Doing Business in Nigeria:

2013 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Nigeria

Market Overview Return to top

Nigeria, among other Sub-Saharan African countries, is a focus market under the U.S. Government presidential policy directive "U.S. Strategy Toward Sub-Saharan Africa" under which the United States will pursue four objectives in the region: strengthening democratic institutions; spurring economic growth, trade and investment; advancing peace and security; and promoting opportunity and development. The U.S. Commercial Service in Nigeria (CS Nigeria) is proactively supporting this presidential initiative under the aegis of "Doing Business in Africa" campaign.

Nigeria's annual growth rate averaged over seven percent during the past decade. As a result, the country is regarded as one of the fastest growing economies in the world. To sustain this annual growth rate, the Government of Nigeria (GON) is privatizing important sectors of Nigeria's economy, promoting public-private partnerships and encouraging strategic alliances with foreign firms especially for infrastructure development and technology acquisition in critical sectors such as security, power generation, transportation, and healthcare.

Nigeria is the chief driver of international trade in West Africa, which consists of fifteen countries. Market analysts from the National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) claim that Nigeria accounts for over 40 percent of imports in the sub-region and ranks among Africa's largest consumer markets. As a gateway to fourteen smaller West African countries and a net importer of equipment, Nigeria can be a very rewarding market for U.S. companies that take the time and effort to understand its complex market conditions and opportunities, find the right partners and clients, and take a long-term approach to market development.

Recent developments in some key industry sectors offer U.S. exporters a range of opportunities. For instance, the Agricultural Transformational Agenda (ATA) is a priority program for the GON that is getting a lot of attention and support from the World Bank and International Fund for Agricultural Development (IFAD). While the World Bank has said that it will commit $1 billion to support Nigeria's agricultural sector in the next five years, IFAD will commit $88.5 million to the program. Procurement opportunities for farm inputs include farm tractors, irrigation systems, agricultural fertilizers, pest control and improved seeds.

Nigeria ranks as Africa's largest oil producer and the twelfth largest in the world, producing high-value, low-sulfur content crude oil. A now five-year long effort to reform

Nigeria's oil and gas legal framework has created uncertainty that has delayed billions of dollars in potential investment in this sector. The National Assembly is reviewing the most recent version of a Petroleum Industry Bill (PIB), which seeks to incorporate and update 16 different laws that regulate the sector. However, international oil companies operating in Nigeria have expressed concern that this latest version of the PIB would boost GON royalty and tax revenues to a level that makes new investment unprofitable. In contrast, the GON has argued that the PIB reflects current internationally-accepted industry contract standards.

Over the next two to three years, U.S. exporters of power generation, transmission and distribution equipment and services have significant trade opportunities in Nigeria. The GON recently announced that Nigeria requires more than $3.5 billion to improve its power generation, transmission and distribution capacity from less than 5000 MW to 20,000MW by 2016. U.S. exporters of electrical components and parts have growth opportunities here as well.

In the construction sector, the GON has identified a number of road projects that present opportunities to U.S. exporters. Some of these projects will connect key hubs of economic activity and add an additional 5,000 km to the national network of paved roads in Nigeria, including the construction of a 2^{nd} Lagos Outer Ring Road to relieve traffic in the Lagos metropolitan area and improve movement of goods from Lagos Sea Ports.

Significant trade opportunities exist for U.S. exporters in other leading industry sectors such as aerospace (aircraft and parts); agricultural products (wheat, dairy, poultry and packaged food) and equipment; automobiles, trucks, buses, automotive parts and accessories; computer hardware and software; education; environmental services; security and safety equipment, accessories and services; franchising; healthcare services and medical equipment; marine vessels; and telecommunications equipment and services.

Nigeria is Africa's most populous country, accounting for approximately one-sixth of its people and 2.4 percent of world population. It is arguably one of the most culturally diverse societies in the world, with approximately 250 ethnic groups among its estimated 170 million people. The dominant and most influential ethnic groups according to the Nigerian National Population Commission (NPC) are: Hausa and Fulani in the north (29%), Yoruba in the Southwest (21%), Igbo (Ibo) in the Southeast (18%), Ijaw in the Niger Delta (10%), Kanuri in the North (4%), Ibibio in the Niger Delta (3.5%), and Tiv in the North Central (2.5%). While Nigeria's diverse nationalities and cultures offer incredible opportunities for business, they sometimes present obstacles especially in designing sales promotions and advertising that match various cultural perceptions, religious practices and traditional values. U.S. exporters and their local partners are advised to pay close attention to some of these nuances and market realities.

According to Nigeria's National Bureau of Statistics (NBS), imports from Asia accounted for 41% of Nigeria's imports in 2012, while imports from Europe and America accounted for 26.5% and 25.3% respectively. NBS reports that imports are dominated by machinery, transport equipment, manufactured goods, and commodities.

Domestic currency commercial lending interest rates remain very high (ranging from 20 to 35%) despite government efforts to lower them. This is fueling demand for U.S. Ex-Im Bank's financing and credit facilities by Nigerian importers. As of December 2012, Ex-Im

Bank's credit exposure in Nigeria exceeded $178 million. For more information, visit www.exim.gov.

The official exchange rate of the Naira to the dollar currently fluctuates between 155 and 160 (2012 average exchange rate N156.8:$1).

Market Challenges

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While Nigeria offers U.S. firms export opportunities in many sectors, it can pose some daunting challenges including inadequate energy and transportation infrastructure, weak regulatory institutions, the threat of crime and endemic corruption, and recurring episodes of regionalized political instability and violence. Market challenges such as these can lead to high operating costs. To mitigate these challenges, U.S. firms are encouraged to appoint and work with competent local partners prior to establishing a local presence. A strategy of engagement with your local partner on the Foreign Corrupt Practices Act (FCPA) is also recommended, and the U.S. Department of Commerce has recommendations and tools for small- and medium-sized firms here.

The country's economy is highly dependent upon oil extraction and export, which accounts for approximately 14% of GDP, over 75% of government revenue, and over 95% of the country's foreign exchange earnings. However, Nigeria's non-oil sectors have been growing faster than the oil sector in recent years.

Nigeria's has experienced a rising wave of attacks by an Islamic extremist group, Boko Haram, operating especially in the North/Northeast region of the country. To stem the activities of this group, in May 2013 the GON declared a state of emergency in three states of northern Nigeria, Borno, Adamawa and Yobe, and deployed soldiers to help the Nigerian Police protect lives and property. The GON is reforming and equipping its security agencies. U.S. firms, especially those supplying security products and services, are advised to pay close attention to these developments because they could present trade opportunities. U.S. firms already doing business in northern Nigeria should factor in security costs as they decide upon and pursue their market development strategies and as they appoint local partners or establish presence in Nigeria.

There are no legal barriers preventing entry into business, except the minimum qualifications required by the various professional bodies. However, existing laws impose limits on foreign management and content in the petroleum industry and other legislation is being considered to expand local content requirements and preferences to other sectors of the economy. Foreign companies seeking to do business in Nigeria are expected to do so with incorporated companies or otherwise incorporate their subsidiaries locally. For more information, please visit http://www.nipc.gov.ng/ or http://www.nigeriaembassyusa.org/business.shtml.

U.S. firms interested in the Nigerian market are strongly advised to seek the assistance of experienced commercial lawyers. For a list of legal firms see CS Nigeria's website at http://www.buyusa.gov/nigeria/en/serviceproviders.html?bsp_cat=80120000

Enforcement of intellectual property rights remains a problem in Nigeria despite existing copyright laws and enforcement efforts.

Clearance of goods at the ports can be slow, cumbersome and highly bureaucratic. Reports indicate that corruption and congestion are significant issues at the ports.

Market Opportunities

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Nigeria has many honest, well-educated and prepared businesspeople eager to form partnerships with U.S. counterparts. The U.S. Commercial Service located at the U.S. Consulate in Lagos is the front-line U.S. trade agency in Nigeria. Its professional team of American Commercial Officers and Nigerian Commercial Specialists are ready and willing to support U.S. suppliers and manufacturers interested in this growth market. 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;
- Electricity and power generation;
- Environmental services security and safety equipment, accessories and services;
- Franchising;
- Healthcare services and medical equipment;
- Marine vessels;
- Oil and gas equipment;
- Security and Safety equipment; and
- Telecommunications equipment and services

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

Market Entry Strategy

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We recommend U.S. manufacturers and suppliers enter the Nigerian market by combining the benefits of the network services and programs of U.S. Department of Commerce Export Assistance Centers (USEACs, http://www.export.gov/comm_svc/eac.html.) with the extensive knowledge, industry contacts and services of the U.S. Commercial Service at the U.S. Consulate in Lagos, Nigeria (http://www.export.gov/nigeria). We encourage seeking the assistance of a USEAC before exploring an opportunity in this market.

For establishing a presence in Nigeria, we recommend that U.S. firms 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 environment, all relevant terms and conditions of such arrangements must be carefully negotiated. CS Nigeria strongly recommends the use of experienced commercial attorneys in crafting a

mutually beneficial agreement.
(http://export.gov/nigeria/businessserviceproviders/index.asp)

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U.S. Commercial Service, Lagos, Nigeria

http://www.buyusa.gov/nigeria
http://www.export.gov/nigeria

U.S. Commercial Service Worldwide http://www.export.gov

Doing Business in Nigeria

http://www.doingbusiness.org/data/exploreeconomies/nigeria/
http://www.macrosecnominees.com/DoingBusinessinNigeria.pdf
http://www.tradeinvestnigeria.com/business_in_nigeria/

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Chapter 2: Political and Economic Environment

U.S.-NIGERIA RELATIONS

The United States established diplomatic relations with Nigeria in 1960, following its independence from the United Kingdom. Post-independence, the country saw a mix of coups, military rule, assassinations, massacres, civil war, and elections. The 1999 inauguration of a civilian president ended 16 consecutive years of military rule. Following this, the U.S.-Nigerian relationship began to improve, as did cooperation on foreign policy goals such as regional peacekeeping.

Nigeria's economic growth has been largely fueled by oil revenues. Although the country conducted successful elections in 2011, it faces formidable challenges in consolidating democratic order, including terrorist activities, sectarian conflicts, and public mistrust of the government. Nigeria has yet to develop effective measures to address corruption, poverty, and ineffective social service systems, and mitigate the violence. Under the **U.S.-Nigeria Binational Commission**, the two countries hold bilateral talks on five key areas: good governance, transparency, and integrity; energy and investment; the Niger Delta; regional security; and agriculture and food security.

U.S. Assistance to Nigeria

The United States seeks to help improve the economic stability, security, and well-being of Nigerians by strengthening democratic institutions, improving transparency and accountability, and professionalizing security forces. U.S. assistance also aims to reinforce local and national systems; build institutional capacity in the provision of health and education services; and support improvements in agricultural productivity, job expansion in the rural sector, and increased supplies of clean energy. A partnership among the U.S., the United Kingdom, Nigeria, and international organizations to focus on improved governance, non-oil economic growth, and human development ensures closer coordination of donor activities, more effective support, and greater impact for ordinary citizens.

Bilateral Economic Relations

Nigeria is the United States' largest trading partner in sub-Saharan Africa, mainly due to high levels of crude oil imports from Nigeria. The United States is the largest foreign investor in Nigeria, with U.S. foreign direct investment concentrated largely in the hydrocarbon and wholesale trade sectors. U.S. imports from Nigeria include crude oil, cocoa, rubber, returns, and food waste. U.S. exports to Nigeria include wheat, vehicles, machinery, oil products, and plastic. Nigeria is eligible for preferential trade benefits under the African Growth and Opportunity Act. The United States and Nigeria have signed a bilateral trade and investment framework agreement.

Nigeria's Membership in International Organizations

Nigeria and the United States belong to a number of the same international organizations, including the United Nations, International Monetary Fund, World Bank, and World Trade Organization. Nigeria also is an observer to the Organization of American States.

Bilateral Representation
The U.S. Ambassador to Nigeria is **Terence P. McCulley**; other principal embassy officials are listed in the Department of State's **Key Officers List**.

Nigeria maintains an **embassy** in the United States at 3519 International Place, NW, Washington, DC 20008, (tel: 202-986-8400).

For additional background information on the political and economic environment of Nigeria, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/2836.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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Doing business in Nigeria, as in many developing markets, requires preparation and an effort to understand the country's business practices, cultural nuances and complex trade channels consisting of formal and informal market segments. At times, this can overwhelm even the most experienced exporter. To assist U.S. suppliers and manufacturers, the U.S. Commercial Service in Nigeria (CS Nigeria) maintains an innovative and reliable local client management system known as NUSA (Networking with the United States of America). NUSA offers a unique service and a database of over 4000 verified local companies to U.S. firms wishing to access the Nigerian market. The integrity of the system provides the confidence U.S. exporters need to engage potential agents, distributor and partners.

Using an agent or distributor is advisable for U.S. companies wishing to penetrate the Nigerian market. This approach gives U.S. firms, especially those new to this complex commercial environment, the opportunity to gain local market experience and time to understand local business practices. However, the agreement with any Nigerian business partner, whether a representative, agent or distributor, or a franchisee, should address whether the arrangement is exclusive or non-exclusive, the territory to be covered, and the length of the association, among other issues. Working with our sister offices in the United States, U.S. Export Assistant Centers (USEACs), CS Nigeria assists U.S. exporters in finding legitimate local companies as partners, agents or distributors.

U.S. exporters should note that it is customary for Nigerian firms to insist on a factory visit and pre-shipment inspection to confirm the status of an equipment purchase before it is containerized for shipment to Nigeria. A factory visit and pre-shipment inspection are precautionary measures to prevent potential technical problems and to ensure that the technical specifications on an export manifest match the information and data on the letters of credit used to purchase foreign exchange at the local banks and the forms to be used for destination inspection at Nigerian ports. Most Nigerian importers rely on credit facilities with very high interest rates and bank charges usually range between 25-30% of the principal amount to import products and to meet contract obligations. As a result, Nigerian importers become anxious when production is delayed in the United States or their deposits are held beyond a certain timeline by a U.S. exporter. Keeping your Nigerian client informed of any delays or unexpected contingencies or developments is a must in order to avoid misunderstandings or potential business disputes.

Establishing an Office Return to top

Foreign firms cannot operate through a branch office in Nigeria. The business must be incorporated locally in Nigeria. U.S. firms wishing to do business in Nigeria other than through incorporated local companies acting as representatives, agents, distributors or partners must establish a local presence. The following links outline the procedure for incorporating a company in Nigeria: http://www.nigeria-consulate-ny.org/business/e_doing_business.htm and http://www.nipc.gov.ng/. 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 housing and tenancy agreements. Please see the following link for a list of service providers. http://export.gov/nigeria/businessserviceproviders/index.asp)

Franchising Return to top

Nigeria's franchise market is in the infancy stage but analysts consider it a potential market of over one hundred billion dollars in annual revenue from products and services. It is a growth market for U.S. franchise concepts and franchise development services. Unlike in the United States, very few legal practitioners, banking executives and senior government officials have in-depth knowledge about franchising either as a marketing tool or as a business development model. This situation offers U.S. franchisors the opportunity for a first-mover advantage using their wealth of experience and the economic impact of franchising to the U.S. economy. The U.S. Commercial Service participates and presents at local seminars organized in Lagos by the Nigeria International Franchise Association (NIFA) aimed at promoting franchising in Nigeria. CS Nigeria also passes information about franchising to and collaborates with NIFA, the National Office for Technology Acquisition and Promotion (NOTAP) and local chambers to create awareness about franchising as an effective business development model to encourage entrepreneurship across different industry sectors and support legitimization of the vast informal sector in Nigeria. Franchising brings the expertise, experience, and proven systems which Nigerian small and medium enterprises need to qualify for loans and to access other financial services from local and foreign banks.

In 2012 three major US brands, Johnny Rockets, Domino's Pizza and Cold Stone Creamery entered the Nigerian market. Other than startup challenges such as clearing goods at the ports, training and working with newly recruited local staff, their respective market development strategies seem to be progressing well. Between 2010 and 2011, the International Finance Corporation (IFC), a member of the World Bank Group, invested a total of $28.5 million in loans and equity in two Nigerian quick service restaurant chains, Tantalizers and Food Concepts PLC. Current market size, judging by active industry sectors such as quick service restaurants (fast food), ICT training and consulting services, production/distribution of beverages, personal and business development services, transportation, and oil/gas distribution is estimated to be about $25 billion (products and services). A market survey conducted in 2008 by the CS Nigeria in association with NIFA clearly showed that food franchising (quick service restaurants) was experiencing strong growth. Aside from Coca Cola and Pepsi, which have been in Nigeria for a long time, KFC was the first major U.S. food brand to open outlets in Nigeria. Many more companies are exploring the market, and many South African and European brands are establishing a presence in Nigeria, too. This growth trend is expected to continue over the foreseeable future and in fact is already having a spillover effect on other industry sectors. U.S. franchises now operating in Nigeria include Crestcom International, Fastrackids International, Domino's, Cold Stone Creamery, and Johnny Rockets. Precision Auto is developing multiple locations in Lagos State, Anambra State and elsewhere. The Nigerian Master Franchisee has Precision's license for fifteen other countries in Africa and the Middle East.

The International Franchise Association in association with the U.S. Commercial Service is concluding arrangements to lead a certified trade mission to Nigeria, South Africa and Kenya from September 26 to October 4, 2013. The industry sectors where franchising seems to be showing the most promise and growth in Nigeria include fast food, hotel services, professional and service training, fashion and healthcare, oil/gas distribution services, transportation, telecommunications and distribution services. The success of some indigenous concepts and systems, such as Mr. Biggs, Tastee Chicken, Tantalizers, Chicken Republic, and Peace Mass Transit, has added impetus to the level of interest this method of business expansion is generating in Nigeria.

As a method of marketing and distribution, franchising comes under Nigeria's sales law, which derives its operating terms and conditions from British common law. The National Office of Industrial Property Act of 1979 established the NOTAP to facilitate the acquisition, development, and promotion of foreign and indigenous technologies. NOTAP is the government agency responsible for commercial contracts and agreements dealing with franchising and transfer of foreign technology. It ensures that investors possess licenses to use trademarks and patented inventions and meet other requirements before sending remittances abroad. With the Ministry of Finance, NOTAP administers 120% tax deductions for research and development expenses if carried out in Nigeria and 140% deductions for research and development using local raw materials.

NOTAP participates in trade events including international buyer programs such as the annual International Franchise Expo delegation organized by CS Nigeria. It has a mandate to commercialize institutional research and development with industry. For additional information or clarification about NOTAP, visit http://www.notap.gov.ng/

CS Nigeria recruits and escorts an official Nigerian delegation to the annual International Franchise Expo (IFE) organized by the International Franchise Association (IFA) based in Washington, .D.C. For more information about IFE, 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. For more information about CS Nigeria, please contact the U.S. Export Assistance Center (USEAC) nearest to you. (NIFA) works closely with

IFA and participates in the association's trade events. NIFA is a valuable resource for Nigerian and U.S. companies looking to develop franchise business in Nigeria. For more information about NIFA, please visit http://www.nigerianfranchise.org

Direct Marketing Return to top

Direct marketing is not yet a popular concept or method of international business expansion in Nigeria because the country lacks appropriate infrastructure such as efficient and effective transportation services, logistics and trade-facilitation services, including delivery and tracking means for secondary and tertiary markets where much of the populace resides. However, direct marketing will become a significant marketing tool as the country's information and communications infrastructure improves and as road networks are constructed across the country, especially in rural communities and semi-urban areas.

Joint Ventures/Licensing Return to top

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.

Selling to the Government

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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 used 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 http://www.cenbank.org/. If there is any question about the legitimacy of a business deal or government tender, please contact CS Lagos to help ascertain legitimacy. The State of Lagos Tender Board link is www.stb.lagosstate.gov.ng.

In an effort to fight official corruption and to introduce transparency and accountability into the government procurement process, the GON established an agency known as the Budget Monitoring and Price Intelligence Unit, a.k.a. Due Process, to evaluate contracts and tenders, and to ensure strict compliance with civil service procedure. The monitoring unit is under the presidency and 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 Crime Commission (EFCC), but the agency continues to receive mixed reviews of its success. For more information about economic and financial crimes in Nigeria, visit http://www.efccnigeria.org/

Distribution and Sales Channels

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The common distribution network in Nigeria is: Manufacturer—Distributor—Wholesaler—Retailer—Consumer. Distributors play an important role in the marketing chain. If a U.S. company is sure of the competence of a single distributor in covering the entire Nigerian market, an exclusive agreement would be appropriate. If not, it is preferable to appoint several distributors to cover various regions of the country. The key distribution centers in Nigeria are the North (Kano and Kaduna), the East (Enugu and Onitsha), the Niger Delta (Port Harcourt), the West (Lagos – Nigeria's business capital and the hub for West African trade) and the capital city of Abuja which services the middle belt and North Central states.

