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Nigeria

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Table of Contents

Doing Business in Nigeria 7

Market Overview 7

Oil and Gas 10
Power Sector 10
Infrastructure 11
Services 12
Consumer Products 12
Information and Communications' Technology (ICT) 12
Agriculture 12
Healthcare 13

Market Challenges 13

Corruption 13
Local Content 14
Foreign Exchange Restrictions 14
Government Procurement 16
Intellectual Property 16
Regional Security 17

Market Opportunities 18

Market Entry Strategy 18

Political Environment 20

Selling US Products & Services 21

Using an Agent to Sell US Products and Services 21

Establishing an Office 21

Franchising 21

Direct Marketing 23

Joint Ventures/Licensing 23

Selling to the Government 23

Distribution & Sales Channels 25

Express Delivery 25

Selling Factors & Techniques 25

eCommerce 26

Trade Promotion & Advertising 27

Pricing 27

Sales Service/Customer Support 28
Principle Business Associations 29
Limitations on Selling US Products and Services 29
Web Resources 29

Leading Sectors for US Exports & Investments *30*

Aerospace/Aviation/Avionics 30
Overview 30
Leading Sub-Sectors 32
Opportunities 32
Web Resources 33

Agricultural Machinery Sector 34
Overview 34
Leading Sub-Sectors 35
Opportunities 36
Web Resources 36

Agriculture (Food Crop) Sector 37
Overview 37
Leading Sub-Sectors 39
Opportunities 39
Web Resources 39
Leading Sub-Sectors 41
Web Resources 41
Leading Sub-Sectors 43
Opportunities 43
Web Resources 43
Leading Sub-Sectors 45
Opportunities 45
Web Resources 45
Leading Sub-Sectors 47
Opportunities 47
Web Resources 47

Automobile Sector 48
Overview 48
Leading Sub-Sectors 49
Opportunities 50
Web Resources 50

Construction Sector 51
Overview 51
Leading Sub-Sectors 53
Opportunities 54
Web Resources 54
Overview 54
Leading Sub-Sectors 57
Opportunities 57

Web Resources 57
Electrical Power Equipment Sector 58
Overview 58
Leading Sub-Sectors 61
Opportunities 64
Web Resources 66
Information & Communications Technology Sector 67
Overview 67
Leading Sub-Sectors 71
Opportunities 71
Web Resources 72
Medical Sector 72
Overview 72
Leading Sub-Sectors 74
Opportunities 75
Web Resources 75
Oil and Gas Field Machinery Sector 75
Overview 75
Unit: USD thousands 75
Leading Sub-Sectors 79
Opportunities 79
Web Resources 81
Safety and Security Sector 82
Overview 82
Leading Sub-Sectors 83
Opportunities 83
Web Resources 84
Trucks 84
Overview 84
Leading Sub-Sectors 85
Opportunities 85
Web Resources 85
Customs, Regulations & Standards 86
Trade Barriers 86
Import Tariff 88
Import Requirements & Documentation 88
Labeling/Marking Requirements 89
U.S. Export Controls 90
Temporary Entry 90
Prohibited & Restricted Imports 90

Customs Regulations 94

Standards for Trade 95

Overview 95
Standards 95
Testing, inspection and certification 96
Publication of technical regulations 97
Contact Information 97

Trade Agreements 98

Licensing Requirements for Professional Services 98

Web Resources 99

Investment Climate Statement *99*

0-Exeuctive Summary 99

1-Openness To, and Restrictions Upon, Foreign Investment 103

Policies Towards Foreign Direct Investment 103
Limits on Foreign Control and Right to Private Ownership and Establishment 104
Other Investment Policy Reviews 104
Business Facilitation 105
Outward Investment 105

2-Bilateral Investment Agreements and Taxation Treaties 106

3-Legal Regime 106

Transparency of the Regulatory System 106
International Regulatory Considerations 107
Legal System and Judicial Independence 108
Laws and Regulations on Foreign Direct Investment 109
Competition and Anti-Trust Laws 109
Expropriation and Compensation 110
Dispute Settlement 110
Bankruptcy Regulations 111

