growing youth population, expanding consumer power, and increased smartphone penetration. The current Ecommerce spending in Nigeria is estimated at \$12 billion, and is projected to reach \$75 billion in revenues per annum by 2025.

eCommerce Intellectual Property Rights

In 2015, the Federal Government signed the Cybercrime bill into law to prohibit and prevent fraud in electronic commerce. The purpose of the Cybercrimes Act of 2015 extends beyond prohibiting, preventing and criminalizing online fraud, but also prescribes punishments and sets the institutional framework for enforcement. The goal is to protect e-business transactions, company copyrights, domain names and other electronic signatures in relation to electronic transactions in Nigeria. However, these challenges still exist as internet fraud is still highly prevalent in Nigeria.

Digital Marketing & Popular eCommerce Sites

Africa Internet Group owns online retailer Jumia and 9 other e-ventures. Its best-known venture is online retailer Jumia, one of Africa's better funded startups. Since its inception in Lagos in 2012, Jumia now operates in several other African countries selling everything from diapers to iPhones and microwaves. In April 2019, Jumia listed on the New York Stock Exchange (NYSE). Konga, a competitor to Jumia, was set up in 2012 selling a wide range of products from home appliances to groceries. It merged with Yudala in May 2018 but continued to operate under the Konga brand name. In December 2016, Yakata, another competitor, reached over 155,000 orders, valued at nearly \$11 million for the month alone.

Selling Factors & Techniques

Overview

Nigerian consumers react positively to American brands. To elicit consumer interest, manufacturers should ensure that all sales materials are in English. Also, the name and address of the manufacturer and country of origin should be indicated clearly on the product/packaging. Where products are labelled and bear illustrations/pictures such as beauty/health care products, it is more effective to use pictures that match the look and features (e.g. skin tone, hair color/texture) of people in the Nigerian market. Many Nigerians demonstrate a stronger inclination to purchase U.S.-made products if the U.S. flag is printed on the package.

Trade Promotion & Advertising

For trade promotion and advertising services in Nigeria, U.S. companies may visit the following link for Business Service Providers on CS Nigeria's Website. Local partners are usually available to collaborate with their foreign counterparts in trade promotion, publicity and advertising campaigns.

Pricing

Pricing is a key determinant of success in Nigeria and a major challenge for U.S. firms doing business in Nigeria due to two critical factors: low purchasing power of Nigerians and the availability of often more inexpensive alternate choices from Asian and North African suppliers. Note that the Nigerian federal government charges a 5% VAT, while state governments also impose an additional 5% VAT. As a result of currency controls measures implemented some years ago, distributors were forced to raise prices for imported commodities (especially food items like rice, spaghetti and cooking oil) significantly (in some instances up to 30%) due to higher exchange rates at the parallel market.

Sales Service/Customer Support

An excellent package of customer service and after-sales support is a major driver of buyer patronage in this market. U.S. companies must be willing to do as much as they can to support their local representatives and respond positively to customer complaints. Over the past years, the Nigerian market for U.S. products and services has come under heavy pressure from Asian exporters and investors, particularly Chinese and Indian entrepreneurs, who are setting up

a local presence and building partnerships across the country. Others, while not yet localizing their presence, are increasing the frequency of their visits to Nigeria and are participating in local fairs or hosting private seminars and workshops. They are active in industry sectors such as oil/gas, security equipment and power generation, among others.

Local Professional Services

There are local professional services like the private security companies, logistic companies, attorneys and credible financial institutions that can be of significant benefits to U.S. companies coming to operate in Nigeria. These professionals help U.S. companies better understand how businesses operate and succeed in the country as well as understand local laws guiding their operations.

The following link provides you a list of pre-screened and reputable companies that can assist in completing specific tasks in the Nigerian market: <http://www.export.gov/nigeria/businessserviceproviders/index.asp>

Principal Business Associations

All businesses in Nigeria have principal and professional associations they belong to which U.S. companies, while operating in the country, can leverage on to understand the local market, culture and the people they deal with while conducting business. There is an association of U.S. companies in Nigeria called the American Business Council that meets in Lagos, Nigeria, regularly to share business and security experiences.

Limitations on Selling US Products and Services

Some of the major limitations on selling U.S. products and services include infrastructural challenges, customs import control and regulations, delay in registration of some products (such as in health/beauty sectors), and foreign competition from other export markets that may not be concerned about standards.