When appointing a distributor or distributors, companies should be mindful of differing cultural needs with regard to advertising and marketing. It may be preferable to utilize different distributors for different regions, or a company sophisticated in market segmentation.

Selling Factors/Techniques

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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. Many Nigerians demonstrate a stronger inclination to purchase U.S.-made products if the U.S. flag is printed on the package.

Electronic Commerce Return to top

Digital payment and electronic banking are gradually taking root in Nigeria. In 2012 the CBN launched a “cashless economy” program in Lagos State. Under this program, cash transactions exceeding $3,125 dollars for individuals and $18,750 dollars for corporate entities attract a fine of 3% and 5% respectively. This pilot program is now being expanded to other major commercial centers in Nigeria and, as a consequence, banks and other stakeholders are investing in information and communications infrastructure, computer hardware, software and peripherals.

At present, most transactions are conducted in (Naira) cash across the country. Nigeria continues to witness an increasing demand for ATM services deployed in major cities and commercial centers across Nigeria, such as Lagos, Port Harcourt, Enugu, Onitsha, Ibadan, Kaduna, Kano and Calabar to facilitate electronic banking and financial services.

The successful adoption of electronic payments in Nigeria is encouraging the entrance of payment service providers such as Visa and Mastercard who see Nigeria as a promising market. Debit cards from some local banks such as CitiBank, Zenith, UBA and Fidelity, are now used by Nigerian travelers to make payment in countries such as United Kingdom, Germany, South Africa, and the U.S. Electronic payment facilitators from Europe and Asia also are investing in Nigerian electronic infrastructure projects.

Trade Promotion and Advertising Return to top

For trade promotion and advertising services in Nigeria, U.S. companies may visit the following links:

Nigerian Broadcasting Commission:
http://www.nbc-nig.org/Licenced_stations.asp

Business service providers on CS Nigeria’s website:
http://www.buyusa.gov/nigeria/en/serviceproviders.html

Nigerian newspapers online:
http://www.onlinenewspapers.com/nigeria.htm
http://www.nigeriafranchise.org

Pricing Return to top

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 suppliers.

Please note, the Nigerian federal government charges a 5% VAT, while state governments also charge a 5% VAT.

Sales Service/Customer Support

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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 also respond positively to customer complaints. Over the past seven 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, who while not yet localizing their presence, are increasing the frequency of their visits to Nigeria, 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.

Protecting Your Intellectual Property

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Enforcement of intellectual property rights remains a problem in Nigeria despite official pronouncements, existing copyright laws and enforcement efforts.

Please refer to the Investment Climate Chapter 6 of this document for more information on the Nigerian intellectual property regime.

Protecting Your Intellectual Property in Nigeria:

Several general principles are important for effective management of intellectual property ("IP") rights in Nigeria. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Nigeria than in the U.S. Third, rights must be registered and enforced in Nigeria, under local laws. Your U.S. trademark and patent registrations will not protect you in Nigeria. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Nigeria market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Nigeria. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Nigeria law. The U.S. Commercial Service can provide a list of local lawyers upon request. For more information, visit (http://export.gov/nigeria/businessserviceproviders/index.asp

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Nigeria require constant attention. Work with legal counsel familiar with Nigeria laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small- and medium-sized companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Nigeria and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at www.StopFakes.gov.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.StopFakes.gov.

- For US small- and medium-sized companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and a number of other countries, including Nigeria. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Nigeria at: Janelle Santerre Weyek, Commercial Attaché, U.S. & Foreign Commercial Service, U.S. Mission Nigeria, +234-1-460-3618, janelle.weyek@trade.gov

Due Diligence Return to top

It is highly recommended that U.S. companies carry out due diligence on prospective partners or opportunities using the U.S. Commercial Service International Company Profile (ICP) service. An ICP provides the background information; intelligence and confidence a US firm needs to engage a potential Nigerian partner.

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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

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Sector: Aerospace/Aviation/Avionics (ITA Code: AVS/AIR/APG)

Overview

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Unit: USD millions

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	208,182	170,799	204,959	245,950
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	208,182	170,799	204,959	245,950
Imports from the U.S.	166,545	136,639	163,967	196,760
Exchange rate Naira to 1 USD	158	158	158	158

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

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

U.S. suppliers have enormous potential in the Nigerian market since U.S.-origin equipment is preferred by Nigerian importers of aviation/avionics equipment for performance, reliability and durability. Much of the equipment used locally was purchased from the United States and the majority of aircraft operating in Nigeria are of U.S. origin. There are significant opportunities in the airport safety equipment market as Nigeria continues to upgrade its equipment and aviation infrastructure. Baggage and passenger screening equipment procurements are one example of opportunities.

U.S. origin aircraft represent over 80% of the aviation market in Nigeria at this time. In addition to commercial airlines with U.S.-origin aircraft in their fleet (mostly Boeing 737s – 700, 800 series, Cessna/Citation, MD8 series and Bell Helicopters) covering domestic and international routes, private owners' aircraft (such as Cessna/Citation, Beechcraft, etc.) also support U.S. dominance of the aviation/avionics sector. Even with this market leader position, additional opportunities exist to sell aircraft and support equipment and technology from the U.S.

Due to safety issues and concerns regarding enforcement of regular maintenance inspections in previous years, the aviation industry underwent a significant reorganization over the past few years. This included hiring more staff experienced in this industry, grounding planes more than 21 years old (versus 22), and increasing the number of inspections as well as routine repairs and maintenance. FAAN is also actively upgrading airports and related infrastructure. The managing director of Federal Airport Authority of Nigeria (FAAN) has over 20 years of experience in both airline and airport operations in South Africa and Nigeria. In addition, Senate hearings are pending to approve the appointment of a new director general for the Nigeria Civil Aviation Authority (NCAA) who has over 35 years of experience in the industry as an administrator, engineer and a pilot.

The Federal Ministry of Aviation continued restructuring the aviation industry this past year, which had been plagued by reductions in operational aircraft. The GON is exploring mechanisms to facilitate the financing of up to 40 new aircraft for domestic and regional travel, and for the procurement of ground support equipment, passenger screening and navigational equipment.

Operators in the commercial airline industry are considering the purchase of a significant number of additional aircraft over the next few years. Given their historical preference for U.S.-origin aircraft, this represents a significant opportunity for U.S. brands.

Nigerian aviation officials have made clear their interest in attracting international providers of maintenance, repair, and overhaul (MRO) facilities to develop local facilities and make Nigeria's aviation service sector more competitive. Lagos is considered by numerous aviation experts to be a natural aviation hub for the West Africa market.

The Nigerian Federal Ministry of Aviation purchased and installed additional navigation and landing aids for some airports across the country last year, as there has been a tremendous increase in air transportation in the country as a result of new airports and airstrips opened for commercial activities across the geo-political zones in the country. To date, 70% of the nation's airports (both domestic and international) are being or have been renovated, and the GON continues to work to make Nigeria an important hub of aviation in sub-Saharan Africa.

The Ministry also has plans to procure additional navigational aids for airports across Nigeria with the objective of upgrading standards. Investments to date led to the Nigerian aviation industry recording a major milestone: 24-hour full radar coverage of Lagos and Abuja International airports, covering 65 nautical miles around Lagos and 40 nautical miles around Abuja, while radar monitoring covers 100 nautical miles (approximately 160 kilometers radius) around the two airports.

Nigeria's "Category 1" safety status (United States FAA certification), permits Nigerian air carriers direct flight access to the United States. This potentially opens up more opportunities for U.S. origin equipment to be marketed in Nigeria.

Sub-Sector Best Prospects Return to top

With the government focusing more attention on new aircraft, safety regulations and monitoring the operations of airlines in Nigeria, airline operators are purchasing new aircraft, as well as wet-leasing U.S.-origin used aircraft including the supply of spares, parts and services.

In addition, currently grounded planes will need replacement of engines, component parts and navigational equipment from U.S. sources.

Some airline operators, in anticipation of increased patronage, are seeking serviceable but reliable aircraft (particularly Boeing planes for scheduled flights and Cessna for charter services) to augment their fleets, and the U.S. aviation market is their preferred source.

Significant opportunities remain in the navigational, ground support and passenger screening categories, along with possibilities for a wide variety of equipment and services as airports are near complete renovation nationwide.

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http://www.nigeria-consulate-ny.org/business/e_transport_sector.htm
FAAN

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

Sector: Agricultural Machinery (ITA Code: AGM)

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)

Total Market Size	51,000	54,000	58,000	60,750
Total Local Production	3,000	3,000	3,000	3,000
Total Exports	0	0	0	0
Total Imports	48,000	50,000	55,000	57,750
Imports from the U.S.	13,000	19,000	25,000	26,250
Exchange Rate: 1 USD	158	158	158	158

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

Total Local Production: All Farmers Association of Nigeria (AFAN), Poultry Association of Nigeria
Total Exports: All Farmers Association of Nigeria (AFAN), Poultry Association of Nigeria
Total Imports: All Farmers Association of Nigeria (AFAN), Poultry Association of Nigeria
Imports from U.S.: U.S. Census Bureau

**Estimates based on qualitative research done with Industry contacts and All Farmers Association of Nigeria (AFAN) and Poultry Association of Nigeria.*

A majority of Nigerian farmers operate on a small scale, lack knowledge of modern farm practices, lack collateral required to access credit, and own little or no equipment of their own. As a result, about 80% of farm equipment, seeds and chemicals they require are purchased by state and federal governments and distributed to them under various agricultural assistance/subsidy programs.

To provide food for its rapidly growing population and stem foreign exchange losses through food imports, the GON has been attempting to make the country's agricultural sector self-sustaining by encouraging investment in commercial agriculture and supporting a range of agricultural development initiatives within an ambitious Agricultural Transformation Agenda (ATA). In the past two years, it has pursued this program as a national priority which is now getting the attention and support of the World Bank and International Fund for Agricultural Development (IFAD). The World Bank has said that it will commit $1 billion to support food production in the next five years, and IFAD will commit $84 million to the program. In addition, in January 2012 the government announced the removal of import duties on all types of agricultural equipment to further encourage agriculture investment.

Finally, the Nigerian government is providing credit to the agribusiness value chain under the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) and the Commercial Agriculture Credit Scheme (CACS) at single digit interest rates through the Central Bank of Nigeria. However, these financing intervention programs have yet to make a significant impact on agricultural production because the participating banks consider agribusiness a high risk sector regardless of the government program and are wary of lending to it.

The GON continues to make food security a key priority in its yearly economic and budget planning. U.S. companies in the agricultural equipment sector should continue to look at the Nigerian market for long-term market opportunities.

The livestock production segment has continued to record increased growth with new entrants and private sector investments, especially in the poultry and fishery industries. These segments have high market demand, and enjoy faster turnaround time, and as such appear to be growing at a faster pace than crop production.

Sub-Sector Best Prospects Return to top

New and used agricultural tractors (55-75HP); agricultural chemicals (fertilizers, herbicides and pesticides), sprinkler and center pivot irrigation systems; food (grain and fruit) storage systems.

Used poultry housing equipment, poultry feeding, watering and cleaning systems; incubators; feed milling machinery; poultry drugs; fish farming equipment, fish feeds; fish medicines.

Opportunities Return to top

Opportunities exist for new and used equipment required in the poultry and fish farming industries, which have experienced consistent growth in the past 8 years and are expected to continue to grow in coming years due to rising food demand from the fast growing population.

Post-harvest losses, which the Nigerian government currently estimates to be about 60%, is a major setback to food availability. Therefore, farms, processing companies and food vendors will seek preservation technologies. Note, however, that machinery used in Nigeria is generally very basic. High-tech systems are not well received due to the country's low level of agricultural advancement and ongoing power supply problems.

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http://www.fmard.gov.ng/
http://www.thepoultrysite.com/poultrynews/vars/country/ng
NIRSAL
Commercial Agriculture Credit Scheme
Nigerian Agricultural Statistics

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

Sector: Automobiles (ITA Code: AUT)

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	1,460,000	1,665,000	1,765,000	2,100,000
Total Local Production	60,000	65,000	65,000	60,000
Total Exports	0	0	0	0

Total Imports	1,400,000	1,600,000	1,700,000	2,040,000
Imports from the U.S.	855,000	1,016,000	1,074,000	1,342,000
Exchange Rate: 1 USD	158	158	158	158

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

Total Local Production: Nigerian car dealers
Total Exports: Nigerian used car dealers, Ladipo Auto Traders Association
Total Imports: Nigerian used car dealers, Ladipo Auto Traders Association
Imports from U.S.: U.S. Census Bureau

**Estimates based on qualitative research done with Industry contacts, importers and Nigerian used car dealers.*

Several factors, including harsh economic conditions, consumer preference for used vehicles (and government policies allowing used vehicle imports), and high production costs continue to hamper local automobile assembly in Nigeria, notwithstanding efforts of successive governments to resuscitate it. According to the National Automotive Council, the industry has an installed annual production capacity of 150,000 units, but is only operating at around 10% utilization, compared to 90% in 1981. Therefore, the car import trade has remained the only supply alternative, accounting for up to 90% of the total market size. Industry contacts note, however, that used automobiles continue to enter the Nigerian market via smuggling operations which hinders legitimate sales.

About 80% of automobiles imported into Nigeria are used, and the United States accounts for more than 70% of these. Japanese brands assembled in the U.S. are responsible for bulk of U.S. automobile exports to Nigeria. They are most preferred for their fuel efficiency, simple engineering and reliability. U.S. exports are expected to continue to grow in 2013, despite current cuts in government spending and unavailability of consumer credit from banks. (Note: In 2011, the government modified the restriction on import of used automobiles from five years old to 15 years old. Import duties range from 20-30% with an additional 15% levy.)

Adopting an effective pricing strategy and an intense marketing campaign, Korean products have also gained considerable market share in the past 10 years. In addition, there has been an influx of cheap Chinese car brands in the past six years. Although market share of American brands appears to be lower than others, Nigerian consumers are particularly keen about sourcing automobiles of any kind as long as they were manufactured for sale in the United States. Vehicles manufactured to U.S. standards are perceived to have premium quality, better/more features and appeal to Nigerian buyers. In terms of affordability, they are thought to be better priced than ones imported from Europe largely due to the dollar's favorable exchange rate with the naira.

The affinity of Nigerian consumers for U.S.-made cars has been responsible for the exponential growth of used automobile imports from the United States in the past 15 years, displacing Europe which once dominated the market. This trend is expected to continue.

Sub-Sector Best Prospects Return to top

New and used car parts; chemical additives; masking tapes; car care products;

diagnostic equipment.

Opportunities Return to top

Used cars remain America's biggest export opportunity to Nigeria and with ongoing local assembly challenges, this prospect will continue in coming years. American auto auction companies can increase their market shares by expanding their online dealer membership to Nigerians.

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http://www.nac.org.ng
https://www.customs.gov.ng/ProhibitionList/import.php
http://www.proshareng.com/news/19796
http://lagosstatemotordealers.homestead.com/

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

Sector: Computers, Software & Peripherals (ITA Code: CPT)

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	68,200	81,800	94,510	108,603
Total Local Production	2,000	2,600	3,510	3,861
Total Exports	0	0	0	0
Total Imports	66,200	79,200	91,080	104,742
Imports from the U.S.	41,766	50,061	57,570	66,206
Exchange Rate: 1 USD	158	158	158	158

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: Nigeria Computer Society (NCS) and Lagos Computer Village. Estimates for 2013 and 2014 are based on industry sources.
Total Exports: Nigeria Computer Society (NCS) and Lagos Computer Village
Total Imports: Nigeria Computer Society (NCS) and Lagos Computer Village
Imports from U.S.: U.S. Census Bureau

**Estimates based on qualitative research done with Industry contacts and Nigeria Computer Society (NCS).*

Three prominent factors currently fuel demand for computers, software and peripherals in Nigeria: the "cashless economy" program in the financial services sector, the social media, and efforts by the Nigerian government to introduce digital solutions as a critical component of the nation's overall transparency agenda and security strategy.

In Nigeria, smart devices such as tablets, iPads, iPhones, notebooks and applications that support them, are in hot demand. Aside from serving as important business tools, they are cherished as important status symbols particularly by business executives, political, religious leaders and Nigerian youth, especially young graduates.

Over the past 12 months, Nigeria has made significant progress implementing a "cashless economy" pilot program began in April 2012 in Lagos State, the nation's business capital. Under this program, cash transactions exceeding $3,125 dollars for individuals and $18,750 dollars for corporate entities carry a fee/fine of 3% and 5% respectively, with the goal of increasing the use of electronic transactions. The success of the Lagos pilot is already encouraging extension of the cashless program to the other 35 states of Nigeria, resulting in banks and other stakeholders investing in information and communications infrastructure, computer hardware, software and peripherals. Several industry leaders believe digital money is a "game changer" in Nigeria. Digital money is enabling citizens to conduct financial transactions, such as payment of utility bills, though their mobile phones.

The GON is reforming its security agencies and investing substantially to enable them to undertake covert and overt operations, and gather intelligence. The Nigerian security agencies are investing in biometric solutions, tracking devices, laptop computers for officers; over $600 million was budgeted for security for fiscal year 2012. Tracking devices including PCs, monitors, "closed" circuit cameras, network equipment, accessories and security software, and ICT training, are among the priorities of the Inspector General of Police, Mohammed D. Abubakar.

In general, the success of Nigeria's telecommunications industry subsector (See Sector; Telecommunication Equipment) is fueling demand for computers, software, peripherals and professional services such as electronic banking, Internet services, e-learning, e-government, e-health and digital security services. The Ministry of Information and Communications Technology (http://commtech.gov.ng/), is encouraging the private sector to work out acceptable public-private partnership (PPP) arrangements to facilitate the spread of broadband services across the country and accelerate its adoption by the business community, academia and the public sector. Galaxy Backbone, an ICT agency established by the GON is providing technical guidance to the Minister and is also leading ICT initiatives such as the National Information, Communication and Education Program (NICEP) which targets public sector and rural community development. It is estimated that over 20 million Nigerians will have low-cost access to the Internet when the NICEP project is completed by 2015. NICEP is a public–private partnership between the GON and a number of private companies led by Galaxy Backbone and the Nigerian Postal Service (NIPOST). Also helping the Minister, especially on policies and capacity building, is the National Information Technology Development Agency (NITDA), the clearing house for IT projects in the public sector in Nigeria and is entrusted with the implementation of the National IT policy.

Sub-Sector Best Prospects Return to top

Smart devices such as smartphones, tablets, laptops, point of sale and point of payment have a large and fast-growing market in Nigeria; additional demand will be generated as the CBN implements its cashless policy and electronic banking. The influence of social media and expansion of the cellular telecommunications infrastructure and services across the country have fueled the marketplace.

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 regard to price and availability of parts.

Opportunities Return to top

The U.S. is the leader in enterprise infrastructure, databases, servers, work stations, and networking. Nigeria's efforts to computerize public agencies, increase the utilization of electronic banking, extend broadband infrastructure to major commercial centers and to schools in rural communities, and provide security across the nation offer U.S. exporters of computer hardware, peripherals and software significant opportunities to enter West Africa through its largest and fastest growing market. Computer hardware, peripherals and software meant for security and safety, electronic banking and extension of services such as distance education, telemedicine, and remote monitoring and tracking of movement and systems in support of power generation and management, offer growth opportunities to U.S. firms interested in doing business in Nigeria. Because of across all factors discussed above, micro and mini-computers and state-of-the-art printers represent some of the best sales opportunities and will account for the bulk of imports from the U.S. in this sector over the short- and medium-term.

Currently, China is the strongest and most aggressive threat to U.S. market share in this industry sector. Chinese firms offer a combination of incentives including 90-day credit sales, sponsored training programs, participation in local trade shows, make frequent visits to Nigeria to monitor market trends, and offer partnership/joint ventures for market development. Chinese firms provide the GON financial incentives and often provide equipment without an initial down payment, but rather with a promise to pay. Industry leaders and market analysts suggest that U.S. firms need to retool their market development strategies, spend more time and resources on customer support services, sales promotion and appoint more local partners to achieve more success in the market.