4-Industrial Policies 112

Investment Incentives 112
Foreign Trade Zones/Free Ports/Trade Facilitation 113
Performance and Data Localization Requirements 113

5-Protection of Property Rights 115

Real Property 115
Intellectual Property Rights 116

6-Financial Sector 118

Capital Markets and Portfolio Investment 118
Money and Banking System 119
Foreign Exchange and Remittances 120
Sovereign Wealth Funds 121

7-State-Owned Enterprises 122
Privatization Program 123
8-Responsible Business Conduct 124
9-Corruption 125
Government Procurement 125
Resources to Report Corruption 128
9.1-Political and Security Environment 128
9.2-Labor Policies and Practices 129
The Right of Association 130
Collective Bargaining 130
Child Labor 131
Acceptable Conditions of Work 132
Foreign Workers 132
9.3-OPIC and Other Investment Insurance Programs 133
9.4-Foreign Direct Investment and Foreign Portfolio Investment Statistics 133
9.5-Contact for More Information 135
Trade & Project Financing 135
Methods of Payment 135
Banking Systems 135
Foreign Exchange Controls 135
US Banks & Local Correspondent Banks 136
Project Financing 137
US Export-Import Bank (EXIM) 138
U.S. Trade and Development Agency 138
US Agency for International Development (USAID) 139
Financing Web Resources 141
Business Travel 142
Business Customs 142
Travel Advisory 142
Visa Requirements 142
Currency 143
Telecommunications/Electric 143
Transportation 143
Language 143
Health 143

Local Time, Business Hours and Holidays ____ **144**
Temporary Entry of Materials or Personal Belongings ____ **145**
Travel Related Web Resources ____ **145**

Doing Business in Nigeria

Market Overview

Nigeria has the largest market in Africa with a population of more than 180 million people. In 2014, McKinsey and Co. predicted that Nigeria had the makings to grow 7.1% yearly until 2030 and build a $1.6 trillion economy. In March 2016, PwC published a report, "Nigeria: Looking beyond Oil," that raises the Nigerian economy to the top 10 in the world in 2050 with a projected GDP of $6.4 trillion. Examples of such extrapolations are numerous and wide-ranging. Nigeria has experienced consistent growth averaging 5.82% from 2005 to 2015 with a peak quarterly growth of 8.6% in the fourth quarter of 2010. Nigeria's potential has remained largely untapped as the country's previous growth was fueled by consumption and high oil prices. Lack of prudent and effective utilization of gains from high oil prices left the country ill-prepared for the recent fall in crude prices and production. As a result, the sharp decline in the price of oil starting in 2014 saw Nigeria's 2015 growth slow to 2.8%. Because Nigeria is heavily dependent on oil which accounts for about 90% of export earnings and over 70% of total government revenues, Nigeria continued to be adversely affected by declining oil prices with its economy contracting by 0.67% and 2.06% in the first and second quarters of 2016 respectively. Successive quarterly contractions in 2016 and an annual growth rate of 1.5%, the first full year contraction since 1991, meant Nigeria officially entered into a recession in 2016. The slowdown in economic activity was compounded by inadequate supply of foreign exchange, worsening inflation (peaking at 18.72% in January 2017 from 9.62% in January 2016) and inability to access foreign exchange at the official window for certain items which form inputs into the agriculture and manufacturing sectors.

While the economy further contracted by 0.52% in the first quarter of 2017, nominal GDP grew by 17.06% compared to GDP in the corresponding quarter of 2016. It is expected that Nigeria will get out of recession as early as Q2 2017 with the World Bank and International Monetary Fund (IMF) estimating a 1% and 0.8% economic growth respectively for the full year. This growth will be driven by an increase in agricultural output, increase in the country's oil production, recent gains in manufacturing, telecommunications and real estate, and the expansionary budget of the Nigerian government. Inflation is also expected to continue its downward trend having fallen to 17.24% in April 2017, the third consecutive month in which inflation had dropped and the lowest rate in nine months. Nevertheless, the country still continues to experience some development challenges such as non-inclusive growth, poverty, poor maternal and infant mortality indices, an underachieving education sector and poor distribution of wealth amongst its citizens.