Trade Financing

Methods of Payment

The methods of payment include confirmed irrevocable letters of credit, bills for collection, open accounts or any other internationally accepted mode of payment. Note that imports on open account basis are not guaranteed by the Federal Government of Nigeria. Whatever the form adopted, the proceeds must be repatriated within 90 days from the date of shipment of the consignment. U.S. exporters are advised to ship goods only on sight of confirmed and irrevocable letters of credit. The advisable method of quoting is "CIF." U.S. firms also are advised that fraudulent business practices involving bogus financial documents are common. Independent verification of the legitimacy of transactions is recommended. U.S exporters should also consult with their bankers for document verification. It is necessary to confirm the validity of any Nigerian bank with the U.S. Commercial Service office in Nigeria.

Credit rating agencies approved by Nigeria's Securities and Exchange Commission (SEC) include:

Augusto and Co.

<https://www.agusto.com/>

Datapro Limited

<http://datapronigeria.com/>

Global Credit Rating

<http://www.globalratings.com.ng/>

Some of these agencies also offer debt collection services. American companies should contact the U.S. Commercial Service for assistance with a list of vetted collection agents. Visa and Mastercard are the widely used cards in Nigeria for payments. American Express card is also accepted but not common.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

Banking System

The Nigerian banking system currently consists of 22 commercial banks (<https://www.cbn.gov.ng/Supervision/Inst-DM.asp>), 942 micro-finance banks, 5 discount houses, 64 Finance Companies, and 6 development finance banks. The Central Bank of Nigeria (CBN) regulates and supervises the activities of these and others categorized as “Other Financial Institutions”. These include, Bureau-de-Change (BDCs), Finance Companies (FCs), Primary Mortgage Institutions (PMIs) and FinTech companies. The CBN is primarily responsible for formulating policies and monitoring the financial system to ensure that operators comply with monetary, credit, and foreign exchange guidelines. Nigerian commercial banks perform three major functions: accepting deposits, granting loans and operating payment and settlement mechanisms.

The launch of CBN’s Payment Systems Vision 2020 (PSV 2020) in 2007 led to a sharp increase in the number of new FinTech companies operating in Nigeria. Most of them offer *mobile lending, mobile/electronic payments and personal finance solutions*. The CBN has not yet crafted any regulations specifically for FinTech, a situation that creates ambiguity and complications on a number of issues, but oversees the industry under the bank’s “Guidelines for Licensing and Regulation of Payment Service Banks (PSB) 2018”.

Foreign Exchange Controls

Nigeria operates a system of multiple exchange rates. These include the official exchange rate from the CBN, an interbank rate (where banks lend to each other), another used by international money transfer companies, an Importers and Exporters (I&E) Window established in April 2017, and a black-market rate. The International Monetary Fund (IMF) has been critical noting that the absence of a single exchange rate creates confusion and deters foreign investments. In late 2015, the bank pegged the local currency at roughly 200 naira against the dollar until June 2016 when collapsing oil prices put pressure on the naira, forcing the bank to devalue it to about 305 naira to one U.S. dollar and introduce measures to save it from sliding further. Some of these measures included barring importers of 43 product categories from accessing dollars from the CBN, restricting the amount of dollars drawn daily from foreign ATMs by Nigerians when they travel overseas, reducing dollar amounts the bank sold weekly to Bureau de Change operators, stopping sale of dollars to Nigerian students studying abroad and making the bank the exclusive conduit for all foreign capital inflows into the country.

Boosted by a growing foreign reserve pot, the CBN relaxed some of these forex policies and injected the much-needed dollars into the system leading to relative stability in the market until March 2020 when the Covid-19 pandemic and a sharp drop in international oil prices led to a significant decline in the value of the naira. The exchange rate which was 360 naira to 1 USD as at early March 2020 has since risen to 379 naira to 1 USD as at August 2020. Commercial banks are reducing international spending limits by their customers abroad amid the country’s fragile currency situation, caused by the pandemic and low oil prices. Local businesses still experience difficulties buying foreign currency and processing offshore payments due to the existing forex regime.