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http://commtech.gov.ng/
http://www.widernet.org/nigeriaconsult/nuc.htm
www.nitda.gov.ng
www.ncc.gov.ng
http://www.jidaw.com/softwareproviders.html
www.ispon.org/

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Sector: Construction Equipment (ITA Code: CON)

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	795,000	848,000	942,000	997,250
Total Local Production	200,000	200,000	215,000	247,250
Total Exports	50,000	75,000	75,000	86,250
Total Imports	450,000	475,000	500,000	750,000
Imports from the U.S.	95,000	98,000	152,000	184,000
Exchange Rate: 1 USD	158	158	158	158

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: National Bureau of Statistics website: www.nigerianstat.gov.ng
Total Local Production: Building Materials (Cement, Wood, Iron Rod)
Total Exports: Cement, Wood, Iron Rods to W.African countries
Total Imports: National Bureau of Statistics website: www.nigerianstat.gov.ng
Imports from U.S.: http://censtats.census.gov/naic3_6/naics3_6.shtml

**Figures for 2013 and 2014 are estimated based on statistics recorded for first quarter 2013 and information from industry contacts.*

The GON has identified and designated Construction and Building as a priority sector for 2014. Nigeria has the largest road network in West Africa and the second largest in sub-Saharan Africa, with over 200,000 kilometers (12,427) of Federal, State, local and rural roads. Less than 30% of roads are paved and all lack regular maintenance. Starting in 2013, Nigerian federal, state and local governments plan to focus on repairs and reconstruction of roads, building homes for Nigeria's growing populace, and beginning construction work on new towns and free trade zones.

The GON hopes to complete the dredging of the Niger and Benue rivers to allow for navigation of vessels on the rivers. In addition, plans are in process by the Federal Government of Nigeria to upgrade/replace equipment at three major seaports in Nigeria to support the Free Trade Zone creation in some States of Nigeria.

In order to combat the shortage of homes for Nigerians, the Federal Housing Authority and some States' Ministries of Housing are determined to build affordable homes for Nigeria's rapidly growing population. The GON estimates that at least 800,000 housing units in many cities across Nigeria will be built in the next few years and has authorized its agency, the Federal Housing Authority, to ensure this target is met. To support the efforts of government's investment in real estate, private real estate operators are constructing homes for resale to Nigerians in the key cities of Abuja, Lagos, Port-Harcourt, Ibadan, Uyo, Calabar, Asaba and Owerri. In Lagos, construction work is well underway on a new city being built on reclaimed land, Eko Atlantic City, and the capital city of Abuja is expanding rapidly, both offering significant infrastructure and construction opportunities. All these plans would lead to an increase in imports of construction equipment, building materials and prefabricated buildings to Nigeria.

The GON is also encouraging private firms to engage in mining activities for which heavy construction machinery will be needed. The U.S. is the market leader in construction equipment but faces stiff competition from Chinese and European firms who offer prospective buyers financial incentives in the form of cheap financing and often lower prices. However, Nigerian construction and mining companies favor U.S.-origin equipment because of their reliability and availability of spare parts and technical personnel to maintain them in-country.

Best Products/Services Return to top

Imports of construction equipment, and heavy construction machinery (dredges, graders, dump trucks) used and new, will continue to be fueled by the desire of contractors to own and operate their own equipment rather than lease from other contractors.

Nigeria's delta region continues to attract much attention in the areas of dredging, access roads and home construction. U.S. manufacturers of heavy construction equipment such as dredges, cranes, excavators, swamp buggies, quarry and asphalt plants (especially used) will find the Nigerian construction equipment market very lucrative and attractive. In addition, U.S. manufacturers of prefabricated homes will find a ready market in the Nigerian building and construction industry.

Sub-Sector Best Prospects Return to top

Construction companies should plan to participate in the vast construction of new homes, towns, air and sea ports and repair/reconstruction of roads and other infrastructures in several states of Nigeria.

Web Resources Return to top

www.nigerianstat.gov.ng
http://censtats.census.gov/naic3_6/naics3_6.shtml
http://www.corporate-nigeria.com/assets/pdf/2010/cn-2010-construction.pdf

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

Sector: Education/Training (ITA Code: EDS)

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	45,500	56,500	64,425	74,090
Total Local Production	17,000	19,500	22,425	25,790
Total Exports	0	0	0	0
Total Imports	28,500	37,000	42,000	48,300
Imports from the U.S.	13,000	14,000	16,500	19,500

Exchange Rate: 1 USD	158	158	158	158

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: Industry contacts, Federal Ministry of Education, and National University Commission (NUC)
Total Exports: Industry sources
Total Imports: Leading importers, distributors, and industry associations
Imports from U.S.: U.S. Census Bureau

Estimates are based on industry sources.

Industry reports indicate that Nigeria has more than 300 higher institutions ranging from universities, specialized colleges of technology and polytechnics, to colleges of education. The rapid population growth and demand for education have placed a heavy burden on the government in providing quality education, which opens up opportunity for private and institutional investors. During the past 20 years, more than 45 private universities have been accredited by the National Universities Commission (NUC) to meet higher education needs of Nigerians and the economy; this excludes 36 federal and 37 state universities already approved and operational. By contrast, the 2012 U.S. Embassy Education Survey shows that between 2006 and 2010, more than 1.5 million students sought admission into Nigerian universities each year; however, less than 300,000 applicants were admitted into these institutions – both government and private – due to limited capacities. Due to dwindling quality and inadequate facilities, many parents resort to sending their children abroad for quality education.

A 2012 market survey conducted by the U.S. Embassy's Education Advising Center (EAC) in Nigeria indicates that Nigeria is the largest source of students from sub-Saharan Africa to the United States, with a 6% increase in the number of students admitted to study in undergraduate, graduate and non-degree programs in the U.S. over the previous year.

Competition is strong from other countries. Beyond having a strong presence in Nigerian market through recruitment agents, many UK and Canadian institutions have set up local offices, actively participating in local education events, and gaining wider access to the prospective student population through the media and customized education fairs.

The federal government has proposed a number of reforms in the education sector to address the declining quality of instruction, shortage of textbooks and inadequate facilities. According to the Federal Ministry of Finance, the GON has estimated a large investment is needed to implement education sector development plans for FY 2013, including the procurement of computers, library books, and equipment for schools. This would provide significant potential for U.S. export of educational items. Some state governments are also creating stimulating and supportive environments for educational investments in their locality. For example, Kwara state is currently inviting proposals from reputable foreign investors to establish a vocational center for skills development of graduates from both the federal and state-owned universities in the state, and is willing to provide land, infrastructure, tax holidays and financial support, including investment insurance to qualified investors.

Recent observations indicate that the UK is dominating a substantial part of the training sector, particularly in providing project management training to Nigerians. Although the UK, Lebanese, and recently Canada are taking advantage of these opportunities, Nigerians have an affinity for U.S. education, training services and products.

Sub-Sector Best Prospects Return to top

Education franchises, professional training, and continuing education for Nigerian professionals and the academics are sub-sector best prospects.

Opportunities Return to top

Given the rapid growth in private investment in education, laboratory equipment, books, and professional textbooks would continue to gain market position. In addition, industry reviews clearly show that U.S. education-based organizations should consider developing custom-made courses for evolving Nigerian industry sectors, particularly the security, aviation, environment, oil and gas, as well as financial services sectors.

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For further information on education and training, e-mail Joseph Umoetteh, Commercial Specialist, U.S. Commercial Service, Lagos, Nigeria at: Joseph.Umoetteh@trade.gov.

Sector: Electrical Power Equipment (ITA Code: ELP)

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	242,000	290,850	349,635	420,283
Total Local Production	5,000	6,000	7,500	9,375
Total Exports	3,000	3,150	3,465	3,812
Total Imports	240,000	288,000	345,600	414,720
Imports from the U.S.	24,384	29,043	34,852	41,822
Exchange Rate: 1 USD	158	158	158	158

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. Estimates for 2013 and 2014 are based on industry sources.
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

**Estimates based on industry sources including importers and Independent Power Producers Association of Nigeria.*

Nigeria's power sector remains underdeveloped, currently supplying less than 5,000 megawatts of power -- enough to power a mid-sized U.S. city -- compared with 48,000 megawatts generated by South Africa, a country with less than one-third of Nigeria's population. A comprehensive reform of Nigeria's power sector continues broadly on-track. In June 2012, Nigeria's Electricity Regulatory Commission (NERC) began a phased increase of electricity tariffs towards cost-reflective levels, an important step towards improving the sustainability of investment in the sector. Available system-wide electricity has increased by roughly 1,000 megawatts over the past year; government-owned thermal and hydro power generation assets representing the majority of Nigeria's current installed generation capacity and eleven regional electricity distribution companies are in the process of being privatized, bringing in new capital to upgrade their inadequate infrastructure. Significant challenges remain, however, including the need to deregulate natural gas pricing more fully to provide incentives to develop greater supply for domestic power generation.

The GON intends to increase the country's power generation capacity from less than 5000 MW 20,000 MW by 2016. According to Nigeria's Minister of Power, about US$3.4 billion will be required between 2013 and 2016 to expand the nation's transmission grid to enable it become more efficient and effective as the country increases its generation capacity.

Nigeria has a significant pent-up demand for power. Market analysts estimate that only about 40% of Nigeria's population has access to any kind of electricity supplied from the national grid.

Sub-Sector Best Prospects Return to top

Currently, Nigeria presents a huge trade opportunity to U.S. suppliers of portable generating sets (20-500 KVA) and parts, renewable energy and solar systems.

Trade and investment opportunities exist in developing off-grid micro power plants (1 MW to 20 MW) in strategic industrial cities/areas to sell directly to end-users. The power reforms of the GON allow off-grid sales of generated power.

Opportunities Return to top

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

Building of transmission and distribution of infrastructure to enhance Nigeria's national grid and to enable independent power plants to interconnect and discharge their power through the newly established Nigerian Bulk Electricity Trading Company (NBET).

Sale of Heavy-duty Power Plants (100 KW to 1 MW) – Most companies operating in Nigeria must provide their own reliable source of power such as diesel-operated heavy duty generating sets. U.S. and European-origin equipment are preferred in view of their reliability and serviceability. Purchasers of U.S. power equipment may utilize the guarantees provided by ExIm Bank and OPIC as incentives to buying plants and equipment from the U.S. ExIm Bank has put forth a plan to provide up to $1.5 billion in financing and guarantees in the Nigerian power sector.

Bids for privatization of thermal generating plants - the sale of a minimum of 51% equity is available to core investors that clearly demonstrate the technical and financial ability to operate and expand each plant.

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Nigerian Bulk Electricity Trading Company (NBET)
Nigeria's Electricity Regulatory Commission (NERC)

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Sector: Marine Vessels, Equipment and Accessories (ITA Code: CVR/CFE)

Overview

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Unit: USD thousands

	2011	2012	2013 Estimates	2014 Estimates
Total Market Size	119,000	270,000	283,000	297,308
Total Local Production	2,000	3,000	3,150	3,308
Total Exports	0	0	0	0
Total Imports	117,000	267,000	280,000	294,000
Imports from the U.S.	35,000	80,000	84,000	88,200
Exchange Rate: 1 USD	158	158	158	158

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: Industry Operators & trade publications*
Total Exports: Industry operators & Trade Association (ISAN, NCS)
Total Imports: Trade Association (ISAN, NCS) & NIMASA**
Imports from U.S.: U.S. Census Bureau

**Trade Publications: Maritime Digest*
***NIMASA: Nigerian Maritime Administration and Safety Agency (www.nimasa.gov.ng)*
ISAN: Indigenous Shipowners Association of Nigeria
NCS: Nigerian Chamber of Shipping-(www.nigerian-shiping.org)

Nigeria is one of the largest countries in Africa with a coastline spanning about 1,000 km. Its commercial port business captures 68% of total maritime trade in West Africa. With an increasing annual import tonnage of over 150 million (2012), including over 12 billion liters of refined petroleum products, the Nigerian maritime industry offers tremendous export and investment opportunities in several areas including deep sea port construction and operation, acquisition of dry cargo ships, tanker vessels, small vessels, shipyards and ship building facilities and ancillary services. In 2012 the Nigerian Ports Authority (NPA) announced a $124.40 million ports upgrade for Apapa Port, one of its busiest ports, and expressed interest in partnerships with investors to construct/establish additional deep sea ports in other parts of the country. With a view to increased productivity, the GON also intends to concession/privatize the NPA Plc's marine services to private operators. This will offer opportunities for imports of marine equipment and services and marine operations to include:

- Towage
- Berthing/unberthing
- Stevedoring
- Cargo handling on quay
- Storage
- Repair of ships
- Surveillance of cargo
- Tallying of goods
- Weighing
- Dredging services

The country's marine transport logistics and services (boat/marine construction, services, haulage, commercial fishing, maintenance and accessories) industries are among America's largest category of exports to Nigeria; however, this is gradually dwindling due to aggressive encroachment by Asian countries as well as issues with sea piracy adversely impacting the trawling segment of the marine industry.

As an emerging market with a vast coastal area that includes the prolific hydrocarbon-rich Niger Delta region, and with only a 3% involvement of local maritime firms, Nigeria's shipping industry offers tremendous opportunity for local and international companies. New and refurbished workboats have a growing market in Nigeria due to activities in the oil and gas sector. Marine vessels are major service providers for the industry, and currently constitute and control 95% of Nigeria's coastal and inland shipping. Trawlers and break-bulk carriers make up the remaining 5%. These offer an excellent source of export revenue for U.S. vessel suppliers, ship yards, vessels builders, accessories and services suppliers from throughout the U.S.

Shipping and freight services are vital to companies in manufacturing, construction, oil and gas services, etc. It is estimated that about 300 vessels operate in Nigeria and 80% of imports of crew boats, tug boats and accommodation barges/vessels are sourced from the U.S. In 2012, international oil companies operating in Nigeria project their demand for marine vessels to grow by 914 additional vessels over the next four years. Increasingly, there is demand for global positioning devices and specialized security and navigational features. U.S. market share of imports of marine vessels, especially workboats, is dwindling due to aggressive inroads from Asian countries especially Malaysia, Singapore and Indonesia and a lesser extent from Dubai and South Africa. Industry contacts believe that higher costs due to shipping distance and production cost adversely affect exports of U.S. vessels to Nigeria. Additionally, industry sources have repeatedly mentioned that U.S. suppliers do not pay adequate attention to the voltage differences needed on boats for Nigeria (220 vs. 100).

There are no barriers to foreign participation in Nigeria's maritime industry, however under the 2003 Cabotage Law foreign companies are expected to partner with local companies in order to operate within Nigeria's maritime waters. Foreign companies interested in operating in Nigeria's maritime industry should note the government's emphasis on and commitment to enforcing the law in Nigeria's maritime industry and local content and indigenous participation policy in the oil and gas industry (http://www.nigeria-law.org/Coastal). Foreign companies are also expected to register with the Department of Petroleum Resources (DPR), the regulatory agency for all activities in the oil and gas industry and the Nigerian Maritime Administration and Safety Agency (NIMASA), the maritime regulator for activities in Nigerian territorial waters.

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There are several export and investment opportunities in the maritime sector and with the National Inland Waterways (NIWA) such as:

- Dredging of the River Niger;
- Rehabilitation of Warri and Lokoja Dockyards,
- Operational vessels, pollution control, etc;
- Study and Development of River Niger and Benue Systems for all year round navigation;
- Dredging of Oguta Lake for effective navigation with larger vessels

NIMASA highlighted areas of present and future investment in the Nigeria maritime industry include liner services, shipping services and international shipping, tramp services, coastal water transportation service, ports and ports operation, terminal and jetty development, towage and pilotage services. Other areas are maritime agency, cargo handling stevedoring, storage and warehousing, inland container depots, haulage, logistics services in the oil and gas, supply boats, anchor handling tug ships, crew boats tug boat, cable and pipeline laying vessels, ship building and repair, ship financing and marine insurance. (http://nimasa.gov.ng)

Opportunities Return to top

The oil and gas industry in Nigeria continues to require workboats of various sizes and configuration for its operations, including boats for seismic operations, fishing and related services, specialized anchor handling tugs and supply vessels and, surveillance/security patrol boats and off shore service vessels.

The demand for LNG vessel carriers is expected to continue to rise given planned and ongoing projects in Nigeria especially as the Nigerian LNG Limited's Gas Transport Company (http://www.nlng.com) at Bonny, which already owns 24 LNG ships, looks to purchase an additional six vessels valued at approximately $1 billion to handle shipments of LNG products.

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http://www.nigeria-law.org/Coastal
http://www.dprnigeria.com
http://nimasa.gov.ng

http://niwa.gov.ng/

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Sector: Medical Equipment (ITA Code: MED)

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	60,490	69,409	79,650	91,551
Total Local Production	3,100	3,410	3,751	4,267
Total Exports	0	0	0	0
Total Imports	57,390	65,999	75,899	87,284
Imports from the U.S.	1,478	13,353	15,356	17,659
Exchange Rate: 1 USD	158	158	158	158

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

Data Sources:

Total Local Production: Nigerian Medical Association, Manufacturers Association of Nigeria (MAN) and National Association of Chambers of Commerce.

Total Exports: Nigerian Medical Association, Manufacturers Association of Nigeria (MAN) and National Association of Chambers of Commerce.

Total Imports: Local importers and distributors, Nigerian Medical Association, Manufacturers Association of Nigeria (MAN) and National Association of Chambers of Commerce.

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

**Estimates based on industry sources such as major importers, distributors and industry associations.*

There is a growing interest by Nigerians living overseas to invest in the Nigerian healthcare sector and this trend will likely continue according to market intelligence. Many of the Diaspora groups are exploring opportunities to sell medical equipment and some are researching the cost-benefit of building world-class hospitals, diagnostic centers; and organizing need-based interventions including air ambulance services and capacity building for healthcare professionals. Currently, few hospitals and clinics in Nigeria are truly world-class. According to the Federal Ministry of Health (FMOH), Nigerians with sufficient means often seek medical attention in countries with more advanced healthcare systems, including the U.S., spending an estimated $900 million on overseas care annually. During a stakeholder forum the (FMOH) organized in Lagos in 2012, industry experts estimated that over 25,000 Nigerian travelers are medical tourists. While this presents an opportunity to U.S. medical institutions, it also presents opportunities to suppliers of mid- to high-end medical equipment looking to expand their international markets in Nigeria. Market intelligence from industry associations, major importers and distributors estimates that Nigeria's market for medical equipment will grow by about 15% over the next two years.

Nigeria remains a net importer of high-end medical equipment and prescription medicines. For medical equipment, local production is limited to peripheral items such as hospital beds and gurneys. For medicines, limited local capacity exists in the private sector for over-the-counter drugs especially those for treating the common cold, malaria and headaches. Across the country, there is a dearth of well-trained, well-equipped and adequately motivated medical professionals. For Nigeria's estimated 170 million people, there are about 13,703 primary care, 845 secondary care and 59 tertiary care facilities. The private sector is expected to be the primary driver of growth in the health sector as healthcare demand in Africa is projected to grow to $35 billion in 2016.

According to industry analysts, European exporters dominate this market but Asian firms, led by China and India, are making significant inroads into Nigeria's healthcare market. Every year, hundreds of Asian manufacturers and suppliers visit local markets, hospitals and talk to potential distributors. They exhibit at local trade shows such as the Lagos International Trade Fair, hosted by the Lagos Chamber of Commerce and the West African Healthcare Expo organized by Global Resources & Projects Nigeria Ltd. held in the fall. Until recently, imports from Europe accounted for over 60% of Nigeria's market for medical equipment, but now Europe's market share has been seriously eroded by Asian imports. According to industry watchers, the U.S. accounts for less than 20% of this market both for equipment and medicines. For both new and used equipment, price is the most competitive factor followed by service support and product origin. It is important to recognize the benefits of cultivating long-term personal relationships in a market as culturally diverse and relationship-driven as Nigeria.

Nigeria enjoys strong healthcare professional associations such as the Nigerian Medical Association (NMA), and the Pharmaceutical Society of Nigeria (PSN). These associations can provide assistance particularly on matters concerning policies, standards, code of conduct, competition and resolution of industry and professional disputes.

The National Health Insurance Plan, introduced in 2006, appears to be working well especially for employees of large corporations. The plan, however, has yet to inspire the confidence hospital owners need to undertake substantial expansion projects. Funding is a critical market access barrier. Few hospital owners have the resources or collateral to undertake large-scale hospital projects such as the establishment of new hospitals or expansion of existing ones to a world-class facility.