Nigeria has an abundance of labor at rates well below high-income and some middle-income countries. Nigeria also has an abundance of natural resources including oil, other commercial minerals and precious stones. Nevertheless, the country's expected rebound from its current recession will be spurred by the non-oil sectors especially agriculture and manufacturing. However, major impediments to development and trade include inadequate power supply, deficient transportation infrastructure, a slow and ineffective judicial system, and widespread corruption especially in the public sector.

The United States is the second largest foreign investor in Nigeria with total capital imported in 2016 at $945.59 million. This figure is less than half of the United Kingdom's capital investments which totaled $2.13 billion in the same year. In 2016, the U.S. was Nigeria's third largest import partner with 8.01% of Nigeria's total imports emanating from the U.S. Nigerian imports from the U.S. include wheat, vehicles, machinery, refined petroleum products etc. Nigeria exports to the U.S. in the same year consisted of oil, cocoa, rubber, antiques and food wastes and accounted for 12.08% of its exports making the U.S. Nigeria's second largest export destination. The U.S. and Nigeria have a bilateral Trade and Investment Framework Agreement (TIFA) and Nigeria is eligible for preferential trade benefits under the African Growth and Opportunity Act (AGOA). Development assistance from the U.S. through its Agency for International Development is estimated at roughly $800 million for 2017.

Nigeria plays an important leadership role in both West Africa and on the African continent. The headquarters of the Economic Community of West African States (ECOWAS) is located in Abuja. Nigeria, which represents roughly 70% of the 15-country ECOWAS GDP and over half of the ECOWAS region's population, plays an outsized role in ECOWAS. It was Nigeria, for instance, that was largely responsible for the decades-long delays in developing the ECOWAS Common External Tariff (CET) and for the protections and flexibilities that remain a part of that tariff system. In 2014, U.S. exports to ECOWAS totaled $9.9 billion, which represented nearly 40% of all U.S. exports to Sub-Saharan Africa. Imports to the U.S. from ECOWAS totaled $5.6 billion in the same year. U.S.-ECOWAS trade represents almost 30% of total U.S. trade with all of Sub-Saharan Africa.

Nigeria can be a lucrative market for companies that can learn to navigate a complex and evolving business environment. Established multinationals that have mastered operating in this chaotic regulatory environment make substantial profits despite the country's low income levels and logistical difficulties. The Nigerian Government continues to promote Nigeria as a rewarding target for Foreign Direct Investment (FDI). Foreign capital flows into all major sectors of the economy with the United Kingdom, United States, Canada, France, and China being the main sources. China has re-emerged as a major development, trade and investment partner of the Nigerian government especially in light of Western skittishness in investing in Nigeria due to the recession and restrictive government controls in foreign exchange and international trade. China is Nigeria's largest contractor and partner in projects with total volume of projects estimated at US$77 billion. These projects cut across infrastructure sectors – road, rail, power, construction – and are largely implemented by Chinese state owned enterprises and financed by the Export-Import Bank of China.

To pull Nigeria out of recession, the government released an Economic Growth and Recovery Plan (EGRP) in March 2017 which, amongst other objectives, prioritizes the diversification of the Nigerian economy. The Government's sectoral focus – and by extension, areas ripe for investment – are as follows:

- Agriculture and food security: Invest in the sector to achieve national self-sufficiency in tomato paste, rice and wheat and become a net exporter of rice, cashew nuts, groundnuts, cassava and vegetable oil by 2020. Grow the sector by about 7% and prime agriculture as a job creator and a foreign exchange earner.
- Energy (power and petroleum products): Ensure energy sufficiency in petroleum products and become a net exporter by 2020. Optimize at least 10 GW of operational power capacity by 2020. Increase local oil production to 2.5 mbpd by 2020, expand oil sector infrastructure and boost local refining.
- Transportation infrastructure: Partner with the private sector to strengthen transport infrastructure to aid the achievement of ERGP targets and build a competitive global economy
- Industrialization: Drive industrialization with emphasis on Small and Medium Scale Enterprises focusing on priority sectors such as agriculture, Fast Moving Consumer Goods, manufacturing etc.