To encourage foreign investments in Nigeria, the government has, in theory, removed all barriers to repatriation of capital, profits and dividends. Repatriation of proceeds from disposal of assets is allowed. Subject to payment of relevant taxes, investors are guaranteed unrestricted return of their investment capital and proceeds, in any convertible currency, if that capital was brought into Nigeria under a Certificate of Capital Importation (CCI). However, for the reasons stated above, CBN’s effort to defend the naira has fettered the ease with which foreign monies can now be repatriated from Nigeria. Overall, U.S. companies are encouraged to consult their Nigerian bankers for proper advice with respect to foreign exchange dealings.

U.S. Banks & Local Correspondent Banks

Citibank and JP Morgan are the only U.S. banks with a presence in Nigeria. However, United Bank of Africa (UBA) and Standard Chartered Bank both operate branches in the United States. Most Nigerian banks have correspondent relationships with U.S. banks.

Citibank

Commerce House
27 Kofo Abayomi Street
Victoria Island, Lagos
Nigeria
P.O. Box 6391, Lagos
Tel: (234-1) 279- 8400 or 463- 8400
Fax: (234-1) 270-1191
www.citigroup.com

J.P. Morgan

The Waterfront
Plot 5, Oyinkan Abayomi Drive, Ikoyi
Lagos, Nigeria
Tel: 234-1271 -8736
Fax: 234-1-271-8737
www.jpmorgan.com

United Bank for Africa

UBA House
57 Marina, Lagos
Nigeria
P.O. Box 2406, Lagos
Tel: 234-1-264-4651-700
www.ubagroup.com

Standard Chartered Bank

142 Ahmadu Bello Way
Victoria Island, Lagos
Nigeria
Tel: 234-1-270-0025
Fax: 234-1-270-2144
www.standeredchartered.com/ng

Protecting Intellectual Property

[USTR's Special 301 Report 2019](#) states that in virtually all countries identified (Brazil, China, Colombia, Hong Kong, India, Indonesia, Nigeria, Paraguay, Singapore, Thailand, Turkey, the UAE, and Vietnam), IP enforcement is lacking due to, *inter alia*, inadequate or effective border enforcement against counterfeit and pirated goods. Customs officials also lack authority to take *ex officio* action to seize and destroy such goods at the border or to take such action for goods in-transit. Particularly mentioned are copyright issues, including piracy and unlicensed government use of copyrighted software in countries like Argentina, Brazil, China, Costa Rica, Egypt, Greece, Indonesia, Kenya, Mexico, Nigeria, the Philippines, Romania, Russia, Thailand, and Vietnam. The document also noted that right holders operating in other countries report an increasing variety of government measures, policies, and practices that require or pressure technology transfer from U.S. companies. While these measures are sometimes styled as means to incentivize domestic “indigenous innovation,” in practice, they disadvantage U.S. companies, requiring them to give up their IP as the price of market entry. These actions serve as market access barriers and deny U.S. companies’ reciprocal opportunities to access foreign markets relative to market access provided to foreign companies operating in the United States. In Nigeria, localization policies in the form of local content requirements protect and favor local companies at the expense of foreign firms and investors. The 2019 Guidelines for Nigerian Content Development in Information and Communications Technology require local production or utilization of Nigerian materials and labor across a broad range of information communications technology (ICT) goods and services.

In 2015, the Federal Government of Nigeria signed the Cybercrime bill into law to prohibit and prevent fraud in electronic commerce. The purpose of the Cybercrimes Act of 2015 extends beyond prohibiting, preventing and

criminalizing online fraud, but also prescribes punishments and sets the institutional framework for enforcement. The goal is to protect e-business transactions, company copyrights, domain names and other electronic signatures in relation to electronic transactions in Nigeria. Efforts to update copyright and industrial property laws have been stalled in the legislative process.

In any foreign market, U.S. companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit <https://www.stopfakes.gov/businesss-tools/country-ipr-toolkits>. The toolkits contain detailed information on protecting and enforcing IP in specific markets and contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information below for the IP Attaché who covers the following countries: Middle East and North Africa: Peter Mehravari Peter.Mehravari@trade.gov. Also, the Departments of Justice (OPDAT/CCIPS) and State (DOS/INL) have placed an ICHIP Attorney Advisor at the U.S. Embassy in Nigeria who covers all of Africa: Tanya Hill, Email: hillty@state.gov

Selling to the Public Sector

The Bureau of Public Procurement (BPP) is the government agency is charged with approving all public procurement activities above ₦100 million (about \$277,000) except for procurements by the Nigerian National Petroleum Company, where The National Petroleum Investment and Management Services (NAPIMS) agency must approve all procurement in the oil and gas sector with a value above \$500,000. Foreign companies incorporated in Nigeria receive national treatment in government procurement, government tenders are published in local newspapers, and a "tenders" journal is sold at local newspaper outlets. U.S. companies have won government contracts in several sectors. At the state level, the governments of the 36 states of Nigeria have procurement acts and procedures guiding the way goods and services are sold to the government.