The introduction of broadband technology in Nigeria has yet to boost telemedicine services or collaboration with healthcare organizations and medical equipment suppliers from around the world. Market analysts agree that broadband should help Nigerian hospitals and clinics share information, manage data, enjoy second opinions on complex issues and collaborate online with their peers in the United States and elsewhere. The Society for Telemedicine and eHealth in Nigeria (SFTeHIN), is promoting adoption of telemedicine leading hospitals, public agencies, and private healthcare operators including social entrepreneurs who work in rural communities.

The challenge of managing HIV/AIDS transmission and treatment remains a priority of the GON and international development community. Officially, Nigeria has the second largest number of people living with HIV/AIDS (PLWHA) (3.1 million) after South Africa (5.6 million).

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U.S. suppliers of refurbished and used medical equipment have an opportunity in Nigeria's private sector. Nigerian importers and end-users, however, prefer suppliers who, in addition to prompt delivery of equipment and accessories, are able to provide timely after-sales support, to include selling spare parts at competitive prices.

U.S. suppliers of medicines and medical disposables especially those used for testing for malaria parasites, drug abuse, and infectious diseases such as HIV/AIDS and tuberculosis have significant market opportunities in Nigeria.

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There is high demand for medical services and equipment such as analytical and examination instruments, ultrasound scans, anesthesia equipment, mortuary and laboratory equipment. In addition to public sector demand, the private sector accounts for much of Nigeria's imports and a significant percentage of informal exports to West Africa.

According to industry reports and market intelligence, malaria is one of the principal causes of illness and death in Nigeria. Current statistics indicate that nine out of ten deaths related to malaria that occur in Sub-Saharan Africa, including Nigeria, are among young children and pregnant women. Combating this pandemic creates a growth market for U.S. equipment and medicines for preventing and treating malaria cases.

Tuberculosis (TB) is another pandemic in Nigeria. Nigeria is making progress in tackling TB, although the World Health Organization still ranks it as a high-risk country.

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www.nafdac.org.ng
http://www.nigeria.gov.ng/fed_min_health.aspx

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Sector: Oil & Gas Field Machinery (ITA Code: OGM)

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Unit: USD thousands

	2011	2012	2013 Estimates	2014 Estimates
Total Market Size	559,000	501,000	527,000	553,350
Total Local Production	13,000	17,000	19,000	19,950
Total Exports	0	0	0	0

Total Imports	546,000	483,000	508,000	533,400
Imports from the U.S.	437,000	387,000	406,000	426,300
Exchange Rate: 1 SD	158	158	158	158

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

Total Local Production: Industry Operators & trade publications*
Total Exports: Industry Operators & Trade Associations
Total Imports: U.S. Census Bureau, Trade Associations (PETAN) **
Imports from U.S.: U.S. Census Bureau

**Trade Publications: Nigerian Oil & Gas Intelligence, African Oil & Gas Journal*
***PETAN: Petroleum Technology Association of Nigeria*

Nigeria is Africa's largest oil producer and the twelfth largest in the world, producing high-value, low-sulfur content crude oil. A now five-year long effort to reform Nigeria's oil and gas legal framework has created uncertainty that has delayed billions of dollars in potential investment in this sector. The National Assembly is reviewing the most recent version of a Petroleum Industry Bill (PIB), which seeks to incorporate and update 16 different laws that regulate the sector. However, international oil companies operating in Nigeria have expressed concern that this latest version of the PIB would boost GON royalty and tax revenues to a level that makes new investment unprofitable. In contrast, the GON has argued that the PIB reflects current internationally-accepted industry contract standards. The 2010 Nigerian Content Act, which imposes limits on foreign management and the content of the petroleum sector, presents a significant barrier to foreign participation in the sector, in particular to service companies.

In 2012, Nigeria produced about 2.4 million barrels per day (bbl/d) of total liquids, according to the U.S. Energy Information Administration (of which 2.15 was crude oil). Onshore, recent and announced divestments by international oil companies (IOCs) have opened a space for smaller exploration and production (E&P) companies to enhance production of under-utilized fields, and the opportunity to return to production fields shutdown in the past due to periods of militancy and ethnic violence. Industry contacts indicate that the GON proposes to hold a "Marginal Fields" (fields that produce less than 10,000 barrels per day) bid round in 2013. Offshore, IOCs are investing in incremental expansion of existing deepwater production. In 2012, Exxon Mobil (Erha North), Shell (Bonga South-West/Aparo, North-West and North) and Total (Egina) all announced contract awards, which will likely lead to increased imports of oilfield equipment and machinery in 2013 and going forward.

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. The government's ongoing power sector reform and privatization will also require concurrent investment in new gas supply for planned Independent Power Producers (IPPs) and refurbishment of former state-owned generation assets.

As part of its drive for an energy solution, the GON has announced plans to construct a 1.8 million ton per annum capacity methanol plant in the Niger Delta as early as fourth quarter 2013. The plant, which is proposed to have a three year construction phase each of 5,000 metric tons, will require an estimated total investment of $1.1 billion. The project, which is sponsored by the Gulf of Guinea Oil Exploration Limited (GGOEX), will be located at the $20 billion Industrial Park in Ogidigbie in Delta State. GGOEX is an Nigerian integrated energy company looking to engage in exploration, development, production, utilization and monetization of gas resources and will act as the Local Content vehicle. The GON, expected to give its approval for the project plans and execute agreements for the supply and aggregation of gas projects and off-taker agreements in fourth quarter 2013, hopes to offer methanol as an alternative fuel for the domestic market to offset demand in the face of perennial fuel scarcity and relieve civil strife that manifests with any slight change in the pump price of fuel. The GON also plans to refurbish all fuel depots in the country and has already started on the following depots: Aba-Abia State, Benin-Edo State, Warri-Delta State, Jos-Plateau State and Gombe in Gombe State.

The Dangote Group, a Nigerian-owned multinational, has recently announced plans to build a new gasoline refinery costing nearly $8 billion that will produce 400,000 barrels per day by 2016. This private sector initiative will provide significant opportunities for U.S. exports, and help alleviate the chronic gasoline shortages that, incongruously, impact many regions within Nigeria.

In its 2013 budget, the government set aside $400 million for the construction of Calabar-Ajaokuta-Kano pipeline to expedite the completion of the Trans Saharan Gas Pipeline project and is looking for private sector participation to strengthen inter-African trade and cooperation. Under its strategic Gas Master Plan focus, the GON, through the Nigerian National Petroleum Corporation (NNPC), outlined a comprehensive gas infrastructure development program projected to attract an industry wide investment outlay of over $16 billion within the next four years. 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 with the U.S. as a favored source for expertise, equipment and services.

Other ongoing reforms include the full deregulation of the downstream petroleum industry to enable appropriate investment in domestic refining of petroleum products and gas commercialization to drastically reduce gas flares. Increasingly, the focus has been on other gas projects such as Gas to Liquids (GTL) and Natural Gas Liquids (NGL), domestics gas market expansion, Independent Power Projects (IPP), the West African Gas Pipeline and Trans Saharan Gas Pipeline projects, which offer tremendous opportunity for gas investment ranging from manufacturing, construction and services within the full spectrum of gas development. Nigerian Liquefied Natural Gas Limited plans to purchase six LNG carrier ships valued at $1 billion for its operations. Observers estimate needs of over $500 million in imports of gas equipment, small LNG, gas treatment plants and other gas accessories in the coming years.

Observers believe that the Nigeria's oil and gas sectors offer significant opportunities for marketing capital equipment and technology for extraction and production. Drilling equipment continues to offer the most promise for U.S. exporters as does the supply and services sector which is increasingly expanding despite challenging environment. American companies dominate the import of high end oilfield machinery, with a 75%

market share, with Europe at 17% and Asia 8%. Companies like Daewoo, Hyundai Heavy Industries (HHI) and other Chinese companies provide fabrication of FPSO's 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.

The Nigerian oil and gas sector local content legislation represents a significant barrier to entry, but one that international companies can successfully manage with the right strategy. Companies are expected to register with the Department of Petroleum Resources (DPR), the regulatory agency for all activities in the oil and gas industry. The GON created the Nigerian Petroleum Exchange (NipeX) portal for improved procurement processes in the oil and gas industry, facilitating transparent procurements.

Best Prospects/Services Return to top

Oil and gas machinery continue to provide extremely significant export and investment opportunities for U.S. businesses in Nigeria. Business observers believe that the oil and gas sectors offer consistent opportunities for marketing essential capital equipment and technology, for both extraction and production. Training and services are other areas where U.S. service companies have comparative advantage especially in exploration and production, engineering and seismic techniques.

Opportunities Return to top

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 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 between 1 and 1.2 million tons annually and offer opportunities for partnership for pipe milling and fabrication services. The GON'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.

The various gas gathering and commercialization projects initiated, some of which are in the developmental stages, offer tremendous opportunity for gas investors ranging from manufacturing, construction and services within the full spectrum of gas development. American firms with advanced technology and associated service experience in the oil and gas industry will be well positioned to meet this requirement.

Other opportunities in the Extractive Industries:

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. Nigeria is undertaking 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 has identified 34 potential minerals for commercial development across the country with a focus on eight sub-sectors: iron ore, gold, copper, coal, tar-sands/bitumen, barite, lead-zinc and dimension stone. Nigeria has proven reserves of over 1.5 billion tonnes of coal, after only partial exploration of potential producing areas. The Nigerian Coal Corporation (NCC) also 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. Several states in Nigeria, especially Ondo State, which has the second largest deposits of bitumen in the nation, would like to attract requisite foreign investors and technical partners for its development.

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http://www.nnpcgroup.com/
http://www.dprnigeria.com/home.htm

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Sector: Safety and Security (ITA Code: SEC)

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	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	7,761	8,695	9,865	9,871
Total Local Production	98	105	705	968
Total Exports	0	0	0	0
Total Imports	7,663	8,590	9,160	8,907
Imports from the U.S.	3,499	4,051	4,935	4,946
Exchange Rate 1 USD:	158	158	158	158

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: Nigeria Defense Academy
Total Exports: n/a
Total Imports: Security Practitioners' Association of Nigeria
Imports from U.S: Federal Government of Nigeria and private security practitioners

**Estimates based on qualitative research done via Industry contacts, local newspaper articles, and local security contacts.*

Security equipment, training and services are in high demand in Nigeria, due to high rates of insecurity, violent crime, and kidnapping. Markets for security equipment include government, businesses and residential applications. While the numbers above show only a marginal projected increase in U.S. exports and an overall decline in imports, given the nature of the sector the actual numbers are likely higher, but not disclosed by many firms and the government.

The GON is reforming its security agencies and investing substantially to enable them to undertake covert and overt operations, and gather intelligence. The Nigerian security agencies are investing in biometric solutions, tracking devices, laptop computers for officers; over $600 million was budgeted for security for fiscal year 2012. Tracking devices including PCs, monitors, “closed” circuit cameras, network equipment, accessories and security software, and ICT training, are among the priorities of the Inspector General of Police, Mohammed D. Abubakar.

A review of the security situation in Nigeria can be found here: Chapter 6 Investment Climate, sub chapters Political Violence and Corruption.

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U. S. companies now sell armored vehicles to government workers, individuals and security personnel in Nigeria with a good turnover rate. Manufacturers of body scanners, CCTV, bomb detectors, vehicle tracking systems and others have a potential market in Nigeria. Nigerians now prefer U.S. origin security equipment because of its durability and reliability.

State and Federal government have focused on security, and are providing the funding to improve their efforts in this critical sector. The GON budgeted over $4 billion in 2013 to improve security services and equip security agencies. Future government tenders will be an opportunity for U.S. businesses selling security equipment.

Companies in all sectors, homes and religious organizations are taking security more seriously than in past years. There is increased demand for bomb and metal detectors to secure their facilities across the country, and the U.S. is the preferred source due to the perceived high level of durability of products.

Opportunities Return to top

Today, most of the equipment used locally has been purchased from countries other than the U.S., with some equipment manufactured locally. U.S. suppliers have enormous potential in the Nigerian market since U.S.-origin equipment is preferred by Nigerian importers of security equipment for superior performance and durability.

U.S. firms should explore forming local partnerships, building business relationships and participating in trade missions to Nigeria to introduce their products and services in order to capture existing (replacement) and future market share. Both government and private security practitioners expect a high growth level in this sector in the coming years as safety and security issues command greater attention and resources.

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Sector: Telecommunications Equipment (ITA Code: TEL)

Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	105,587	116,326	127,981	140,801
Total Local Production	800	980	1,100	1,232
Total Exports	0	0	0	0
Total Imports	104,787	115,346	126,881	139,569
Imports from the U.S.	34,929	49,363	54,299	59,729
Exchange Rate: 1 USD	158	158	158	158

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

Data Sources:

Total Local Production: Association of Telecommunications Companies of Nigeria (ATCON) AND Nigerian Communications Commission (NCC). Estimates for 2013 and 2014 are based on industry sources.

Total Exports: Association of Telecommunications Companies of Nigeria (ATCON) AND Nigerian Communications Commission (NCC)

Total Imports: Association of Telecommunications Companies of Nigeria (ATCON)

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

**Estimates based on industry sources including importers, suppliers and members of Association of Telecommunications Companies of Nigeria.*

Nigeria's the four major telecommunications service providers plan to invest over $6 billion on network expansion including human capacity development over the next year. The amount includes $3 billion by the market leader MTN Nigeria, $1.75 billion by Airtel, $500 million by Etisalat, and $1.25 billion by Globacom. The need for expanded domestic broadband services remains the overriding goal of market development in Nigeria's telecommunications sector. If well harnessed, broadband has the potential to help Nigerian citizens play more proactive roles in national development and to improve the quality of their lives. Currently, broadband penetration in Nigeria is limited to a few major cities such as Lagos and the capital city of Abuja. According to industry associations, equipment suppliers and importers, Nigeria's market for telecommunications equipment is expected to grow by about 10%% in 2013 and 2014.

On April 29, 2013, Nigeria launched the first phase of its mobile number portability. With more than 100 million mobile cellular lines in Nigeria, portability makes it possible for owners of these lines to literally move unhindered from one network operator or service provider to another. As companies aggressively compete to get and more importantly, keep, customers, this portability may help drive additional infrastructure investment needed to turnaround the poor quality of service that has become a prominent feature of Nigeria's telecommunications market. Of particular need are expansion of network infrastructure, increased bandwidth and improvement of technical competencies.

Note: 2010 and 2011 witnessed the arrival in Lagos of three undersea broadband cables. The cables are from Globacom (Glo-One), MainOne Cable Company (MainOne) and the West African Cable System (WACS). WACS comprises a consortium of companies led by the leading telecommunications service provider, MTN Nigeria Limited. Nigeria's previous broad-band capacity was limited to a single SAT-3 cable with 350 gigabits.

Nigeria is working to spur massive adoption of digital technology in the provision of government services, to create cost-effective access to rural communities, transform its education system, make healthcare services more efficient and affordable, enhance security of trade and investment, and build confidence foreign firms require to continue to engage its economy and do business with its citizens. The GON has pledged to implement the Ministry of Communication Technology's recently submitted National Broadband Policy and Roadmap. This policy recommended that the GON encourage public-private partnerships (PPP) to increase internet and broadband penetration in urban centers and to build metro fiber infrastructure in state capitals. Local technology experts note that some ways the Nigerian government could encourage rapid adoption of broadband technology include promotion of open access, which will allow service providers to reduce total cost of operation. Among other benefits, open access will encourage sharing infrastructure, collaboration in the provision of services especially in disadvantaged communities, and in improving the competitive context through training of young graduates and aspiring entrepreneurs. For more information about telecommunications regulations, NCC and upcoming projects, visit http://www.ncc.gov.ng

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Mobile financial services are getting a lot of attention in Nigeria. As a result, most Nigerian banks are enhancing their technology capacities and abilities and building new infrastructure across the country to deal with a rising demand for mobile services. U.S. firms therefore have opportunities for network infrastructure, data communication equipment, terminals, hand-held devices including smart phones, and tracking solutions.

Opportunities Return to top

U.S. equipment manufacturers and suppliers have opportunities to participate in Nigeria's on-going broadband infrastructure development. There are opportunities for transmission and switching equipment and 220V PABX and voicemail facilities. In the broadcast sub-sector, there are opportunities for digital transmission equipment and set-top boxes for digital broadcasting as Nigeria deepens efforts to convert from analog to digital TV broadcasting. Additionally, there are opportunities for communication equipment especially mobile devices used in enabling security services, distance learning, telemedicine, financial services, entertainment and the social media. Currently, Nigeria is doing well in voice services, but lags far behind in data, video and multimedia services, including tele-presence.

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www.ncc.gov.ng,

www.buyusa.gov/nigeria
www.Nig.org.ng
http://www.atcononline.org/.

For further sector information, e-mail: Anayo Agu, Senior Commercial Specialist, U.S. Commercial Service, Lagos, Nigeria anayo.agu@trade.gov.

Sector: Trucks (ITA Code: TRK)

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	206,000	211,000	222,950	234,397
Total Local Production	10,000	12,000	14,000	15,000
Total Exports	0	0	0	0
Total Imports	196,000	199,000	208,950	219,397
Imports from the U.S.	137,000	138,000	145,000	152,250
Exchange Rate: 1 USD	158	158	158	158

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: National Association of Road Transport Owners (NARTO), Independent Petroleum Marketers Association (IPMAN)
Total Exports: National Association of Road Transport Owners (NARTO), Independent Petroleum Marketers Association (IPMAN)
Total Imports: National Association of Road Transport Owners (NARTO), Independent Petroleum Marketers Association (IPMAN)
Imports from U.S.: U.S. Census Bureau

**Estimates based on industry sources including National Association of Road Transport Owners, importers and Independent Petroleum Marketers Association.*

Since the collapse of the rail system in Nigeria, road transportation has become the dominant means of transportation, both personal and freight. It currently accounts for more than 80% of all intra and inter-city traffic. Nigeria has an estimated population of over 170 million, the largest in Africa and growing at about 2.6% annually, a land mass of 356,667 square miles, and a fuel distribution system that relies on trucking petroleum products as a result of widespread pipeline incursions by criminals.

Nigerian serves as a business hub for West Africa, being the largest economy and net importer of goods. Distributing goods both within and outside Nigeria with the current transportation infrastructure challenges makes trucks, particularly rugged trucks, essential components of any logistical chain. While local manufacturers are the major supplier of flat bed, tanker and other trailer components, European brands like MAN Diesel, IVECO, Mercedes Benz, Bedford and DAF used to dominate the market during the 1990s. However, in the past 10 years, the United States has surpassed them in terms of volume. The Mack brand is the most preferred, currently leading the market with a 60% share, though buyers mostly favor its older models (70s-90s) for its perceived rugged engineering.

Freightliner, Kenworth and International brands share a small portion of the market and have prospects of higher future sales if supported with local repair/service shops, and spare parts supply. Though two local truck and bus assembly plants exist and cheap Chinese imports also pose significant competition, affinity for U.S. made models is strong among Nigerian truck buyers because of their apparent ruggedness and durability. More than 80% of trucks imported into Nigeria come used, with 70% of these supplied from the U.S.

Note: There are no age restrictions on imported trucks. Tariffs range between 20-30%.

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New and used truck parts, engines and transmissions; driver training services; modern truck service and repair facilities, tracking systems; wet cargo metering systems.

Opportunities Return to top

A large opportunity exists for truck driver training and certification. Many Nigerian truck drivers are not well trained and do not possess international driving certifications. This is a significant cost for truck owners, who incur significant losses in assets, on-time delivery rates and are constantly losing their trucks to road accidents.

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http://www.nac.gov.ng

For further information (sector), e-mail Chamberlain Eke, Commercial Specialist, U.S. Commercial Service, Lagos at Chamberlain.eke@mail.doc.gov.

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Agriculture still accounts for 35.4% of GDP and provides employment, both formal and informal, for more than 70% of Nigeria's nearly 170 million people. Nigeria's agriculture remains largely subsistence-based, with about 80% of agricultural output coming from farmers who live on less than a dollar per day and farm less than one hectare. Major agricultural commodities produced are cocoa, peanuts, palm oil, corn, rice, sorghum, millet, cassava (tapioca), yams, rubber, cattle, fish and timber.

Food processing in Nigeria is high-cost and underdeveloped due to poor infrastructure (power, water, roads) and the country remains dependent upon imports to meet the demand for quality processed foods. Industry estimates [from importers, Association of Food, Beverage & Tobacco Employees (AFBTE), wheat millers, supermarket association (NASON),] show Nigeria is a huge net importer of agricultural products, with total imports of over $7.65 billion in 2012. Imports are dominated by bulk/intermediate commodities such as wheat, rice, sugar, frozen fish, dairy products, vegetable oil and other intermediate and consumer-oriented products.