Interventions in these sectors will be undertaken against the backdrop of macroeconomic targets of low inflation, market reflective exchange rates, sustainable fiscal balances, diversified fiscal revenue base through improved tax and customs administration, sub-national fiscal coordination amongst others.

Oil and Gas

Nigeria is the largest oil producer in Africa, holds the largest natural gas reserves on the continent, and is among the world's top five exporters of liquefied natural gas (LNG). In 2015, the petroleum sector made up approximately 10-12% of Nigeria's GDP but accounted for 51% of Federal Government income and 93% of export earnings.

Billions of dollars in arrears currently owed its joint venture partners, lax contract enforcement, a lack of regulatory clarity, and high and costly operational risks have constrained growth and investment in this sector. The regulatory environment for international oil companies in Nigeria is further affected by the Nigerian Oil and Gas Industry Content Development Act of 2010. Under the Act, Nigerian independent operators will be given first consideration in the award of oil projects in Nigeria. In addition, multinational companies working through Nigerian subsidiaries must demonstrate that a minimum of 50% of the equipment used is owned by Nigerian subsidiaries.

The dramatic fall in oil prices since mid-2014 has reduced Federal revenue significantly and has also negatively affected the Government's ability to pay its contractual commitments to joint ventures with foreign participation. Thus, multinationals are hesitant to make the needed investments to maintain or increase production.

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

In April 2016, the Nigerian National Petroleum Corporation (NNPC) opened bidding to refurbish its refineries. Nine companies are reported to be participating in this process. At the same time, the NNPC has vowed to increase daily output from 450,000 to 650,000 barrels.

Power Sector

The power sector neither meets the existing demand of the country's population and businesses nor delivers uninterrupted reliable electricity. Today, 23 grid-connected generating plants are in the country with a total installed capacity of 10,396 megawatts (MW) with a daily operational average near 4,000 MW. An additional 2,000 MW may come on line by the end of 2016. In contrast, South Africa, with a population one-third of Nigeria's, generates ten times as much power.

The Nigerian electricity industry from power generation to distribution is mostly privatized. The power sector as a whole is not generating enough cash from consumers to cover the cost of generating and delivering power, leaving generation, transmission, and distribution companies with operating deficits. Additionally, lack of affordable long-term financing is hampering investment in infrastructure upgrades.

Despite challenges, there have been measured improvements in the last 10 months. Power production reached an all-time high of 5,074MW on February 2, 2016 and the GON has cut red tape to remove delays in the 500MW Azura-Edo independent power project (IPP). Power production dropped again in the second quarter of 2016 following vandalism of gas transmission infrastructure.

Infrastructure

Nigeria's publicly-owned and operated transportation infrastructure is a major constraint to economic development. The principal ports are in Lagos (Apapa and Tin Can Island), Port Harcourt, and Calabar. While the Government of Nigeria has opened the ports sector for the private sector to manage and operate through the concession agreements, the government still manages the rail and roads sector. A sound legal framework and reforms are needed to allow Public and Private Partnerships (PPPs) to move forward in the rail and roads sector.   Of the 50,000 kilometers of roads, only slightly more than 10,000 kilometers are paved, and many of these paved roads are in poor shape. Only five of Nigeria's twenty two airports—Lagos, Kano, Port Harcourt, Enugu, and Abuja—currently receive international flights. Lagos is working towards establishing itself as a regional hub.

Nigeria’s railway currently has eight lines that are slightly more than 2,000 miles long collectively. These railways require major rehabilitation, modernization, and expansion. In 2010, the Government of Nigeria launched a 25-year strategic plan to revive the country’s railway system and has since commissioned various railway projects through concession agreements with state-owned Chinese companies. Many rail projects, however, have not progressed due to underlying corruption issues in the procurement process and infrastructure funding shortages. The Lagos-Abuja line is the only operational line currently, and an American company supplied 25 locomotives for this line. Nigeria has plans to participate in the AfricaRail project by upgrading the gauge of the rail lines consistent with neighboring rail systems. AfricaRail is a project to rehabilitate and construct twelve hundred new miles of railway linking Cote d’Ivoire, Burkina Faso, Niger, Benin, Togo, and Nigeria at an estimated cost of $2 billion.