The Federal and State Governments of Nigeria buy products and services through their own "Tender Boards." Please note this is NOT the "Tenders Committee" mentioned in fraud letters that come out of Nigeria. Tender Boards are usually composed of senior government officials and may include local consultants or foreign firms with representatives in Nigeria. The Central Bank of Nigeria (CBN) does not buy products and services for the Nigerian Government or its agencies. Email, fax inquiries, and business proposals purportedly emanating from the CBN on behalf of the Nigerian Government or any of its agencies should be disregarded. The CBN has been invoked and mentioned in several cases of financial and related crimes. However, the CBN warns foreign firms interested in doing business in Nigeria to be wary of business proposals and private offers that seem fictitious. For additional information and clarification about the nature of advance-fee fraud and other related crimes originating from Nigeria and West Africa, visit [Central Bank of Nigeria](#). If there is any question about the legitimacy of a business deal or government tender, please contact [CS Lagos](#) to help ascertain legitimacy.

U.S. companies and suppliers can access the [BPP's](#) website for information on procurement tenders and other information.

Selling to the Government

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

The Nigerian Government has made modest progress on its pledge to conduct open and competitive bidding processes for government procurement. Public procurement reforms seek to ensure that the procurement process for public projects adheres to international standards for competitive bidding. The Bureau of Public Procurement (BPP) acts as a clearinghouse for most government contracts and monitors the implementation of projects to ensure compliance with contract terms and budgetary restrictions. All procurement above ₦100 million (about \$277,000) remains subject to review by the BPP, except for procurements by the Nigerian National Petroleum Company.

The 36 State Governments have also agreed to enact the Public Procurement Act in their respective states, and 24 states have passed procurement legislation. In the energy sector, U.S. Agency for International Development (USAID)

energy consultants have been advising the Nigeria Bulk Electricity Trader and the Transmission Company of Nigeria (TCN) regarding the incorporation of international best practices in energy procurement. USAID is currently serving as the lead advisor for transmission procurement through TCN. In addition, reforms at the state-owned Nigerian National Petroleum Corporation, (NNPC) in 2015 have resulted in more transparent bid processes for procurement of services.

Foreign companies incorporated in Nigeria receive national treatment in government procurement, government tenders are published in local newspapers, and a “tenders” journal is sold at local newspaper outlets. U.S. companies have won government contracts in several sectors. Unfortunately, some of these companies have had trouble getting paid, often because of delays in the national budgetary process.

The National Petroleum Investment and Management Services (NAPIMS) agency must approve all procurements in the oil and gas sector with a value above \$500,000. Slow approval processes can significantly increase the time and resources required for a given project.

Nigeria is not a signatory to the WTO Agreement on Government Procurement.

The Federal and State Governments of Nigeria buy products and services through their own "Tender Boards." Please note this is NOT the same thing as the “Tenders Committee” often mentioned in fraud letters that come out of Nigeria. Tender Boards are usually composed of senior government officials and may include local consultants or foreign firms with representatives in Nigeria. The Central Bank of Nigeria (CBN) does not buy products and services for the Nigerian Government or its agencies. Email, fax inquiries, and business proposals purportedly emanating from the CBN on behalf of the Nigerian Government or any of its agencies should be disregarded. The CBN has been invoked and mentioned in several cases of financial and related crimes. The CBN warns foreign firms interested in doing business in Nigeria to be wary of business proposals and private offers that seem too good to be true. For additional information and clarification about the nature of advance-fee fraud and other related crimes originating from Nigeria and West Africa, visit [Central Bank of Nigeria](#). If there is any question about the legitimacy of a business deal or government tender, please contact [CS Lagos](#) to help ascertain legitimacy.