The U.S. is a substantial exporter of agricultural products to Nigeria, with exports estimated at about $1.1 billion in 2012. Although wheat accounts for about 90%% of this, exports of other U.S. agricultural products, including value-added and consumer-ready products as well as intermediate foods/ingredients utilized by food processors, have continued to grow in recent years. Major competitors for the Nigerian market are Europe, Asia, and South Africa. Nigeria's traditional trade links with Europe remain strong, and EU agricultural exports to Nigeria account for about 50% % of the total. South African firms are increasingly establishing a presence in the West African market. Imports from Asia, especially China, have grown markedly in recent years and investment from China in all sectors of the economy has experienced very rapid growth.

Over the last year, the GON has initiated restrictive new policy measures under the ATA on these commodities that impair productivity and efficiency within the food processing sector. Raw sugar, wheat grain and paddy rice are among the most significantly affected commodities. The situation is expected to worsen if the GON continues to implement these policies. High tariffs and levies to protect local industries are at the center of these policy changes. While the protective measures are expected to stimulate investment in local production, the impact this may have on total local food production is unknown.

Nigeria's agricultural exports to the United States increased significantly, from about $68 million in 2008 to about $102 million in 2012. This increase resulted from rising exports of cocoa, rubber, shrimp, feeds and fodders, tree nuts, etc. The impact of massive flooding of Nigerian farmlands in 2012 and the increasing insecurity caused by activities of the Boko Haram Islamic sect in the northern Nigeria continue to deter Nigeria's agricultural productivity and food availability.

Sector: Wheat

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Unit: USD millions

	2011	2012	2013 (Estimated)
Total Market Size($m)	1421	1378	1410
Total Local Production($m)	10	8	10
Total Exports($m)	0	0	0
Total Imports($m)	1,411	1,370	1400
Imports from the U.S. ($m)	1,200	993	987

Source: BICO reports, Nigeria's Wheat Millers Association & Master Bakers' Association, Federal Ministry of Agriculture, Nigerian Customs Service, etc)
Estimate from industry contacts, importers and trade associations
Exchange rate: 158 naira to 1 USD

Nigeria imported nearly $1 billion worth of wheat in 2012. The country remains a growth market for wheat imports because of its huge population and the demand for wheat flour-based products has remained strong because of high prices for other local staples and lack of a stable domestic supply. High demand for wheat flour for the production of bread, noodles, pasta and biscuits (cookies) also contributes to Nigeria's wheat market.

In order to reduce wheat imports, the GON introduced a new policy compelling cassava flour inclusion in wheat flour beginning in 2012. The GON has also imposed import tax (levy) of 15% on wheat grain (which has increased the effective duty from 5% to 20%). Insecurity and the 2012 flooding had all combined to lower expected export figure for U.S. wheat to Nigeria in 2012. However, the U.S. still controls over 70% market share as a result of its strong reputation as a consistent and reliable supplier of high quality wheat.

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U.S. Department of Agriculture (USDA)
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Website: http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx;
http://www.fas.usda.gov/scriptsw/fasfield/ovs_directory_result.asp

Sector: Rice

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Unit: USD millions

	2011	2012	2013 (Estimated)
Total Market Size($m)	2,178	2,550	2,250
Total Local Production($m)	1,050	750	950
Total Exports($m)	0	0	0
Total Imports($m)	1,128	1,800	1,300
Imports from the U.S. ($m)	26	3	3

Source: Nigeria's major rice importers, Rice Farmers Association of Nigeria (RIFAN), National Bureau of Statistics, Federal Ministry of Agriculture, and Nigerian Customs Service.
Estimate from industry contacts, importers and trade associations
Exchange rate: 158 naira to 1 USD

Nigeria's fertile land and rich agro-climatic conditions can support rice production for domestic consumption and exports. But, the country still accounts for less than 50% of its total consumption and the demand gap has been filled by polished/milled rice imported mostly from India, Thailand, and Brazil.

The GON has adopted measures to increase rice production to attain self-sufficiency and export surplus by 2015 which has caused Nigeria's major rice importers to invest in milling capacity with some of them developing nucleus estates that would use local farmers as out growers to supply rice to the mills. Tariff on imported rice had been 10% but the GON imposed a levy at 30% on imported brown rice in July 1, 2012 and a 100% levy on polished/white rice effective January 1, 2013. As a result, imports jumped to 3.2 million tons beginning of 2012 due to stockpiling by Nigerian rice importers. Importers stockpiled rice to get ahead of the expected price increase.

The USDA's office in Nigeria believes that the country's position as one of the world's largest importers of rice will not suddenly reverse in the short term or even by 2015. Lack of infrastructure and low private sector investment in the rice sector value chain certainly cannot support such a large production jump. Floods, which destroyed the road network across the country, and the deteriorating security situation caused the decline. However, processing facilities are inadequate and far from farmers. Also, the quality of locally milled rice needs to improve to enhance competitiveness with imported products.

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Sector: Dairy Products

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Unit: USD Millions

	2011	2012	2013 (Estimated)
Total Market Size ($m)	830	700	740
Total Local Production ($m)	180	100	110
Total Exports	0	0	0
Total Imports ($m)	650	600	630
Imports from the U.S. ($m)	6.0	6.4	7.0

Source: Milk Powder Importers, AFBTE, supermarket operators' association (NASON), Wholesale Distributors, BICO reports, etc
Note: Figures only include formally marketed products
Estimate from industry contacts, major importers and trade associations.
Exchange rate: 158 Naira to 1 USD

Nigeria is a large market for dairy products but domestic production is grossly underdeveloped. Nigeria's imported dairy market is estimated at about $700 million in 2012. Following heavy flooding in many parts of the country from July through October 2012, which destroyed livestock and grazing areas, Nigeria's import in this sector is expected to rise in 2013. Increasing security restrictions caused by the Boko Haram activities, and communal crises arising from protection of farmland in many livestock producing areas is lowering economic activities in those areas.

Imported milk powder is the primary ingredient in Nigerian dairy products. Manufacturers reconstitute and sell milk powder in three categories—powdered, evaporated and condensed milk; packaged in metal cans and sachets of different weights. Imported skimmed milk powder is also an input for the food drink manufacturers, biscuits, etc. The practice of processing yoghurt from milk powder is growing. WAMCO, an affiliate of Royal Friesland Foods of Netherlands, is Nigeria's leading milk manufacturer and its 'Peak' brand controls more than 60% market share. Promasido, PZ Industries, CHI, FAN, etc are also significant in the sub-sector.

The market is forecast to grow about 6% in 2013. Consumption of milk drinks flavored with fruit juice is also growing steadily and will assist in the growth of demand over the forecast period. Ice cream, chocolate milk, yoghurt, and long life milk are produced locally. Infant formula, cheese, butter, as well as ice cream, are imported. The EU suppliers are dominant. However, export of dairy products from U.S. to Nigeria increased significantly from about $2 million in 2010 to approximately $6.4 million in 2012. More Nigerian firms are turning towards the U.S. suppliers for their purchase needs as supplies from the EU dwindle.

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Sector: Seafood

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Unit: USD Millions

	2011	2012	2013 (Estimated)
Total Market Size ($m)	1550	1746	1867
Total Local Production ($m)	598	648	720
Total Exports ($m)	2	2	3
Total Imports ($m)	950	1100	1150
Imports from the U.S. ($m)	14.0	1.7	6.0

Source: Association of Fish Suppliers of Nigeria (AFISUN), Frozen Fish Wholesale Distributors, Catfish Farmers Association of Nigeria (CAFAN), BICO reports, etc.
Estimate from industry contacts, major importers, distributors and trade associations.
Exchange rate: 158 naira to 1 USD

Seafood is the cheapest source of animal protein in Nigeria and consumption is growing . However, the country depends on large volumes of imports (largely from the EU and South American countries) to meet local demand due to insufficient domestic catches and low aquaculture production. Declining domestic production is the result of increasing security concerns along Nigerian coastal areas, water pollution from oil spillage during oil exploration in the major fishing areas, and high cost of feed and energy.

However, increasing private sector participation especially in aquaculture is expected to assist in boosting local production by over 20% in 2013 (industry source). More Nigerians in the fishery business are also intensifying efforts to produce for exports. Due to the scarcity and rising price of Atlantic species from the major suppliers (the Netherlands), Nigerian buyers are prospecting other supply sources for fish (such as China, Chile, the U.S., etc).

Export of U.S. seafood products to Nigeria dropped significantly from $14 million in 2011 to $1.7 million in 2012 as more Nigerian buyers do not see the U.S. as a significant pelagic supplier. Also, pelagic fish such as herrings and mackerels are not always in available in the U.S. with rising costs accounting for the unstable supply pattern. However, increasing U.S. and Nigerian trade in the non-oil sectors is expected to assist in growing U.S. fish exports to Nigeria in the upcoming years.

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Sector: Fish Feed

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Unit: USD million

	2011	2012	2013 (Estimated)
Total Market Size ($m)	600	740	890
Total Local Production ($m)	520	580	640
Total Exports ($m)	0	0	0
Total Imports ($)	80	160	250
Imports from the U.S. ($m)	4	3	6

Source: Fisheries department, Federal Ministry of Agriculture, Importer-distributors, Nigeria's Food Service Association (AFCON), CAFAN, AFISUN, etc
Estimate from industry contacts and major importers/distributors
Exchange rate: 158 naira to 1 USD

With Nigeria's strong demand for seafood and dwindling global fish stocks, the GON collaborates with local and external stakeholders (including local farmers, World Bank, WHO, FAO, NEPAD, etc), to increase local aquaculture and fish supply. However, aquaculture feedstuffs (mostly imported from Israel and the EU) constitute about 70%%

of total production cost and discourage investment in the sector. Most domestic fish feed production facilities are not formal and most local fish farmers formulate and produce inexpensive pelletized fish feeds for their own use and for sale to other farmers. They rarely meet farmers' requirements for desired fish yield—and, in 2011 fish feed imports valued about $80 million (mostly for catfish and tilapia production). It doubled the following year due to a more efficient yield compared to local products. U.S. fish feed export to Nigeria is expected to double in 2013 compared to the previous year as more local users report U.S. feedstuffs gives higher yields. Currently, imports are mostly from Israel (55%) and the EU (18%). All imported feeds are floating and come in 15 kg and 20 kg bags and in the following [(2, 3, 4 5 6.5, 8, and 9) millimeters (mm)].

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Unit: USD millions

	2011	2012	2013 (Estimated)
Total Market Size ($m)	205	240	210
Total Local Production ($m)	15	30	10
Total Exports ($m)	0	0	0
Total Imports ($m)	220	210	200
Imports from the U.S. ($m)	1.6	5.2	7

Source: Wine importers, BICO reports, AFBTE, supermarket owners and Operators (NASON), etc
Estimate from industry contacts and major importers/distributors
Exchange rate: 158 naira to 1 USD

With a population of nearly 170 million, Nigeria provides a large market for alcoholic beverages estimated at $4 billion. Average wine consumption per capita jumped from 0.1 liters to about 10 liters between 2004 and 2012. Still wine (red and white) category led the market—accounting for a share of more than 80%. Local wine processing is underdeveloped and high-cost.

Nigeria's large and increasing population, increasing health consciousness and the rising number of young, rich and educated Nigerians with strong desire to move up the social ladder are supporting growth in wine exports to Nigeria. The EU, South Africa and other suppliers offering low quality and inexpensive wine products are the leading suppliers. Although market share for U.S. wine remains insignificant, U.S. wine exports to Nigeria grew appreciably from $1.6 million in 2011 to $5.2 million in 2012. U.S. exporters are encouraged to develop opportunities provided by the increasingly large wine demand to boost exports of U.S. food and agricultural to Nigeria.

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The last overall tariff review occurred in September, 2008, when the Government of Nigeria issued the 2008 – 2012 Common External Tariff (CET) Book that harmonized its tariff with its West African neighbors under the Economic Community of West African States (ECOWAS) Common External Tariff (CET). The tariff policy places imports into one of five tariff bands, namely, zero duty on special medicines not produced locally, industrial machinery and equipment (industrial machineries and equipment only attract zero duty if imported during the first year of the company's operation); 5 percent duty on raw materials and other capital goods; 10 percent duty on intermediate goods; 20 percent duty on finished goods; and 35 percent duty on luxury goods and finished goods in infant industries that the government would like to protect. In January 2013, President Goodluck Jonathan approved the extension of the implementation of the CET until December 31, 2013.

Trade Barriers Return to top

The government continues to impose trade barriers against foreign competition, citing the need to protect local industries. Click on the following link to read the United States Trade Representative (USTR) office report.
http://www.ustr.gov/sites/default/files/2013%20NTE.pdf

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Nigeria practices a Destination Inspection scheme, which commenced on January 1, 2006. Under this scheme, goods destined for Nigerian ports are inspected at the point of entry rather than at the point of shipment. The seven-year contract granted Cotecna, SGS, and Global Scan, to act as inspection agents at Nigeria's seaports, border posts, and airports expired on December 31, 2012, but was extended for an additional 6 months. The Nigeria Customs Service is expected to resume the implementation of the Destination Inspection Scheme in July 2013 using its personnel; barring any further

extension of inspection contracts awarded the three inspection agents. Click on the following links for further information.
https://www.customs.gov.ng/Guidelines/Destination_Inspection/index.php

U.S. Export Controls

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Exports of certain products from the United States to Nigeria fall under U.S. Government export licensing requirements. For more information, see:
http://www.export.gov/exportbasics/eg_main_017474.asp

The Nigerian government prohibits the importation of items listed in the following link
http://www.customs.gov.ng/ProhibitionList/import.php

Temporary Entry

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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.

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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. **Also, all items entering the country must be labeled in metric terms exclusively.** Products with dual or multiple markings will be confiscated or refused entry. For more information please visit http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Lagos_Nigeria_11-20-2012.pdf and http://www.son.gov.ng

Prohibited and Restricted Imports

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The tariff policy introduced in September 2008 reduced the number of prohibited tradable imports from 44 items to 26 items. In December 2010, the Government announced the removal of textiles, furniture, and toothpicks from the list of prohibited imports. It also increased the age limit on imported cars from 10 years to 15 years. http://www.customs.gov.ng/ProhibitionList/import.php.

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The Nigeria Customs and Excise Tariff uses the Customs Cooperation Council Nomenclature (CCCN). Duties are either specific or ad valorem, depending on the commodity, and are payable in Naira upon entry. Import tariffs are non-preferential and apply equally to all countries outside the Economic Community of West African States (ECOWAS). In addition, 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 Nigerian Customs Service is located at:

3 - 7 Abidjan Street, off Sultan Abubakar Way, Wuse Zone 3
PMB 26, Garki, Abuja, Nigeria
Tel: 234-9-5234680, 5236394: Fax: 234-9-5236394, 5234690

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- Accreditation
- Publication of Technical Regulations
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The Standards Organization of Nigeria (SON) registers and regulates standard marks and specifications. The National Agency for Food and Drug Administration and Control (NAFDAC) provides testing and certification of imported and domestically produced food, drug, cosmetic, medical, water and chemical products.

Standards Organization of Nigeria Return to top

Standards Organization of Nigeria (SON)
www.son.gov.ng

National Agency for Food and Drug Administration and Control (NAFDAC)
www.nafdac.gov.ng

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NIST Notify U.S. Service

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 Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment Return to top

Information regarding conformity assessment is available on the Standards Organization of Nigeria (SON) Website: www.son.gov.ng and National Agency for Food and Drug Administration and Control (NAFDAC) Website: www.nafdac.gov.ng.

Even in instances where SON and NAFDAC regulations are thorough and clear in documentation, in practice it is best to inquire about any changes to regulations and approach each issue on a case-by-case basis.

Product Certification Return to top

Information regarding product certification is available on the Standards Organization of Nigeria (SON) website: www.sononline-ng.org and National Agency for Food and Drug Administration and Control (NAFDAC) website: www.nafdacnigeria.org.

Even in instances where SON and NAFDAC regulations are thorough and clear in documentation, in practice it is best to inquire about any changes to regulations and approach each issue on a case-by-case basis.

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The SON and NAFDAC have little information regarding accreditation available on the Standards Organization of Nigeria (SON) Website: www.son.gov.ng and National Agency for Food and Drug Administration and Control (NAFDAC) website: www.nafdac.gov.ng.

Even in instances where SON and NAFDAC regulations are thorough and clear in documentation, in practice it is best to inquire about any changes to regulations and approach each issue on a case-by-case basis.

Publication of Technical Regulations Return to top

The SON and NAFDAC inconsistently alert the public to changes in technical regulations. In practice, it is best to contact SON and NAFDAC directly to ask about current regulations.

The SON and NAFDAC contact information can be found on their websites:
Standards Organization of Nigeria (SON): www.son.gov.ngonline.org
National Agency for Food and Drug Administration and Control (NAFDAC): www.nafdac.gov.ng

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The SON and NAFDAC have little information regarding labeling and marking available on the Standards Organization of Nigeria (SON) Website: www.son.gov.ng and National Agency for Food and Drug Administration and Control (NAFDAC) website: www.nafdac.gov.ng.

Even in instances where SON and NAFDAC regulations are thorough and clear in documentation, in practice it is best to inquire about any changes to regulations and approach each issue on a case-by-case basis.

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In 2000, Nigeria and the United States signed a Trade and Investment Framework Agreement (TIFA). To view the TIFA document, please click on http://www.ustr.gov/assets/Trade_Agreements/TIFA/asset_upload_file172_7727.pdf

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www.son.gov.ng

www.nafdac.gov.ng.

http://www.bilaterals.org/IMG/pdf/US-NG_TIFA.pdf

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Chapter 6: Investment Climate

Openness to Foreign Investment

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Nigeria, Africa's most populous nation, has an estimated population of over 170 million. The country offers investors abundant natural resources, a low-cost labor pool, and potentially the largest domestic market in sub-Saharan Africa. Much of Nigeria's market potential remains unrealized, however, because of a long list of impediments to investment. These include inadequate power supply, lack of infrastructure, delays in the passage of announced legislative reforms, an inefficient property registration system, restrictive trade policies, an inconsistent regulatory environment, a slow and ineffective judicial system, unreliable dispute resolution mechanisms, insecurity, and pervasive corruption.

The Nigerian economy, including its non-oil economy, continues to grow strongly, despite persistent structural weaknesses, and continues on track to become the largest in Sub-Saharan Africa. Over the past decade, Nigeria has experienced strong and broad-based real Gross Domestic Product (GDP) growth averaging over 7%. According to official statistics, 2012 GDP growth declined to 6.6% from 7.4% in 2011, due to flood-related declines in oil and food production. Notwithstanding such high levels of GDP growth, poverty levels remain stubbornly high, with absolute poverty declining only from 64.2% in 2004/5 to 62.6% in 2009/10., according to Nigerian government (GON) statistics.

Nigeria ranks as Africa's largest oil producer and the twelfth largest in the world, producing high-value, low-sulfur content crude oil. A now five-year long effort to reform Nigeria's oil and gas legal framework has created uncertainty that has delayed billions of dollars in potential investment in this sector. The National Assembly is reviewing the most recent version of a Petroleum Industry Bill (PIB), which seeks to incorporate and update 16 different laws that regulate the sector. However, international oil companies operating in Nigeria have expressed concern that this latest version of the PIB would boost GON royalty and tax revenues to a level that makes new investment unprofitable. In contrast, the GON has argued that the PIB reflects current internationally-accepted industry contract standards.

The Nigerian economy is heavily dependent on its oil sector, which accounts for over 95% of export earnings and about 70% of government revenues, according to the International Monetary Fund (IMF). A major GON “Transformation Agenda” development objective involves the diversification of the Nigerian economy away from an over-reliance on petroleum. The agriculture sector in Nigeria accounts for over 40% of GDP and sustains over 80% of rural households. The GON has focused on expanding private agro-businesses access to finance, increasing the use of irrigation and improved seed varieties, and relieving farm-to-market transport infrastructure constraints.