Services

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

Consumer Products

Nigeria is an increasingly important market and manufacturing center for the African consumer product sector. Nigeria is currently home to a growing middle class now estimated to be about 50 million, and it is a clear leader in the regional economic grouping ECOWAS and regionalization efforts. There is a wide range of U.S. products in the Nigerian market from both large and small companies. The promise of this market supported several U.S. companies' manufacturing plants in Nigeria. Major challenges to companies in the consumer products sector in Nigeria include protectionist policies and lack of adequate intellectual property rights protection.

Information and Communications' Technology (ICT)

There are four main GSM networks in Nigeria: Airtel, MTN, Globacom, and Etisalat. Other operators providing code division multiple access (CDMA) include Visafone and Multilinks.

Nigeria is Africa's largest ICT market, accounting for 29% of Internet usage in Africa. In 2015, Nigeria had more than 196 million active telecoms lines of GSM and CDMA. Mobile GSM subscribers account for 98.37% of the total number of telecom subscribers. As Internet coverage increases, there will be significant opportunities for development of data services.

Agriculture

Nigeria's agricultural sector employs nearly 70% of the population and contributes nearly 22% of GDP. Nigeria possesses an abundance of arable land and a favorable climate for the production of nuts, fruits and grains. The vast majority of farming in Nigeria is subsistence based, utilizing manual labor and relatively little agricultural machinery.

Nigeria continues to maintain import restrictions (high duties, levies, quotas and import bans) on several agricultural products, including poultry, beef and pork products, and have added new restrictions on others. Absent any organized and concerted public and/or private sector efforts to modernize the sector and access regional and global commodity markets, growth opportunities for U.S. products serving Nigeria's agribusiness sector are relatively few at present. Land ownership, transport, and lack of infrastructure issues weigh into starting agro-farming businesses in Nigeria. Many multi-national companies have instead engaged in agro-processing business, which are in large demand. GoN's foreign exchange restrictions on major agricultural items, however, create challenges for importing the needed raw items to process.

Healthcare

The Nigerian healthcare system has few modern facilities. As a result, the country loses millions every year to medical tourism with Nigerians travelling abroad for medical procedures. Prospects exist for investment in hospitals and clinics with treatment capabilities and cutting edge medical technologies.

Market Challenges

While Nigeria offers U.S. firms export opportunities in many sectors, it can pose some daunting challenges including the high cost of doing business in Nigeria, the need to duplicate essential infrastructure, the threat of crime and associated need for security countermeasures, corruption, the lack of effective judicial due process, and nontransparent economic decision making, especially in government procurement. Clearance of goods at ports can be slow, cumbersome, and highly bureaucratic. Reports indicate that corruption and congestion remain major issues at ports.

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

Corruption

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

Local Content

Oil and Gas: U.S. businesses have significant concerns about the Nigerian Oil and Gas Industry Content Development Act of 2010. This Act requires that preference be given to Made in Nigeria goods and services for all projects in Nigeria's critical oil and gas sector. The local sourcing mandates imposed under the Act apply to everything from physical materials used in construction to telecommunications, financial, and professional services used by the oil and gas industry. U.S. companies have raised concerns that the conditions and requirements for a waiver from local content provisions are subjective and lack full transparency. The local content provisions in the oil and gas sector raise questions of Nigeria's compliance with its World Trade Organization obligations.

Information and Telecommunications Technologies: In 2013, the National Information Technology Development Agency (NITDA) issued Guidelines for Nigerian Content Development in the ICT sector. The guidelines, while not yet fully implemented, would force local manufacturing and use of Nigerian made software, hardware and telecommunication products in a broad scope of ICT goods and services. These include maintenance of R&D departments in Nigeria, domestic hardware assembly by original equipment manufacturers, and other restrictions. Industry also has serious concerns for the future ability of the GoN to protect data and trade secrets, due to the localization processes requiring the disclosure of source code and other sensitive design elements as a condition of doing business. These protectionist measures disrupt the global supply chain and flow of data while they increase costs and stifle innovation required to create a globally competitive industry.