To fight official corruption and to introduce transparency and accountability into the government procurement process, the Government of Nigeria established an agency known as the Budget Monitoring and Price Intelligence Unit, to evaluate contracts and tenders, and to ensure strict compliance with civil service procedures. The monitoring unit reports directly to the President. According to official reports, the unit has saved Nigeria millions of dollars in contract fees and payments associated with government tenders. Inflation of contract values by government officials continues to be one of Nigeria’s most difficult corrupt business practices. Culprits are supposed to be arrested and prosecuted by the [Economic and Financial Crimes Commission](#) (EFCC), but the agency continues to receive mixed reviews of its success.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department’s International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult Advocacy for Foreign Government Contracts for additional information.

Financing of Projects

Given foreign currency constraints, funding can be obtained locally from Nigerian banks. To a limited extent, insurance companies, building and property development companies, pension fund companies and other institutional investors can also provide financing. Private equity firms also exist and can support projects. U.S. government financing agencies are active in Nigeria. The U.S. Trade and Development Agency (USTDA) provides financing for feasibility studies, while the Export-Import Bank (Ex-Im Bank) supports the export of goods made in the United States. The U.S. International Development Finance Corporation (DFC), which replaced the Overseas Private Investment Corporation (OPIC), is America’s development bank which partners with the private sector to finance solutions to the most critical challenges facing the developing world today. The African Development Bank (AfDB) also grants finance to certain operations of companies exporting goods from Nigeria. The AfDB channels these loans

through the CBN to the Nigerian Export-Import Bank (NEXIM), Bank of Industry (BOI), and licensed export financing banks. Nigeria

Multilateral Development Banks and Financing Government Sales: Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

- Commercial Liaison Office to the [African Development Bank](#)
- Commercial Liaison Office to the [World Bank](#)

U.S. Export-Import Bank (EXIM)

EXIM is actively seeking bankable projects to support in Nigeria, and is currently meeting or speaking with private developers, banks and the government on a variety of sectors, particularly infrastructure related. EXIM offers direct loans, loan guarantees and credit insurance tied to U.S. exports.

The U.S. International Development Finance Corporation (DFC)

DFC was established in 2019 through the passage of the BUILD, or Better Utilization of Investments Leading to Development, Act which strengthened and modernized American development finance. The BUILD Act combined the capabilities of the Overseas Private Investment Corporation (OPIC) and the Development Credit Authority which had previously been housed in the U.S. Agency for International Development (USAID). DFC invests across sectors including energy, healthcare, critical infrastructure, and technology. DFC also provides financing for small businesses and women entrepreneurs in order to create jobs in emerging markets. DFC investments adhere to high standards and respect the environment, human rights, and worker rights. DFC offers equity financing, political risk insurance, debt financing, and technical development.

U.S. Trade and Development Agency

The U.S. Trade and Development Agency (USTDA) connects the U.S. private sector to infrastructure projects in emerging market by funding feasibility studies, technical assistance and pilot projects that integrate the innovation and expertise of American companies. USTDA also connects overseas project sponsors with U.S. partners through reverse trade missions, industry conferences and expert workshops. In 2019, every \$1 USTDA invested in its programs generated \$111 in U.S. exports. USTDA has facilitated \$73 billion in U.S. exports since its founding in 1992, supporting 4,000 infrastructure activities in 139 countries.

Since 1992, USTDA has supported over 75 activities in Nigeria, which have the potential to leverage nearly \$13 billion in financing. Overall, USTDA support in Nigeria since 1992 has resulted in over \$350 million total exports.

Workshops and Programs in FY 2020

Grant Activities

- **LNG Liquefaction and Distribution Facility:** USTDA approved a grant to fund a feasibility study for Nigerian entity Green Liquefied Natural Gas (GLNG) that would assess the viability of a liquefied natural gas liquefaction and distribution facility and associated regasification and distribution stations in Southwestern Nigeria.
- **Subsea Cable Branching Unit & Cable Landing Station:** USTDA approved a grant to fund a feasibility study that would support the deployment of a subsea cable branching unit, a cable landing station, terrestrial fiber deployment, and a data center in the South-South region of Nigeria.
- **Distribution Utility Sub-Concession:** USTDA approved a grant to fund a feasibility study for Nigerian entity Konexa that would define the technical specifications, project economics, regulatory and legal requirements within a Distribution Utility sub-concession in Kaduna state.

- **Abuja Gas-fired power project:** USTDA approved a grant to fund a feasibility study for Nigerian entity Gas and Power Investment Company Ltd (GPIC) that would support the development of a 1,350-megawatt combined cycle, natural gas-fired power plant in Abuja.