A significant bottleneck to broad-based economic development remains Nigeria’s underdeveloped power sector, which currently supplies less than 5,000 megawatts of power -- enough to power a mid-sized U.S. city -- compared with 48,000 megawatts generated by South Africa, a country with less than one-third of Nigeria’s population. A comprehensive reform of Nigeria’s power sector continues broadly on-track. In June 2012, Nigeria’s Electricity Regulatory Commission (NERC) began a phased increase of electricity tariffs towards cost-reflective levels, an important step towards improving the sustainability of investment in the sector. Available system-wide electricity has increased by roughly 1,000 megawatts over the past year; government-owned thermal and hydro power generation assets representing the majority of Nigeria’s current installed generation capacity and eleven regional electricity distribution companies are in the process of being privatized, bringing in new capital to upgrade their inadequate infrastructure. Significant challenges remain, however, including the need to deregulate natural gas pricing more fully to provide incentives to develop greater supply for domestic power generation. And, while power sector reform has progressed, Nigeria’s transportation infrastructure -- road, rail, and aviation -- remains broadly inadequate, and GON efforts to attract private capital to develop these sectors, including through public-private sector partnerships (PPP), have remained slow and only intermittently-successful.

Central Bank of Nigeria (CBN) monetary and exchange rate policies have come more closely into alignment in 2012. The IMF criticized the CBN in 2011 for maintaining artificially-low interest rates and intervening heavily in the foreign exchange market to prevent devaluation of the Naira. In early 2011, real interest rates remained negative, inflation hovered at 12%, and CBN reserves had fallen from $62 billion in 2008 to $33 billion. The CBN has since engaged in several rounds of policy tightening, maintaining core inflation levels in the 11-12% range, despite the impact of electricity price hikes, an almost 50% increase in gasoline prices, significantly higher global food prices, and flood-related domestic food price pressures. Foreign exchange reserves have risen to $44 billion in December 2012.

Since the near collapse in 2009 of Nigeria’s banking sector, the CBN has pursued broad financial sector reforms by strengthening regulation and narrowing the types of financial activities in which banks can engage. The global recession and subsequent collapse in oil prices exposed Nigerian banks’ over-leveraged loan portfolios, with non-performing loans exceeding 44% of total loans at the ten poorest performing banks. In addition to lowering interest rates and injecting liquidity into the system, the CBN took over the eight worst banks, found new partners to recapitalize five of them, and has sought to privatize the remaining three nationalized banks. The CBN has taken a highly expansive view of its role in Nigeria's economic development, using its balance sheet to support investment in the power sector, small and medium enterprise (SME) loans, and commercial agriculture.

Management of GON fiscal policy has remained a persistent challenge due to Nigeria's heavy reliance on oil revenue and its history of pro-cyclical spending and civil service hiring during periods of high global crude oil prices. The adoption in 2003 of a fiscal rule that forced savings of a portion of oil revenue in an Excess Crude Account (ECA), helped stabilize government expenditures over the business cycle. ECA balances reached $20 billion in 2008, but the combined impact of the 2009 banking crisis and a jump in government spending in the run-up to April 2011 national elections impacted fiscal discipline. After ECA balances hit a low of under $4 billion in 2010, they have recovered to a December 2012 balance of $9.7 billion. The GON established a Sovereign Wealth Fund (SWF) in 2011 as a better-structured alternative to the ECA, but state governors have instituted a Supreme Court case that challenges the constitutionality of the ECA and GON transfer of $1 billion from the ECA to the SWF as seed capital.

Nigeria's trade regime remains highly-protectionist and distorting, with a national Agricultural Transformation Action Plan that relies on restrictive import tariffs and outright import prohibitions to spur domestic agricultural sector growth by actively promoting import substitution of staples, including rice, cassava, palm oil, cocoa, and cotton. Nigeria's bilateral trade with the U.S. totaled $38.9 billion in 2012. U.S. exports to Nigeria, primarily wheat, vehicles, refined petroleum products, and drilling and oilfield equipment, were valued at $5.1 billion in 2012. Nigeria's total exports to the U.S. in 2012 decreased 43% from the previous year, from $33.8 billion in 2011 to $19.1 billion in 2012. U.S. imports of crude oil from Nigeria, which make up over 90% of Nigeria's total exports to the U.S., decreased from $31 billion in 2011 to $18.3 billion in 2012.
While Nigeria enjoys preferential access to the U.S market under the African Growth and Opportunity Act (AGOA), non-oil exports to the U.S., including cocoa and rubber, remain at low levels.

Nigeria's merchandise trade with the world in 2012 totaled $177.6 billion, according to the Nigerian National Bureau of Statistics, up from $170 billion in 2011. The increased total trade resulted from growth in exports, driven by expanded crude oil and non-oil exports that more than compensated for a decline in imports due to significant declines in gasoline imports following the January 2012 partial removal of Nigeria's refined fuel subsidy. The drop in gasoline imports resulted from demand reductions following a 49-percent increase in fuel prices and cutbacks in gasoline imports by independent Nigerian fuel marketers in the wake of a slow-down in GON processing of fuel subsidy payments to them. China retained its position as the largest source of Nigeria's imports. While crude oil continued to dominate Nigeria's overall trade at 84% of total exports, crude oil trade patterns have shifted markedly over the past year: In the first quarter of 2012, for the first time, India overtook the United States as the largest importer of Nigerian crude oil due to expanded U.S. domestic production and maintenance-induced closings of east coast refineries optimized to process Nigerian crude oil. As its crude oil export trade patterns have shifted towards Asia, Nigeria has remained a reliable crude oil supplier to international markets.

Given the corruption risk associated with the Nigerian business environment, potential investors often develop anti-bribery compliance programs. The United States and other parties to the OECD Anti-Bribery Convention aggressively enforce anti-bribery laws, including the U.S. Foreign Corrupt Practices Act (FCPA). A high-profile FCPA case in Nigeria's oil and gas sector resulted in 2010 U.S. Securities Exchange Commission and U.S. Department of Justice rulings that included record fines for a U.S. multinational and its subsidiaries that paid bribes to Nigerian officials.

Security remains a concern to investors due to high rates of violent crime, kidnappings for ransom, and terrorism. Five bombings of high-profile targets with multiple deaths have occurred in the federal capital Abuja since October 2010. Other bombings and assassinations have occurred in the cities of Kaduna, Maiduguri, Damaturu, Bauchi, Jos, Kano, and Suleja, the majority linked to an extremist Islamic sect known as Boko Haram. Extremists also conducted an attack on the headquarters of the Special Anti-Robbery Squad in Abuja on November 26, 2012. An amnesty program for militants in the restive Niger Delta region and rehabilitation and re-integration training for ex-militants have led to a significant decline in militant violence and the increasing restoration of shut-in oil and gas production. The longer-term impact of the government's Delta peace efforts, however, remains unclear, and criminal activity in the Delta remains a serious concern.

President Goodluck Jonathan gained election to a full four-year term in April 2011 via a general election judged by most international and domestic observers to be free, fair, and credible. Since President Jonathan's inauguration in May 2011, Nigeria has conducted several successful state-level gubernatorial and parliamentary elections, an indicator of the sustained strength of the Independent National Electoral Commission (INEC). Over the past two years, U.S.-Nigeria Bi-National Commission (BNC) Working Group meetings have addressed Regional Security; Governance, Transparency and Integrity; Energy and Investment; the Niger Delta; and Agricultural Development and Food Security. A BNC working group on the Niger Delta convened most recently in Port Harcourt, Rivers State, on October 16-17, 2012. Nigeria seeks to strengthen its leadership role internationally, including at the African Union (AU) and the Abuja-based Economic Community of West African States (ECOWAS).

Freedom of expression and of the press remains broadly-observed, with the media often engaging in open, lively discussions of challenges facing Nigeria. Some journalists, however, occasionally practice self-censorship on sensitive issues. Moreover, the country's overall human rights record remains poor.

Nigeria's Selected Indices and Rankings

The following table indicates Nigeria's recent ranking according to various metrics of transparency and good governance:

Measure	**Index/Ranking**
Transparency International Corruption Index	139 (out of 176 countries)

Heritage Economic Freedom Index	116 (out of 184 countries)
World Bank Doing Business Index	131 (out of 185 countries)
MCC Govt. Effectiveness	35%
MCC Rule of Law	33%
MCC Control of Corruption	25%
MCC Fiscal Policy	21%
MCC Trade Policy	37%
MCC Regulatory Quality	58%
MCC Business Start-up	43%
MCC Land Rights Access	10%
MCC Natural Resources Management	65%
MCC Access to Credit	88%
MCC Inflation	36%

The GON actively seeks foreign investment and has repealed or amended military government decrees inhibiting competition or conferring monopoly powers on public enterprises. The GON's protectionist tradition remains strong despite these actions, resulting in inconsistent trade policy -- liberalizing trade one year and restricting trade the next. The GON also specifically prohibits the importation of some goods, such as cement, and, effective 2013, refined sugar to foster domestic production. The GON enacted the Nigerian Content Act (NCA) in 2010 to support domestic production. The NCA requires oil and gas production and service companies to use local resources for the delivery of some goods and services currently sourced from outside the country. Concerns about the NCA include its restrictive trade practices in violation of WTO agreements as well as technology transfer requirements that infringe upon a company's intellectual property rights. Many local companies established to respond to the greater demand for local goods and services provided for by the NCA have suffered due to lack of new contracts caused by the delayed passage of the Petroleum Industry Bill (PIB). Laws against the re-export of equipment restrict the development of Nigeria as an oil and gas service center for the growing African oil and gas industry.

Legal Framework:

The Nigerian Investment Promotion Commission (NIPC) Decree of 1995 allows 100% foreign ownership of firms outside the oil and gas sector, where investment stays limited to joint ventures or production-sharing agreements. Laws restrict industries to domestic investors if they are considered crucial to national security, such as firearms, ammunition, and military and paramilitary apparel. Foreign investors must register with the NIPC after incorporation under the Companies and Allied Matters Decree of 1990. The decree prohibits the nationalization or expropriation of foreign enterprises except in cases of national interest.

Nigerian laws apply equally to domestic and foreign investors. These laws include the Nigerian Content Act of 2010, Nigerian Minerals and Mining Act of 2007, Nigeria Extractive Industries Transparency Initiative (NEITI) Act of 2007, Central Bank of Nigeria Act of 2007, Electric Power Sector Reform Act of 2005, Money Laundering Act of 2003, Investment and Securities Act of 2007, Foreign Exchange Act of 1995, Banking and Other Financial Institutions Act of 1991, and National Office of Technology Acquisition and Promotion Act of 1979.

Privatization:

The Privatization and Commercialization Act of 1999 established the National Council on Privatization, the policy-making body overseeing the privatization of state-owned enterprises (SOEs), and the Bureau of Public Enterprises (BPE), the implementing agency for designated privatizations. The BPE has focused on the privatization of key sectors, including telecommunications and power, and calls for core investors to acquire controlling shares in formerly state-owned enterprises. The GON has embarked upon the process of privatizing generation and distribution assets in the electric power sector, while the GON signed an electricity transmission management contract with an international operations and management contractor. Since 1999, the BPE has privatized and concessioned more than 140 enterprises, including an aluminum complex, steel complex, cement manufacturing firms, hotels, petrochemical plant, aviation cargo handling companies, and vehicle assembly plants. The National Assembly has questioned the propriety of some of these privatizations, with one case related to an aluminum complex privatization recently the subject of a Supreme Court ruling on ownership.

The GON established the Infrastructure Concession Regulatory Commission (ICRC) in 2008 to identify Greenfield projects for concessioning. More recently, the GON has articulated its strong interest in developing public-private partnerships to attract foreign capital to support basic infrastructure development. The GON recently terminated a 25-year concession granted for the Design-Build-Operate-Transfer of the Lagos-Ibadan Expressway, a major highway in the southwestern part of the country. An ongoing dispute also exists between the GON and a private sector company over the concession granted for the Murtala Muhammed domestic airport in Lagos.

Passage of the Electric Power Sector Reform Act in 2005 created the NERC, a power regulator with responsibility for tariff regulation and economic and technical regulation of the electricity supply industry. The Electric Power Sector Reform Act of 2005 provides for the deregulation of the power sector. A power sector reform “road map” establishes: market-based rate-making; privatization of power plants and electricity distribution companies; the commercialization of the national transmission company; the establishment of a bulk electricity purchaser strengthened by a partial risk guarantee supported by the World Bank; and the creation of the Nigerian Electricity Liability Management Company (NELCOM). The GON formally established the Nigeria Bulk Electricity Trading Company (NBETCO) in August 2011.

The GON has substantially liberalized Nigeria's telecommunications sector since the early 2000s. The sector grew over 34% in 2011 and now contributes roughly 6% of GDP. According to the Nigerian Communications Commission (NCC), the total number of telephone lines (mobile and landline) in Nigeria increased from 93.5 million (66.7% teledensity) in September 2011 to 107.4 million (76.7% teledensity) in September 2012.

The Telecommunications Act of 2001 authorized the Nigerian Communications Commission (NCC) to issue licenses to existing and prospective service providers. Nigeria's state-owned telecommunications operator, Nigerian Telecommunications Limited's (NITEL) mobile subsidiary, MTEL, and four private companies, MTN, Airtel, Globacom, and Etisalat, have mobile licenses. Globacom won mobile, fixed, and international gateway licenses as Nigeria's second national telecommunications operator in mid-2002. The NCC implemented a unified licensing regime in 2006 that permits telecommunications companies to offer landline, wireless, and data services. The GON through the National Council on Privatization (NCP) approved a "guided liquidation" strategy for the privatization of NITEL and MTEL in February 2012.

The Information and Communications Technology (ICT) sector received a boost in 2010 and 2011 with the installation in Lagos of three broad-band cables from Glo-One, MainOne, and the MTN-led West African Cable System (WACS). The Glo-One, MainOne, and WACS cables increased Nigeria's broad-band capacity to 9.9 terabits and the availability of competitively priced broad-band is expected to increase significantly in the near term.

The GON has worked to modernize and open its civil aviation sector, signing the U.S.-Nigeria Air Transport ("Open Skies") Agreement in 2000 and a U.S.-Nigeria Air Marshals Memorandum of Understanding in April 2010, authorizing the introduction of U.S. Air Marshals on U.S. flights to and from Nigeria. Also in 2010, the Nigerian Civil Aviation Authority regained U.S. Federal Aviation Administration Category 1 flight safety oversight status, allowing qualified domestic airlines to operate their own flights between Nigeria and the United States. Finally, the Ministry of Aviation authorized additional U.S. airlines to operate new routes between the U.S. and Nigeria. As a result of these developments, direct flights now connect air travelers from New York, Houston, and Atlanta to Lagos. This expansion of routes should facilitate increased trade, investment, and tourism in 2013 and beyond.

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The Foreign Exchange Monitoring Decree of 1995 opened Nigeria's foreign exchange market. Nigeria adopted a Wholesale Dutch Auction System (WDAS) in February 2006, in accordance with its plan to liberalize the foreign exchange market. The WDAS provides greater control of the foreign exchange market, although the Central Bank still retains its supervisory role over the market.

Foreign companies and individuals can hold non-naira-denominated accounts in domestic banks. Account holders have unlimited use of these funds, and foreign investors may repatriate capital without restrictions. Authorities have established a $4,000 quarterly Personal Travel Allowance for foreign exchange and a $5,000 quarterly Business Travel Allowance per individual for naira-denominated accounts. Commercial banks and Bureaux De Change (BDCs) usually issue foreign exchange for travel in cash, while some authorized dealers also issue pre-paid credit cards for use at Automatic Teller Machine (ATM) terminals worldwide. Purchase of foreign exchange for business purposes, such as for importing equipment and raw materials, and for paying school fees abroad, must be routed through banks, while some invisible (retail) transactions, such as credit card payments, school fees, travel allowances etc, can also be done via BDCs. Such transactions can only occur with proper documentation, such as filling out the "Form M"/"Form A" and, in the case of corporate bodies, and presenting copies of the certificate of incorporation of the company.

The NIPC guarantees investors unrestricted transfer of dividends abroad (net a 10% withholding tax). Companies must provide evidence of income earned and taxes paid before externalizing dividends from Nigeria. Money transfers usually take no more than 48 hours, if individuals provide the necessary documentation. All such transfers must occur through banks.

Expropriation and Compensation Return to top

The GON has not expropriated or nationalized foreign assets since the late 1970s. A U.S.-owned waste management investment that was expropriated by Abia State is the only known U.S. expropriation case in Nigeria.

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Investment Disputes:

Nigeria's civil courts handle disputes between foreign investors and the GON as well as between foreign investors and Nigerian businesses. The courts occasionally rule against the GON. Plaintiffs in these cases, however, do not always pay settlements expeditiously. Nigerian law allows the enforcement of foreign judgments after proper hearings in Nigerian courts. Plaintiffs receive monetary judgments in the currency specified in their claims. A U.S. supplier of fuel for the Nigeria Airways state airline, which went into liquidation in 1997, received full payment for its share of the liquidated assets only in 2010.

Legal System:

Nigeria has a complex, three-tiered legal system composed of English common law, Islamic law, and Nigerian customary law. "Common law" governs most business transactions, as modified by statutes to meet local demands and conditions. The Supreme Court sits at the pinnacle of the judicial system and has original and appellate jurisdiction in specific constitutional, civil, and criminal matters as prescribed by Nigeria's constitution. The Federal High Court has jurisdiction over revenue matters, admiralty law, banking, foreign exchange, other currency and monetary or fiscal matters, and lawsuits to which the federal government or any of its agencies are party. The Nigerian court system does not have enough court facilities, lacks computerized document-processing systems, and poorly remunerates judges and other court officials, all of which encourage corruption and undermines enforcement. Debtors and creditors rarely have recourse to Nigeria's pre-independence bankruptcy law. Entrepreneurs generally do not seek bankruptcy protection in Nigeria's business culture. Claims often go unpaid, even in cases where creditors obtain judgments against defendants.

The public increasingly resorts to the court system and has become more willing to litigate and seek redress. Use of the courts, however, does not automatically imply fair or impartial judgments. The World Bank's publication, Doing Business 2012, which surveyed 185 countries, ranked Nigeria 98 out of 185 countries on the enforcement of contracts, compared with its 2012 ranking of 97 out of 183 countries surveyed. In addition, the report revealed that contract enforcement required 40 procedures spanning an average of 457 days averaging 32% of the value of the contract. This situation compared with 31 procedures spanning an average of 510 days and averaging 20.1% of the cost of the contract in OECD countries and 39 procedures spanning an average of 649 days and averaging 50.1% of the contract in sub-Saharan countries.

Alternative Dispute Resolution:

The Arbitration and Conciliation Act of 1988 provides for a unified and straightforward legal framework for the fair and efficient settlement of commercial disputes by arbitration and conciliation. The Act created internationally-competitive arbitration mechanisms, established proceeding schedules, provided for the application of the United Nations Commission on International Trade Law (UNCITRAL) arbitration rules or any other international arbitration rule acceptable to the parties, and made the Convention on the Recognition and Enforcement of Arbitral Awards (New York Convention) applicable to contract enforcement, based on reciprocity. The Act allows parties to challenge arbitrators, provides that an arbitration tribunal shall ensure that the parties receive equal treatment, and ensures that each party has full opportunity to present its case. Some U.S. firms have written provisions mandating International Chamber of Commerce (ICC) arbitration into their contracts with Nigerian partners.

Performance Requirements/Incentives

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Nigeria regulates investment in line with the World Trade Organization's Trade-Related Investment Measures (TRIMS) Agreement. Foreign companies operate successfully in Nigeria's service sector, including telecommunications, accounting, insurance, banking, and advertising. The Investment and Securities Act of 2007, forbids monopolies, insider trading, and unfair practices in securities dealings.

Foreign investors must register with the NIPC, incorporate as a limited liability company (private or public) with the Corporate Affairs Commission, procure appropriate business permits, and register with the Securities and Exchange Commission (when applicable) to conduct business in Nigeria. Manufacturing companies sometimes must meet local content requirements. Expatriate personnel do not require work permits, but they remain subject to "needs quotas" requiring them to obtain residence permits that allow salary remittances abroad. Authorities permit larger quotas for professions deemed in short supply, such as deep-water oil-field divers. U.S. companies often report problems in obtaining quota permits. The Nigerian Content Act of 2010 (NCA) restricts the number of expatriate managers to five% of the total number of personnel for companies in the oil and gas sector.