Major U.S. ICT companies operating in Nigeria have pushed back strongly against several of the measures in those guidelines. The American businesses have also recommended applying a coordinated approach to revising the local content requirements to encourage economic growth. In November 2015, the NITDA informed U.S. ICT companies that it would not require in-country ICT manufacturing but would continue to request meeting capacity building targets.

Foreign Exchange Restrictions

Subsequent to the decline in oil price and the attendant depreciation of the Naira occasioned by a reduction of dollar inflows, the Central Bank of Nigeria (CBN) imposed several foreign exchange controls in 2015 in a bid to curtail the flow of dollars out of the country and maintain the value of the Naira. These measures included the suspension of forex supplies to Bureau de Change (BDC) outlets; the exclusion of 41 items from the official foreign exchange window for imports; and the reiteration that all goods and services in Nigeria must be priced in Naira in reference to Section 20(5) of the CBN Act. The Central Bank also restricted access to the official forex window for the purchase of foreign currency bonds, limited the amount Nigerians could spend on card based transactions on foreign currency priced websites as well as Point of Sale (POS) and ATM transactions abroad. Despite these measures, the demand for foreign exchange remained steady with prices at the parallel market escalating well beyond the then official exchange rate of N197 to the dollar. Sustained downward pressure on the Naira and the accompanying decrease in Nigeria's foreign reserves caused the CBN to devalue the Naira at the official window to N305 to the dollar in 2016. In spite of the devaluation, the exchange rate at the parallel market, where most Nigerian citizens and businesses access foreign exchange, continued to climb peaking at about N520 to the dollar in the first quarter of 2017.

In order to address mounting concerns by the business community, the Central Bank created another official window for manufacturers and importers of several goods where foreign exchange could be accessed at lower than the market rate but higher than the official rate. In addition, the CBN approved different rates ranging between the official and market rates for use in international money transfers, religious pilgrimages inter-bank lending and wire transfers for international payments. Confusion over the applicable rates, and lack of access to foreign exchange at the several official windows led to a reduction in operations of numerous import dependent businesses and the withdrawal of several foreign companies in Nigeria over repatriation concerns.

Since peaking at about N520 on the parallel market, the exchange rate began to rebound in line with increased oil price and higher production. The exchange rate at the parallel market is currently about N370 to the Naira while the official rate has remained constant at N305. The current market rate is closer to the exchange rates mandated by the CBN for international transfers and payments as well as on card transactions. The foreign reserve, which had dropped by about 37% from January 2014 to June 2016 due to reduced oil receipts and CBN's actions in holding the exchange rate at an artificial rate, has also started to rebound, increasing by about 11% since June 2016. The CBN has continued to open several official windows for businesses to access foreign exchange at different rates. In April 2017, the CBN established an Investors' and Exporters' (I&E) FX Window and another window for small and medium enterprises. In June 2017, the CBN released another circular further liberating the foreign exchange market at the inter-bank level by allowing trading of excess foreign currency by authorized dealers without recourse to the CBN.

The CBN continues to intervene in market to keep the official rate from depreciating further while ensuring the harmonization of the multiple exchange rates currently obtainable in the market. However, the exclusion of importers of selected 41 items from the official window is still in place.

More information about CBN's directives and interventions in the foreign exchange market may be found online.

Government Procurement

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

Intellectual Property

Enforcement of intellectual property rights (IPR) remains a problem in Nigeria, despite official pronouncements, existing copyright laws, and enforcement efforts. Nigeria's legal and institutional infrastructure for protecting intellectual property rights remains in need of further development and more funding, even though there are laws on the books to deal with enforcing most IPR violations. The absence of updated IPR legislation means some newer IPR categories are not currently addressed in Nigerian law, including online piracy, geographical indications, and plant and animal breeders' rights. Legislation has previously been proposed to fill these gaps, but has not been passed. Political wrangling has reportedly been largely responsible for preventing such legislative solutions from being developed and implemented.

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

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

Regional Security

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

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

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

Market Opportunities

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

- Agricultural products and equipment.
- Automobiles, trucks, buses, automotive parts, and accessories.
- Computer hardware and software.
- Construction and earth moving equipment.
- Education and training.
- Electricity and power generation.
- Franchising.
- Healthcare services and medical equipment.
- Oil and gas equipment.
- Security and safety equipment.