Workshops

- **Digital Trade Standards workshop:** USTDA approved funding for a workshop scheduled to take place in Abuja that will focus on salient telecommunications issues including the future of connectivity in Nigeria, spectrum allocation, digital transformation, e-government and innovative U.S. technologies such as T.V. White spaces.
Date: TBD
- **Access Africa:** Access Africa is a partnership between USTDA and U.S. industry leaders to support the development of quality ICT infrastructure and services across Sub-Saharan Africa. Working with public and private sectors across the continent, Access Africa brings together critical stakeholders, and designs targeted programming to advance inclusive, secure, and sustainable connectivity.
Date: TBD

Reverse Trade Missions (RTM): USTDA will host a series of reverse trade missions to connect public and private decision-makers from Sub-Saharan Africa to U.S. ICT technology and service providers to support the region’s infrastructure development goals.

West African Customs Modernization and Trade Facilitation RTM – Date to be announced

USTDA has approved funding for a reverse trade mission (RTM) that will introduce representatives from Nigeria, Ghana and Cote d'Ivoire to the latest U.S. technologies, services, and best practices in the areas of customs operation, management, and security. The delegation will meet with U.S. industry representatives, relevant industry associations, and U.S. government agencies in Washington D.C., Boston, and San Diego.

Smart Grid Initiative RTM – Date to be announced

USTDA has approved funding for a reverse trade mission and subsequent in-country workshop to introduce decision-makers from Nigeria’s power sector to U.S. technologies, services, and equipment for improved electricity transmission and distribution. This activity will highlight state-of-the-art U.S. smart grid technologies to manage the grid, reduce losses, increase efficiency, and integrate renewable energies and microgrid installations into energy systems.

Nigeria Satellite Technologies Reverse Trade Mission – Date to be announced

In FY 2020, USTDA approved funding for a \$280,000 contract to support a reverse trade mission that will connect Nigerian satellite representatives with U.S. companies seeking to provide communication satellite technology and operation services to the Nigerian market. At this time, expected invited delegates would include representatives from the Ministry of Communications and Digital Economy, NigComSat and the National Space Research and Development Agency, as well as Nigerian private firms 21st Century Technologies and Content Oasis.

Contacts:

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US African Development Foundation (USADF)

USADF has partnered with USAID and GE Africa to promote innovative solutions that develop, scale up or extend the use of proven technologies for off-grid energy, reaching communities not served by existing power grids. Through the “off-grid energy challenge”, grants up to \$100,000 are awarded to African companies and organizations. To date,

approximately 9 grants have been issued in Nigeria for mini-grids, solar, biomass and hydro projects supporting grain milling, cold storage, and other small commercial enterprises.

Financing Web Resources

[Central Bank of Nigeria](#)

[Export-Import Bank of the United States](#)

[Country Limitation Schedule](#)

[SBA's Office of International Trade:](#)

[USDA Commodity Credit Corporation:](#)

[U.S. Agency for International Development](#)

[U.S. International Development Finance Corporation \(DFC\)](#)

[African Development Bank](#)

[USAID](#)

Business Travel

Business Customs

Business visitors should be appropriately dressed. Casual dress may convey a casual attitude, especially to European trained Nigerians. Titles should be used, particularly the honorific titles of traditional leaders. Company representatives should be flexible in business dealings and be able to make decisions on contractual matters without lengthy referral to their home offices. In Nigeria, important business is conducted face to face. No worthwhile transactions can be completed quickly or impersonally. Follow up visits are common.

Business appointments preferably are made through personal calls, emails, cell phone conversations, text messages, or even hand delivered notes, since the landline-based telephone/fax system is unreliable, and the mail is slow. Nigerians are not known for punctuality. Visitors should confirm their appointments and contacts well before departure from the U.S. Important documents or correspondence should be sent via reputable courier, such as FedEx, DHL or UPS, and be addressed to a Private Mail Bag (PMB) or Post Office Box (P.O. Box) as well as a street address.

Travel Advisory

Check information posted at the [State Department's travel advisory on Nigeria](#).