The GON maintains different and overlapping incentive programs. The Industrial Development/Income Tax Relief Act Number 22 of 1971, amended in 1988, provides incentives to pioneer industries deemed beneficial to Nigeria's economic development and to labor-intensive industries, such as apparel. Companies that receive pioneer status may benefit from a non-renewable, 100% tax holiday of five years (seven years, if the company is located in an economically-disadvantaged area). Industries that use 60 to 80% of local raw materials in production may benefit from a 30% tax concession for five years, and investments employing labor-intensive modes of production may enjoy a 15% tax concession for five years. Additional incentives exist for the natural gas sector, including allowances for capital investments and tax-deductible interest on loans. The

GON encourages foreign investment in agriculture, mining and mineral extraction (non-oil), oil and gas, and the export sector. The GON recently announced incentives in the agricultural sector to promote rice, sugar, and cassava production. Such incentives include a 12% corporate tax rebate for bakers that attain a 40% cassava blend with wheat flour; and zero duty on imported machinery used for domestic sugar manufacturing, rice production, and processing cassava flour for composite flour blending. In practice, these incentive programs meet with varying degrees of success.

Technology Transfer Requirements:

The National Office of Industrial Property Act of 1979 established the National Office of Technology Acquisition and Promotion (NOTAP) to facilitate the acquisition, development, and promotion of foreign and indigenous technologies. NOTAP registers commercial contracts and agreements dealing with the transfer of foreign technology and ensures that investors possess licenses to use trademarks and patented inventions and meet other requirements before sending remittances abroad. In cooperation with the Ministry of Finance, NOTAP administers 120% tax deductions for research and development carried out in Nigeria and 140% tax deductions for research and development using local raw materials. As mentioned earlier, the recently-passed Nigerian Content Act of 2010 (NCA) has technology-transfer requirements that appear to violate a company's intellectual property rights.

NOTAP has shifted its focus from regulatory control and technology transfer to technological promotion and development. With the assistance of the World Intellectual Property Organization (WIPO), NOTAP has established a patent information and documentation center for the dissemination of technological information to end-users. The center has a mandate to commercialize institutional research and development with industry.

Import Policies:

Import tariffs provide the GON its second largest, although much less significant, source of revenue after oil and gas exports. The GON issued the 2008-2012 Common External Tariff (CET) Book in September 2008. The CET harmonizes Nigeria's tariffs with its West African neighbors under the Economic Community of West African States (ECOWAS) CET. The 2008 – 2012 CET established five tariff bands that include: 1) zero duty on capital goods, machinery, and essential drugs not produced locally; 2) 5% on imported raw materials; 3) 10% on intermediate goods; 4) 20% on finished goods; and 5) 35% on goods in certain sectors. The GON recently approved an extension of the CET for all of 2013 as it awaits ongoing tariff reduction negotiations within ECOWAS. An import prohibition list includes frozen poultry; pork; beef; pasta; fruit juice in retail packs; soaps and detergents; refined vegetable oil; beer; non-alcoholic beverages; cassava flour; plastics, and effective January 2013, refined sugar. Nigeria uses non-tariff measures to achieve self-sufficiency in certain commodities under its "backward integration" program. The government used this strategy in cement production and plans to use it in other identified commodities, such as rice and sugar.

The GON has implemented various tariff measures to aid its backward integration program. These include a ban on imported cassava flour as of March 31, 2012; the imposition of a 65-percent levy on imported wheat flour and an increase to a 15% levy on imported wheat grain as of July 1, 2012; a rise to a 30-percent levy on imported brown rice as of July 1, 2012; and an increase to a 50-percent levy on imported polished (milled) rice as of 1 July 2012. Tariff measures effective January 2013 include 10% import duty and 50% levy on raw sugar. Other notable tariff measures due to be implemented in 2013 include zero duty and zero VAT on the import of commercial aircraft and its spare parts, including machinery and equipment used in the solid minerals sector. In addition, the GON plans to implement “zero” percent import duty on Completely Knocked Down components for mass transit buses of minimum 40-seat capacity.

The Nigerian Customs Service (NCS) and the Nigerian Ports Authority (NPA) exercise exclusive jurisdiction over customs services and port operations. Nigerian law allows importers to clear goods on their own, but most importers employ clearing and forwarding agents. Many importers under-invoice shipments to minimize tariffs and lower their landed costs. Others ship their goods to ports in neighboring countries, such as Benin and Togo, after which they transport overland and smuggle into the country. The GON implements a destination inspection scheme whereby all imports are inspected upon arrival into Nigeria, rather than at the ports of origin. Authorities announced guidelines for the scheme in 2006, and three companies each received seven-year contracts to act as inspection agents at Nigeria's seaports, border posts, and airports. The companies include Cotecna, SGS, and Global Scan. The GON extended this exclusive contract for six months, with expiration now set for June 30, 2013.

Shippers report that efforts to modernize and professionalize the NCS and the NPA have reduced port congestion and clearance times. These efforts include an ongoing program to achieve 48-hour cargo clearance, particularly at Lagos' Apapa Port, which handles over 40% of Nigeria's legal trade. Nevertheless, bribery of customs and port officials remains common, and smuggled goods routinely enter Nigeria's seaports and cross its land borders. Efficient functioning of concessioned container terminals has significantly reduced container ship wait times, and the GON claims that the release times for containers has been significantly shortened due in part to the longer work hours. Importers, however, are unwilling to clear their goods at night at the ports due to security concerns.

Export Incentives:

The GON has abolished most export incentives. The Nigerian Export Promotion Council, however, continues to implement the Export Expansion Grant (EEG) scheme to improve non-oil export performance. The Nigerian Export-Import (NEXIM) Bank provides commercial bank guarantees and direct lending to facilitate export sector growth, although these practices are underused. NEXIM’s Foreign Input Facility provides normal commercial terms of three to five years (or longer) for the importation of machinery and raw materials used for generating exports. Agencies created to promote industrial exports remain burdened by uneven management, vaguely-defined policy guidelines, and corruption. Nigeria's inadequate power supply and lack of infrastructure and the associated high production costs leave Nigerian exporters at a significant disadvantage. The vast majority of Nigeria’s manufacturers remain unable to compete in the international market. Many manufacturers cannot compete with low cost imports coming from Asia, especially China.

Government Procurement:

The GON awards contracts under an open-tender system, advertising tenders in Nigerian newspapers and a “tenders” journal, and opening the tenders to domestic and foreign companies. Procurement has become slightly more transparent, but corruption persists in the awarding of government contracts. Procurement for capital projects often suffers from over-invoicing, which permits improper payments or "kick-backs" to private and public sector officials. Many U.S. companies claim they remain disadvantaged in obtaining GON contracts, even when they appear to have submitted the best bids in technical and financial terms. Unsuccessful U.S. bidders sometimes allege collusion between foreign competitors and key GON officials.

The Public Procurement Law of 2007 established the Bureau of Public Procurement (BPP) as the successor agency to the Budget Monitoring and Price Intelligence Unit (BMPIU). The BPP acts as a clearinghouse for government contracts and procurement and monitors the implementation of projects to ensure compliance with contract terms and budgetary restrictions. Procurements above 100 million naira (about $641,000) reportedly undergo full "due process." Some of the 36 states of the federation have also passed public procurement legislation.

Visa Requirements:

Investors sometimes encounter difficulties acquiring entry visas and residency permits. Foreigners must obtain entry visas from Nigerian embassies or consulates abroad, seek expatriate position authorization from the NIPC, and request residency permits from the Nigerian Immigration Service. Investors report that this cumbersome process can take from two to 24 months and cost from $1,000 to $3,000 in facilitation fees. The GON announced a new visa rule in August 2011 to encourage foreign investment, under which legitimate investors can obtain multiple entry-visas at points of entry into Nigeria.

Right to Private Ownership and Establishment

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The GON supports competitive business practices and protects private property in accordance with the NIPC Decree of 1995.

Protection of Property Rights

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The GON recognizes secured interests in property, such as mortgages. The recording of security instruments and their enforcement remain subject to the same inefficiencies as those in the judicial system. In the World Bank publication, “Doing Business 2013,” Nigeria ranked 182 out of the 185 countries surveyed for registering property, requiring averages of 13 procedures over 86 days at a cost of 20.8% of the property value. According to the report, property registration in OECD countries required averages of five procedures over 26 days at a cost of 4.5% of property values, while in sub-Saharan African countries this process required averages of 6 procedures over 65 days at a cost of 9.4% of property value.

Fee simple property rights remain rare. Owners transfer most property through long-term leases, with certificates of occupancy acting as title deeds. Property transfers are complex and must usually go through state governors' offices. In Abuja, the Federal Capital Territory government cancelled and began a process of reregistering all property allotments, refusing to renew those it deemed not to comply with the city's master plan.

Authorities have often compelled owners to demolish buildings on such property allotments, including government buildings, commercial buildings, residences, and churches, even in the face of court injunctions. Therefore, acquiring and maintaining rights to real property have become major challenges.

Nigeria is a member of WIPO and a signatory to the Universal Copyright Convention, the Berne Convention, and the Paris Convention (Lisbon text). The Patents and Design Decree of 1970 governs the registration of patents, and the Registry of Trademarks, Patents, and Designs in the Ministry of Commerce and Industry registers patents, trademarks, and designs. Once conferred, a patent conveys exclusive rights to make, import, sell, or use a product or apply a process. The Trademarks Act of 1965 gives trademark holders exclusive rights to use registered trademarks for a specific product or class of products. The Copyright Act of 2004 is based on WIPO standards and U.S. copyright law, and makes it a crime to export, import, reproduce, exhibit, perform, or sell any work without the permission of the copyright owner. However, copyright owners do not register their works under the Copyright Act. Rather, they notify the Nigerian Copyright Commission (NCC). Nigeria's copyright statutes also include the National Film and Video Censors Board Act and the Nigerian Film Policy Law of 1993.

The Copyright Act incorporates trade-related aspects of intellectual property rights (TRIPS) protection for copyrights, except provisions to protect geographical indications and undisclosed business information. Confusion exists among the various GON agencies regarding proposed legislation expected to put all intellectual property agencies under a single and uniform authority. This legislation has undergone consideration by the National Assembly since 2006. Concomitantly, the National Assembly has under consideration a bill that would establish an Industrial Property Commission, amend the Patents and Design Decree of 1970 to make comprehensive provisions for the registration and proprietorship of patents and designs, amend the Trademarks Act of 1965 to improve existing legislation relating to the recording, publishing, and enforcement of trademarks, and provide protection for plant varieties (including biotechnology) and animal breeds. The GON has signed the WIPO Internet treaties but has yet to ratify them. The NCC has suggested that it is working to implement many of the terms of the treaties.

Patent and trademark enforcement remains weak, and judicial procedures as well as application of enforcement measures suffer from delays and corruption. Relevant Nigerian institutions lack training and resources. A key deficiency involves inadequate appreciation of the benefits of IPR protection among regulatory officials, distributor networks, and consumers. Over-stretched and under-trained Nigerian police possess little understanding of intellectual property rights. The tariff policy released in September 2008 empowers the NCS to seize pirated works and prosecute offenders. The NCS has received some WIPO-sponsored and USG-sponsored training, but admits that the technical capacity of its officers needs further enhancement to combat piracy effectively.

Companies do not often seek trademark or patent protection, because they consider the enforcement mechanisms as ineffective. Nonetheless, recent efforts to curtail abuse have yielded some results. Recent cooperation between the NCC, the NCS, the National Drug Law Enforcement Agency, the Nigerian Police, and the Nigerian Publishers Association resulted in the seizure of 11 containers with pirated books worth over $20 million and one container with pirated music compact discs worth over $3 million). The Nigerian Police and the NCC raided the notorious Alaba International Market in Lagos in early 2010 and arrested a suspected high-profile music and video pirate. Various businesses have also filed high-profile charges against other IPR violators. Most raids involving copyright, patent, or trademark infringement appear to target small, rather than large and well-connected, pirates. Authorities have successfully prosecuted few cases, with most cases settled out of court, if at all. The Federal High Court, whose judges have become generally familiar with intellectual property rights law, primarily handles those cases adjudicated in court. A U.S. hotel management company filed a suit against a local company using its trademark in January 1999. After many adjournments, the court granted judgment in the U.S. company's favor in August 2001. Since then, the infringing hotel has filed several rounds of appeal, all of which the courts have dismissed, including the most recent appeal of March 2008. The courts, however, have not set a deadline for the defendants to file a proper motion. So, the appeal remains alive with no end in sight. After over a decade of litigation, the U.S. company does not believe it has an effective remedy for its case. A U.S. company worked with Nigerian authorities to conduct several raids and seize counterfeit products in 2009. Police arrested and interrogated the counterfeiters but eventually released both the counterfeiters and the seized products.

Transparency of the Regulatory System Return to top

Nigeria's legal, accounting, and regulatory systems comply with international norms, but enforcement remains uneven. Opportunities for public comment and input into proposed regulations sometimes occur. Professional organizations set standards for the provision of professional services, e.g., accounting, law, medicine, engineering, and advertising. These standards usually comply with international norms. No legal barriers prevent entry into this sector.

Taxation:

Nigeria's tax laws generally do not impede investment, but the imposition and administration of taxes remains uneven and lacks transparency. Tax evasion commonly occurs, with individuals and businesses often colluding with relevant officials to avoid paying taxes. Nigeria has signed double taxation agreements with several countries, including the United Kingdom, France, the Philippines and Japan. The GON imposes a 7.5% tax rate on dividends, interest, rent, and royalties when such benefits are paid to a bona-fide beneficiary under a tax treaty. Multiple taxes remain a problem for businesses at state and local levels, with companies within concurrent state and local jurisdictions expected to pay several taxes and levies.

Efficient Capital Markets and Portfolio Investment Return to top

The NIPC Decree of 1995 liberalized Nigeria's foreign investment regime, which has facilitated access to credit from domestic financial institutions. Foreign investors who have incorporated their companies in Nigeria have equal access to all financial instruments. Some investors consider the capital market, specifically the Nigerian Stock Exchange (NSE), a financing option, given commercial banks' high interest rates and the short maturities of local debt instruments.

Trading on the NSE has witnessed significant declines in value since March 2008 due to many factors, including the freeze on margin loans by local banks, sale of large quantities of shares by bank debtors to pay back margin loans, and exit of foreign portfolio investors and hedge funds due to the global economic crisis and, more recently, and the ongoing EU crisis. As of December 31, 2012, the NSE had about 198 listed companies with a market capitalization of 8.9 trillion naira (about $56.7 billion).

The NSE operates nine branches nationwide, and the volume of shares listed continues to rise due to new companies listing their shares on the NSE. The listing of Dangote Cement Company in 2010, introduction of the contributory pension system in late 2005, GON divestment of equity in parastatal companies, and initial public offerings (IPOs) and issuances of additional shares by listed companies have contributed to the NSE's overall growth during the last several years. The NSE continues to expand its membership and investor pool. The GON has started considering proposals that would require oil and gas, telecommunications, and newly privatized power sector companies to list their shares on the NSE as a way to encourage greater corporate participation and sectoral balance in the NSE.

The Government employs debt instruments, with the GON issuing bonds of various maturities ranging from two to 20 years since the return to civilian rule in 1999. The GON has issued bonds to restructure the GON domestic debt portfolio from short-term to medium- and long-term instruments. Some state governments have issued bonds to finance development projects; while some domestic banks have used the bond market to raise additional capital. The Nigerian Securities and Exchange Commission (NSEC) has issued stringent guidelines for states wishing to raise funds on capital markets, such as requiring credit assessments conducted by recognized credit rating agencies. The rating agencies recognized by the NSEC include: Agusto and Company, Brickfield Road Associates Limited, Datapro Limited, Pharez Limited, and Global Credit Rating of South Africa. The GON successfully issued its maiden $500 million, 10-Year Eurobond on January 21, 2010.

Banking System:

The Central Bank of Nigeria (CBN) currently licenses 21 deposit –taking commercial banks in Nigeria. Following a 2009 banking crisis, CBN officials intervened in eight of 24 commercial banks (roughly one third of the system by assets) due to insolvency or serious undercapitalization. The GON established the government-owned Asset Management Company of Nigeria (AMCON) to address bank balance sheet disequilibria. CBN provided guarantees on all interbank liabilities, and AMCON purchased non-performing loans in exchange for tradable three-year zero coupon bonds to bring five of the eight insolvent banks to zero equity. Merger/acquisition agreements were reached for private investors to inject capital sufficient for these banks to meet prudential requirements. AMCON temporarily nationalized and recapitalized the other three banks. The CBN completed recapitalization of the intervened banks in late 2011 and removed all CBN guarantees on interbank liabilities at the end of 2011.

The CBN supports non-interest banking. Both Jaiz Bank International Plc and Stanbic IBTC Plc have established Islamic banking operations in Nigeria. Jaiz Bank International commenced operations in 2012. Two financial institutions, First Securities Discount House Limited and Rand Merchant Bank, a subsidiary of FirstRand of South Africa, were each granted merchant bank licenses in November 2012, and are expected to commence operation in 2013.

Competition from State-Owned Enterprises (SOES) Return to top

The Government has privatized most State-Owned Enterprises (SOEs) to encourage more efficient operations. The remaining SOEs produce major drains on government finances. The state-owned telecommunications company, NITEL, and its mobile subsidiary, MTEL, have lost considerable market share due to lack of investment and the market entry of privately owned competitors. The GON continues efforts to privatize both NITEL and MTEL. The four state-owned oil refineries in Port-Harcourt, Warri, and Kaduna operate far below their original installed capacity. The GON sold the Port-Harcourt and Kaduna refineries to a private consortium during the Obasanjo administration, but then President Umaru Musa Yar'Adua later reversed the transaction. The GON's subsequent management of the refineries has been poor. There is an ongoing drive to encourage private investment in refineries and, in a bid to attract such investment, the GON says it plans to deregulate the downstream sector fully and allow market forces to determine prices of refined petroleum products. In another effort to attract investment, the GON abolished the one-million-dollar non-refundable deposit requirement for investors applying to build refineries. The GON also seeks to attract private investment in the railway sector through establishment of public-private partnerships (PPPs).

Sovereign Wealth Fund:

A Sovereign Investment Authority legislation was passed in 2011 for the purpose of establishing a Sovereign Wealth Fund (SWF) to replace the ECA. However, some state governors have opposed the SWF, arguing that it is unconstitutional in the way that it treats funds that belong to the states. This has delayed the placement of excess oil revenues into the SWF

Corporate Social Responsibility Return to top

Both local and foreign enterprises generally follow Corporate Social Responsibility (CSR) principles as a way to identify with the communities in which they operate and display support for GON initiatives. Generally, communities favorably view firms that pursue CSR.

Political Violence Return to top

President Jonathan's tenure since his April 2011 election has largely been defined by political, religious, and ethnic violence that affect Northern Nigeria and Abuja. Boko Haram (formally known as "Jama'tu Ahlis Sunna Lidda'awati Wal-Jihad") has waged a terrorist campaign across a growing number of northern states, calling for the institution of Shari'a law across Northern Nigeria. Such attacks have resulted in nearly three thousand deaths since 2009. Attacks on churches continued to catalyze religious and ethnic-based reprisals, resulting in death tolls often under-reported in the media. President Jonathan's January 2012 appointment of Mohammed Abubakar, a northerner from Zamfara state, as the new Inspector General of Police and his June 2012 appointment of Colonel (retired) Sambo Dasuki, a former military officer from Sokoto state, as his new National Security Advisor brought fresh perspective to GON efforts to contain Boko Haram.

Attacks in Northern states and Abuja have become increasingly lethal and sophisticated during the past year. Boko Haram has targeted churches, mosques, government installations, educational institutions, and leisure sites with Improvised Explosive

Devices (IEDs) and Suicide Vehicle-borne IEDS across nine Northern states and in Abuja. In 2011, Boko Haram claimed responsibility for a bombing at the National Police Force headquarters and a suicide car bombing of the United Nations headquarters in Abuja. Due to challenging security dynamics in the North, the Mission has significantly limited official travel north of Abuja. Such trips occur only with security measures designed to mitigate the threats of car-bomb attacks and abductions. Since 2010, Nigeria has deployed a Joint Task Force (JTF), comprised of military and police personnel, as part of Operation "Restore Order" to combat Boko Haram. Security force efforts to counter Boko Haram in Borno and Yobe States have elicited public allegations of the use of excessive force and human rights abuses against both innocent civilians and suspected Boko Haram members. In 2012, Amnesty International and Human Rights Watch published reports noting the alleged commission of crimes against humanity by Boko Haram members and detailing credible instances of systematic human rights abuses committed by JTF forces. The GON has publicly denounced the reports as biased and based on unreliable witness accounts, while noting frequent, deadly attacks perpetrated by Boko Haram elements against innocent civilians.