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

Market Entry Strategy

The U.S. Commercial Service recommends that U.S. manufacturers and suppliers enter the Nigerian market by combining the benefits of the network services and programs of the U.S. Department of Commerce's U.S.-based Export Assistance Centers (USEACs) with the extensive knowledge, industry contacts, and services based of the U.S. Commercial Service at the U.S. Consulate in Lagos, Nigeria. We encourage seeking the assistance of a USEAC in your state before exploring opportunities in this dynamic market.

In order to establish a presence in Nigeria, we recommend that U.S. firms establish and use an agent/distributor relationship with a locally registered company. Many foreign manufacturers and suppliers appoint one or more agents/distributors to accommodate Nigeria's geographical size and ethnic diversity. In Nigeria's complicated legal environment, all relevant terms and conditions of such arrangements must be carefully negotiated. The U.S. Commercial Service in Nigeria strongly recommends the use of experienced commercial attorneys in crafting a mutually beneficial agreement.

U.S. Commercial Service Nigeria

U.S. Global Markets worldwide information

Doing Business in Nigeria

Trade and Invest Nigeria

Political Environment

State Department political environment information.

Selling US Products & Services

Using an Agent to Sell US Products and Services

Often times when U.S. companies exports into Nigeria, they involve local representatives with whom they may have spoken and/or met with at one time or the other. However, leveraging on the services provided by the Commercial Service in Nigeria, these companies most times get the desired representatives that have met their company's business partnership requirements to facilitate their market entry into the country.

CS Nigeria encourages U.S. companies to employ the services of experienced commercial lawyers in completing the incorporation process and in dealing with providers of ground support services such as housing and tenancy agreements.

Establishing an Office

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

Franchising

Generally, the Nigeria is considered a potential franchise market of over one hundred billion dollars in annual revenue across both products and services and a major growth market for U.S. franchise concepts and franchise development services. 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.

At this time, several major U.S. brands are present in the Nigerian market, but there is significant room for new market entrants. 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 (in products and services).

Aside from Coca-Cola and Pepsi, which have been in Nigeria for over 50 years, KFC was the first major U.S. food brand to open outlets in Nigeria, and the most recent is Tutor Doctor. 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. International brands include Kentucky Fried Chicken, Avis Car Rental, Crestcom (Trainers to the World), Fastrackids, Tutor Doctor (Home Tutoring), Precision Tune Auto Care Center, Signorama, Computer Troubleshooters, WSI - Internet Consulting and Education, NIIT, Hawthorn Suites, Johnny Rockets, Dominos, Cold Stone Creamery, Curves, and Hard Rock Cafe.

The industry sectors in which franchising seems to be showing the most promise and growth in Nigeria include fast food, hotel services, professional and service training, fashion, healthcare, oil/gas distribution services, transportation, telecommunications, and distribution services. Inquiries from industry contacts also suggest a high demand for American-style education and industry-specific training for businesses in diverse sectors including oil and gas. 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.

Until now, there was no franchise-specific law in Nigeria, and as a method of marketing and distribution, franchising has been operating under Nigeria's sales law, which derives its operating terms and conditions from British common law. In 2016, a new Franchise Bill was submitted to the National Assembly, which has passed second reading before the Senate, and it is hoped this would soon be passed into a law governing the franchise sector. In the meantime, NOTAP (National Office for Technology Acquisition and Promotion, which belongs to the Nigerian Ministry of Science and Technology) remains the sector regulator, but it is reported that their role would be streamlined by the proposed law.

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. Additional information or clarification about NOTAP.

Each year, CS Nigeria recruits and escorts an official Nigerian delegation to the annual International Franchise Expo organized by the International Franchise

Association (IFA) based in Washington, D.C. More information about the International Franchise Expo. 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. The Nigerian Franchise Association (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.

Direct Marketing

Direct marketing is a popular concept or method of international business expansion in Nigeria as well, especially in beauty and wellness sectors. Several U.S. companies have been operating in Nigeria for a decade. Among them are Forever Living Products (health and wellness food supplements), Jeunesse, a Florida company, (anti-aging skin care and food supplements), Total Life Changes, a Michigan company (nutritional supplements), Morinda Bioactive, a Utah company (personal care and food supplements), and Trevo, an Oklahoma company (nutritional supplements).