Visa Requirements

Visitors to Nigeria will need a valid passport and visa. This requirement does not apply to those who are citizens of member states of ECOWAS. For general requirements for applying for a Nigerian visa visit the [Nigerian Embassy or Consulates in the United States websites](#). It is advisable for U.S. travelers to make specific visa enquiries at Nigerian Embassies and Consulates well in advance of the anticipated dates of travel.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

[State Department Visa Website](#)

[U.S. Embassy in Nigeria](#)

Currency

Nigerian currency is the naira (N). Notes come in denominations of 1000, 500, 200, 100, 50, 20, 10 and 5. Coins exist but are seldom used. Debit and credit cards of Visa and Mastercard are widely accepted and can be used at most bank ATMs. Travellers checks are not common and finding outlets willing to change them is difficult. Even if you do, the rates are high.

Telecommunications/Electric

International direct dialing is available. The country code for Nigeria is 234, and the outgoing international code is 009. City codes are also required when dialing a landline. There are four major GSM mobile phone service providers covering Nigeria with about 173 million subscribers. Internet penetration is high and expanding rapidly. Most big hotels have internet connectivity and provide complimentary Wi-Fi to guests. Nigeria operates on a 230V supply voltage and 50Hz and use plug types D and G.

Transportation

Taxi service is available in Lagos and most other urban areas, but yellow cabs are not recommended, as they are old, often unreliable, and can be unsafe. In the past three years, many company-run and well-managed taxi services have sprung up. Fares should be negotiated in advance, particularly to and from airports. Cars with drivers are also available for hire through hotels and car rental agents and use of those services is a recommended alternative to taxis. Please see the following link for a list of service providers. [Uber](#) (including its low-cost service, UberX) and [Taxify](#) now offer rides in Lagos and Abuja.

Congested airport facilities in Lagos often lead to long delays, and airline reservations may not be honored due to overbooking, particularly on domestic flights. Domestic airline schedules have recently become unreliable. Lack of aviation fuel, among other reasons, can cause substantial delays or result in cancellation of flights. Travelers on international flights should arrive at the airport at least three hours before scheduled departure. Nigeria has achieved FAA Category 1 status.

Language

English is the official language of Nigeria, although it is a second language for many Nigerians who also speak one of several indigenous languages, such as Yoruba, Hausa and Igbo. Business travelers will find that most government officials and **business people speak English well.**

Health

Many infectious diseases are prevalent in Nigeria. Untreated water, ice and unpeeled fruits and raw vegetables should be avoided. Visitors can be turned back at the port of entry if their yellow fever immunization is not current. Regular use of anti-malarial drugs is strongly recommended, and dosing should begin prior to arrival in Nigeria and continue after departure for each medicine's prescribed length of time. Vaccinations for cholera, typhoid, tetanus, meningitis and protection against hepatitis are also strongly suggested. Visitors should consult their physician or local health authorities about the current inoculations recommended and required before a visit to Nigeria.

Medical facilities are available in Nigeria, but in practice, foreign business visitors normally restrict themselves to private clinics, available in large urban areas. Many common household medicines and some prescription drugs are locally available, but the business traveler should carry an ample supply of any special medications required and only use reputable pharmacies when purchasing medicines.

Local Time, Business Hours and Holidays

Local time is GMT +1. Business establishments and government offices generally open from 8:00 a.m. to 4:00 p.m., Monday through Friday, with offices closed for lunch from 1:00-2:00 p.m. Many government offices and businesses hold staff meetings on Monday and Friday mornings, sometimes making it difficult to see people at those times. The Federal Government in Abuja holds meetings particularly on Wednesdays. Holidays falling on Saturdays and Sundays are observed on Mondays. No permanent dates exist for Muslim holidays - they are observed as announced by the Ministry of Internal Affairs. The following are confirmed holidays for 2020:

Jan. 1—New Year's Day
April 10—Good Friday
Apr. 13—Easter Monday
May 1 – Workers Day
May 23-24 - Eid-El-Fitr Sallah
May 29 – Inauguration Day
June 12 - Democracy Day
July 31 - Eid-El-Kabir
Oct. 1 – Independence Day
Dec. 25 – Christmas
Dec. 26—Boxing Day

Temporary Entry of Materials or Personal Belongings

In addition to other personal belongings, tourists and temporary visitors can bring in any item, except illicit drugs, ammunition and pornographic materials. Visitors can bring in bottled water, cookies/crackers, soft drinks and alcoholic drinks for personal consumption. Customs duties will be charged on items of commercial quantities. Currency declaration is required upon arrival.

Web Resources

[CIA World Factbook](#)

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.