Decades of neglect, persistent poverty, and environmental damage caused by the oil and gas industry has left Nigeria's oil rich Niger Delta region vulnerable to renewed violence. The 2009 amnesty of Delta militants significantly reduced attacks on pipelines and other petroleum facilities, increasing oil production from 700,000 barrels per day (bpd) at the peak of militancy to 2.4 million bpd today. However, egregious onshore and maritime oil theft, substandard infrastructure, and the lack of an economic growth engine outside the petroleum sector remain persistent challenges. Though the region provides nearly 80% of the government's oil revenues, the Niger Delta suffers from endemic poverty and dismal federal government services. Corruption siphons off oil revenues, while the environmental devastation caused by decades of oil spills remains largely unaddressed. The limited scope and timeframe of the amnesty program (set to expire in 2015), a shortage of sufficient employment opportunities for thousands of amnesty beneficiaries and other underserved youth, and the federal government's failure to address the region's underlying grievances could result in a resumption of broader and more violent criminal activity without concerted government action.

The Niger Delta Development Commission (NDDC) has a mandate to implement social and economic development projects in the Delta region, but the NDDC has proven largely ineffective. State and local governments offer few social services, and Niger Delta residents continue to seek direct payments and other assistance from oil companies, who cannot meet demand. Some oil companies have implemented their own socio-economic development programs to assist local communities, but the virtual absence of concerted government attention to the needs of these communities means many of them remain angry and resentful of oil production activities in their region. In 2009, the GON established the Ministry for the Niger Delta to oversee development projects in the region, but most observers assert that this entity has done little to improve the lives of Delta residents.

Political violence often erupts during Nigerian elections. Some candidates hire young people to engage in violent acts, including intimidation of their opponents' supporters or of voters believed to support opponents. Violence can also occur during the polling process, with the theft of ballot boxes and clashes at or near polling stations. The murder of political opponents and the kidnapping of family members of political opponents have also taken place.

Corruption Return to top

Domestic and foreign observers identify corruption as a serious obstacle to economic growth and poverty reduction. Nigeria scored 27 out of 100 in Transparency International's 2012 Corruption Perception Index (CPI), placing it in the 139th position out of the 176 countries ranked. The Economic and Financial Crimes Commission (EFCC) Establishment Act of 2004 established the EFCC to prosecute individuals involved in financial crimes and other acts of economic "sabotage." The EFCC has encountered the most success in prosecuting low-level Internet scam operators. Some high-profile convictions have taken place, such as a former governor of Bayelsa State, a former Inspector General of Police, and a former Chair of the Board of the Nigerian Port Authority. However, many other cases languish in the courts without resolution. In November 2011, President Jonathan replaced EFCC Chair Farida Waziri with the former EFCC Director of Operations Ibrahim Lamorde, who had worked under previous Chair Nuhu Ribadu

The Corrupt Practices and Other Related Offences Act of 2001 established an Independent Corrupt Practices and Other Related Offences Commission (ICPC) to prosecute individuals, government officials, and businesses for corruption. The Act punishes over 19 offenses, including accepting or giving bribes, fraudulent acquisition of property, and concealment of fraud. Nigerian law stipulates that giving and receiving bribes constitute criminal offences and, as such, are not tax deductible. ICPC investigations have resulted in less than 14 convictions since 2001. In October 2012, President Jonathan permanently appointed ICPC Acting Chairman Ekpo Nta after he had served in that position for 11 months. Many insiders continue to press for a more aggressive approach by the agency.

Nigeria gained admittance into the Egmont Group of Financial Intelligence Units (FIUs) in May 2007. The Paris-based Financial Action Task Force removed Nigeria from its list of Non-Cooperative Countries and Territories in June 2006. The Nigeria Extractive Industries Transparency Initiative (NEITI) Act of 2007 provided for the establishment of the NEITI organization, charged with responsibility to develop a framework for transparency and accountability in the reporting and disclosure by all extractive industry companies of revenue due to or paid to the GON. NEITI serves as a member of the international Extractive Industries Transparency Initiative (EITI), which provides a global standard for revenue transparency for extractive industries like oil and gas and mining.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize "active bribery" of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic "passive bribery" (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: http://www.ustr.gov/trade-agreements/free-trade-agreements.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

For additional information corruption issues in Nigeria, please refer to this section of the Investment Climate Statement here.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: http://www.justice.gov/criminal/fraud/fcpa.

- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/index.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://data.worldbank.org/data-catalog/BEEPS.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/s?s=global+enabling+trade+report.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt/.

Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Bilateral Investment Agreements

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Investment Agreements:

Investment Agreements: The GON signed a Trade and Investment Framework Agreement (TIFA) with the United States in 2000. Nigeria has bilateral investment agreements with Algeria, Bulgaria, China, Egypt, Ethiopia, France, Finland, Germany, Italy, Jamaica, Montenegro, The Netherlands, North Korea, Romania, Serbia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, Uganda, and The United Kingdom. Twelve of these treaties (those with France, Finland, Germany, Italy, The Netherlands, Romania, Serbia, South Korea, Spain, Switzerland, Taiwan and The United Kingdom) have been ratified by both parties. GON officials blame treaty partners for the lack of ratification, but the ratification process within the GON has not proven proactive or well-organized. U.S. and Nigerian officials held their latest round of TIFA talks in December 2012.

OPIC and Other Investment Insurance Programs

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The U.S. Overseas Private Investment Corporation offers all its products to U.S. investors in Nigeria.

Labor

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Nigeria's skilled labor pool has declined over the past decade as vocational and university educational standards have fallen, mainly because of poor funding and repeated and prolonged university strikes, as employment opportunities in the formal sector have stagnated, and as educated Nigerians have left for employment in other countries, including the United Kingdom, the United States, and South Africa. The low employment capacity of Nigeria's formal sector means that almost three-quarters of all Nigerians work in the informal and agricultural sectors or are unemployed. Companies involved in formal sector businesses such as banking and insurance possess an adequately skilled workforce (often trained abroad in private institutions or at the better-funded universities). Manufacturing sector workers often require additional training and supervision, but too few supervisory personnel exist to ensure that this is done well. The result is that while individual wages are low, individual productivity is low and overall labor costs are high. Labor-management relations have encountered strains in some sectors, especially in the profitable oil and gas and public education sectors.

The Right of Association:

Nigeria's constitution guarantees the rights of free assembly and association and protects workers' rights to form or belong to trade unions. Several statutory laws, nonetheless, restrict the rights of workers to associate or disassociate with labor organizations. The Trade Union Amendment Act of 2005 allowed non-management senior staff to join unions. The Act also gave the Nigeria Labor Congress (NLC) and the Trade Union Congress of Nigeria (TUC), Nigeria’s most influential organized labor federations, representation on Nigeria’s National Labor Advisory Council (NLAC), which advises the Minister of Labor and Productivity on labor matters.
Nigeria's largest labor federation, the NLC, contains 42 industrial unions, while the second largest, the TUC, includes 18. According to figures provided by the Ministry of Labor and Productivity, total union membership stands at about 7 million. About 30% of the total work force remains unionized in both the private and public formal sectors. Workers in the agricultural sector, which employs over half the work force, are not organized.

Collective Bargaining:

Collective bargaining occurred throughout the public sector and the organized private sector in 2011. However, public sector employees have become increasingly concerned about the GON and state governments’ failure to honor previous agreements from the collective bargaining process. According to the NLC and TUC, the GON's failure to honor agreements threatens to "devalue the enviable record of dialogue, consultation, and mutual trust that has characterized the relationship between the GON and labor unions since 1999." In May 2011, President Jonathan signed legislation amending the

Minimum Wage Act to raise the minimum wage to 18,000 naira (about $115) per month. The Act only covers employers with more than fifty workers. Some state governors have delayed implementation of the Act citing its budget implications, and in response unions staged strikes in some states.

Collective bargaining in the oil and gas industry is relatively efficient compared to other sectors. Issues pertaining to salaries, benefits, health and safety, and working conditions tend to be resolved quickly through negotiations. One exception is a long-standing, unresolved dispute over the industry's use of contract labor. The Ministry of Labor and Productivity in May of 2011 issued its "Guidelines on Labor Administration Issues in Contract Staffing/Outsourcing in the Oil and Gas Sector." The guidelines resulted from tripartite negotiations and affirmed the rights of contract laborers to belong to unions. Organized labor's efforts in the oil and gas, construction, telecommunications, and banking sectors to address broad political issues have resulted in industrial actions, such as brief general strikes over the minimum wage. These strikes continue to affect industry productivity. The National Industrial Court (NIC) estimated that 564,000 person-days were lost to strikes in 2009.

Workers under collective bargaining agreements cannot participate in strikes unless their unions comply with the requirements of the law, which includes provisions for mandatory mediation and referral of disputes to the GON. The law provides the GON the option of referring matters to a labor conciliator, an arbitration panel, a board of inquiry, or the NIC. The law forbids employers from granting general wage increases to workers without prior government approval, but the law is not often enforced. Strikes occur frequently in both the private and public sectors. The unions organized a seven-day long general strike in January 2012 in response to a GON effort to remove a subsidy on gasoline. Localized strikes occurred in the education, government, energy, power, and transportation sectors in 2012.

The Nigerian Minister of Labor and Productivity may refer unresolved disputes to the Industrial Arbitration Panel (IAP) and the NIC. Union officials question the effectiveness and independence of the NIC in view of its refusal to resolve disputes stemming from GON failure to fulfill contract provisions for public sector employees. Union leaders criticize the arbitration system's dependence on the Minister of Labor and Productivity's referrals to the IAP.

Child Labor:

Nigeria has ratified the International Labor Organization (ILO) Convention on the Elimination of the Worst Forms of Child Labor. The Labor Act of 1974 and the 1999 Constitution prohibit forced or compulsory labor of children and restrict the employment of children under the age of 15 to home-based agricultural or domestic work for no more than eight hours per day. The Labor Act of 1974 allows the apprenticeship of youths above the age of 12 under specific conditions. However, Nigeria's poor distribution of income has forced many children into commercial activities to enhance family income. The Labor Act of 1974 sets a general minimum age of above 12 years of age for employment, but does not protect children from exploitation in the workplace and is not effectively enforced by the government. The Labor Act of 1974 mandates that children under the age of fifteen who work shall reside with their parents or guardians. The Act also restricts children under the age of fifteen from employment in industrial work. Child labor remained widespread in practice, however. The Ministry of Labor and Productivity and the National Agency for the Prohibition of Traffic in Persons (NAPTIP) recently estimated that almost 16 million children have become involved in child labor.

The Ministry of Education estimated in 2010 that 9.5 million "almajiri" children (itinerant children under Koranic instruction, with many involved in street begging) in the northern part of the country. The federal government passed the Child Rights Act of 2003, with ratification left up to each state government. Only 24 of the 36 states and the Federal Capital Territory passed a version of the Child Rights Act of 2003 establishing laws providing the protection of children's rights as of the end of 2011. The 2005 UNICEF State of the World's Children report estimated that 39% of children aged five to 14 in Nigeria had become involved in child labor (not necessarily exploitative). Similarly, a 2003 study conducted by the Nigerian National Bureau of Statistics in conjunction with the ILO estimated that as many as 15 million children worked in Nigeria, with as many as 40% of them at risk of being trafficked for forced labor. The situation does not appear to have improved since the bureau produced those estimates.

The Ministry of Labor and Productivity deals specifically with child labor problems and operates an inspections department to enforce legal provisions on conditions of work and protection of workers. From January to November 2012, the Ministry of Labor and Productivity reported 12,040 labor inspections by 441 officers. Although the inspectorate employed nearly 500 inspectors for all business sectors, there were fewer than 50 factory inspectors for the entire country. Labor inspections mostly occurred randomly, but occasionally took place when there was suspicion of, rather than actual complaints of, illegal activity. Prosecutions for labor law violations, including use of child labor, remained rare. Monetary penalties under the Labor Act of 1974 have become out of date, with fines for some violations limited to less than one U.S. dollar.

Acceptable Conditions of Work:

Nigeria's Labor Act of 1974 provides for a 40-hour work week, two to four weeks of annual leave, and overtime and holiday pay for all workers except agricultural and domestic workers. No law prohibits compulsory overtime. The Act establishes general health and safety provisions, some of which specifically apply to young or female workers, and requires the Ministry of Labor and Productivity's Factory Division to inspect factories for compliance with health and safety standards. Under-funding and limited resources undermine the Factory Division's oversight capacity, and construction sites and other non-factory work sites are often ignored. Nigeria's labor law requires employers to compensate injured workers and dependent survivors of workers killed in industrial accidents. The National Assembly enacted in 2010 a new national Workers Compensation Law, which awaits implementation.

Foreign Trade Zone/Free Trade Zones Return to top

The GON established the Nigerian Export Processing Zone Authority (NEPZA) in 1992 to attract export-oriented investment. NEPZA allows duty-free import of all equipment and raw materials into its export processing zones. Up to 25% of production in an export processing zone may be sold domestically upon payment of applicable duties. Investors in the zones are exempt from foreign exchange regulations and taxes and may freely repatriate capital. Only two export processing zones established under NEPZA, those in Calabar and Onne, function properly. In 2001, authorities converted both into free trade zones (FTZ). The Tinapa Free Trade Zone, owned by the Cross River state government, was commissioned during the first quarter of 2007. Oil and gas companies use the Onne FTZ as a bonded warehouse for supplies and equipment and for the export of liquefied natural gas. The GON also encourages private sector participation and partnership with state and local governments under the FTZ program, resulting in the establishment of the Lekki FTZ (owned by Lagos state), and the Olokola FTZ (owned by the federal government, Ogun state, Ondo state, and private oil companies and straddling Ogun and Ondo states). These zones remain under construction. Workers in FTZs may unionize, but may not strike for an initial ten-year period.

Foreign Direct Investment Return to top

The 2012 United Nations World Investment Report estimates that the stock of foreign direct investment (FDI) in Nigeria in 2011 reached $69.2 billion. Total FDI inflow amounted to $8.915 billion in 2011, mostly in the oil and gas industry, and representing about 55% of total FDI in West Africa and 21% of total FDI in Africa (including North Africa). This figure places Nigeria as the largest recipient of FDI in Africa. Some FDI reaches telecommunications, real estate (including commercial and residential), and manufacturing, but total investment in the non-oil and gas sector remains small relative to investment in the oil and gas sector. Only two U.S. companies operate in the manufacturing sector, both in the southwest region of Nigeria, where they enjoy better access to electric power and the ports.

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Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment) Return to top

Methods of payment include either confirmed irrevocable letters of credit, bills for collection, open account or any other internationally accepted mode of payment. Whatever the mode 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 confirmed and irrevocable letters of credit. The preferred method of quoting is "CIF."

U.S. firms also are advised that fraudulent business practices involving bogus financial documents through non-existent banks are common. Independent verification of the legitimacy of transactions is recommended. U.S firms 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.

How the Banking System Operates Return to top

The Nigerian banking system currently consists of 21 commercial banks, 870 micro-finance banks, five discount houses, and five development finance banks. The CBN regulates and supervises the activities of these institutions and others such as Bureau-de-Change (BDCs), Finance Companies (FCs) and Primary Mortgage Institutions (PMIs). Its primary responsibility is to formulate policies and monitor the banking 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. For more information see: www.cenbank.org

Foreign-Exchange Controls Return to top

Consistent with its objectives of enhancing efficiency in the foreign exchange (FOREX) market through market-based determination of the Naira exchange rate, the CBN operates the Wholesale Dutch Auction System (WDAS). It is an official FOREX market operated and supervised by the Trade and Exchange department of the Central Bank of Nigeria. Transaction (Auction) is on wholesale basis, as banks are expected to submit bids on their own account and on behalf of their customers. The WDAS market is operated twice a week (Mondays and Wednesdays). Bureau de Change (BDCs) licensed by the CBN also buy and sell foreign currency notes, coins and travelers' checks. Their rates are usually slightly higher than what one obtains in the official market.

To encourage investment in Nigeria, the GON has removed all barriers to repatriation of capital, profit and dividend. Repatriation of proceeds from disposal of assets is allowed. Overall, U.S. companies are encouraged to consult their Nigerian bankers for advice with respect to foreign exchange dealings.

U.S. Banks and Local Correspondent Banks Return to top

Citibank and the JP Morgan are the only U.S. banks with presence in Nigeria. However, United Bank of Africa (UBA), a local commercial bank 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

Project Financing

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Local funding can be obtained through any Nigerian bank. To a limited extent, insurance companies, building and property development companies, pension fund companies and other institutional investors can also provide financing. Private equity companies also exist and can support projects. An example is the African Capital Alliance (ACA) based in Lagos and owned by an American, which in September 2011 acquired 60% equity in Union Bank Nigeria PLC.

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. Ex-Im Bank has signed a Memorandum of Understanding with the Nigerian Government to prioritize the financing of up to $1.5 billion in U.S. equipment for Nigeria's the power sector. The Overseas Private Investment Corporation (OPIC) provides insurance against political risks for U.S. investments overseas as well as project financing. The African Development Bank (AfDB) also grants to finance 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.

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Central Bank of Nigeria: http://www.cenbank.org

Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

African Development Bank
http://www.afdb.org/en/adb/adb_group/the_nigeria_trust_fund_ntf

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Chapter 8: Business Travel

Business Customs

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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 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, hand delivered messages, or cell phone conversations or text messages, 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 show a Private Mail Bag (PMB) or Post Office Box (P.O. Box) as well as street address.

Nigerian currency is the Naira (N), which is divided into 100 kobo. Notes come in denominations of 1000, 500, 200, 100, 50, 20, 10 and 5. Coins exist but are seldom used.

Travel Advisory

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Please click on the following link to read State Department's travel advisory on Nigeria.
http://travel.state.gov/travel/cis_pa_tw/tw/tw_5739.html

Visa Requirements

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Visitors to Nigeria will require a valid passport and visa. This requirement does not apply to those who are citizens of member states of ECOWAS. General requirements for applying for a Nigerian visa at the Nigerian Embassy or Consulates in the United

States can be found at the following link:
http://www.nigeriaembassyusa.org/index.php?page=visas

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: http://travel.state.gov/visa/

- U.S. Embassy Nigeria http://nigeria.usembassy.gov/welcome.html

Note: All visitors to Nigeria are required to show documentation of current yellow fever immunization upon entry.

Telecommunications Return to top

International direct dialing is available. The country code for Nigeria is 234, and the outgoing international code is 009. City codes are also required. There are four major GSM mobile phone service providers covering Nigeria with a total of 110 million subscribers. They include MTN, Airtel, Globacom and Etisalat. Internet penetration is high and expanding rapidly. In 2000, there were only 200,000 internet users but this ballooned to 48 million by the end of 2012.

Transportation Return to top

Taxi service is available in Lagos and most other urban areas, but the yellow cabs are not recommended, as they are old, often unreliable, and can be unsafe. In the past three years, a number of 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. http://export.gov/nigeria/businessserviceproviders/index.asp)

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. Improvements have been made in air safety and Nigeria has achieved FAA Category 1 status.

Language Return to top

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 Ibo. Business travelers will find that most government officials and business people speak English well.

Health [Return to top]

A number of 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 [Return to top]

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 2013:
http://publicholiday.org/calendar/nigeria-public-holidays-2013/

New Year's Day	January 1
Eid-El-Fitri*	
Good Friday	March 29
Easter Monday	April 1
Workers Day	May 1
Democracy Day	May 29
Eid-El-Kabir*	
Eid-El-Malud*	
Nigerian National Day	October 1
Christmas Day	December 25
Boxing Day	December 26

Temporary Entry of Materials and Personal Belongings [Return to top]

In addition to other personal belongings, tourists and temporary visitors can bring in any item, except illicit drugs, ammunition and pornographic materials. Visitors are allowed to 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.

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http://www.wordtravels.com/Travelguide/Countries/Nigeria/Basics
http://www.tradeinvestnigeria.com/business_in_nigeria/

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Chapter 9: Contacts, Market Research, and Trade Events

Contacts Return to top

- American Business Council in Nigeria http://www.abcnig.com/

- Nigerian-American Chamber of Commerce (NACC) http://nigerian-americanchamber.org/

- Nigerian Federal Ministries: http://www.ngex.com/nigeria/govt/officials/ministers.htm

- Nigerian Association of Chamber of Commerce, Industry, Mines & Agriculture: (NACCIMA) http://www.naccima.com/

- Nigeria Yellow Pages http://www.nigerianyellowpages.com/

- Corporate Affairs Commission (CAC) http://www.cac.gov.ng/Pages/Cacservices.htm

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events Return to top

Please click on the link below for information on upcoming trade events.

http://export.gov/nigeria/tradeevents/index.asp

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully**, **connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E).**

http://export.gov/nigeria/servicesforu.s.companies/index.asp

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