Joint Ventures/Licensing

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

Selling to the Government

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

The Nigerian Government has made modest progress on its pledge to conduct open and competitive bidding processes for government procurement. Public procurement reforms seek to ensure that the procurement process for public projects adheres to international standards for competitive bidding. The Bureau of Public Procurement (BPP) acts as a clearinghouse for most government contracts and monitors the implementation of projects to ensure compliance with contract terms and budgetary restrictions. All procurement above ₦100 million (approximately $560,000) remains subject to review by the BPP, except for procurements by the Nigerian National Petroleum Company.

The 36 State Governments also agreed to enact the Public Procurement Act in their respective states, and 24 states have passed procurement legislation. In the energy sector, U.S. Agency for International Development (USAID) energy consultants have been advising the Nigeria Bulk Electricity Trader and the Transmission Company of Nigeria (TCN) regarding the incorporation of international best practices in energy procurement. USAID is currently serving as the lead advisor for transmission procurement through TCN. In addition, reforms at the state-owned Nigerian National Petroleum Corporation, (NNPC) in 2015 have resulted in more transparent bid processes for procurement of services.

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

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

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

The Federal and State Governments of Nigeria buy products and services through their own "Tender Boards." Please note this is NOT the "Tenders Committee" mentioned in fraud letters that come out of Nigeria. Tender Boards are usually composed of senior government officials, and may include local consultants or foreign firms with representatives in Nigeria. The Central Bank of Nigeria (CBN) does not buy products and services for the Nigerian Government or its agencies. Email, fax inquiries, and business proposals purportedly emanating from the CBN on behalf of the Nigerian Government or any of its agencies should be disregarded. The CBN has been invoked and mentioned in several cases of financial and related crimes. 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 CBN's website. 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 is linked in the text.

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, to evaluate contracts and tenders, and to ensure strict compliance with civil service procedures. 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.

Distribution & Sales Channels

Distributions and sales channels for U.S. companies emanate from the local companies with which they have signed an agreement. All three transportation systems available in the country can be utilized for this purpose. The wider road network for ground transportation comes to play in here as the interior or rural areas in the country can be covered. There are also very good courier companies that could help expedite both delivery and logistic services at a pre-determined cost.

Express Delivery

The following express delivery mail services are readily available in Nigeria: EMS Nigeria, *operated by the Nigerian Postal Service; DHL; Red Star Express; FedEx*, UPS and Airborne Express. *Money transfer services: Western Union and Moneygram.*

Selling Factors & Techniques

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

eCommerce

Overview

Nigeria's economy is gradually becoming cashless, as digital payment and electronic banking are implemented in phases across 27 states of the federation, which began in Lagos as a pilot in 2012. At present, most transactions are conducted electronically, while the remaining states continue to deal with cash (naira, the Nigerian currency), with October 1, 2017 as the proposed switch over date. The cashless policy has resulted in 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.

Cross-Border eCommerce/B2B eCommerce/Online Payment

The successful adoption of electronic payments in Nigeria is encouraging the entrance of payment service providers such as Visa and MasterCard, which see Nigeria as a promising market. Debit cards from many local banks such as Citibank, Zenith, UBA, and Fidelity, are now used by Nigerian travelers to make payment in countries such as the United Kingdom, Germany, South Africa, and the United States.

eCommerce Services

The demand for electronic transactions has attracted payment facilitators from Europe and Asia who are investing in Nigerian electronic infrastructure projects. Online commerce and financial technology in Nigeria is strengthened by fast growing youth populations, expanding consumer power, and increased smartphone penetration. The current Ecommerce spending in Nigeria is estimated at $12 billion, and is projected to reach $75 billion in revenues per annum by 2025 (McKinsey).

eCommerce Intellectual Property Rights

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

Digital Marketing & Popular eCommerce Sites

Africa Internet Group owns online retailer Jumia and 9 other e-ventures. Its best-known venture is online retailer Jumia, one of Africa's better funded startups. Since its inception in Lagos in 2012, Jumia now operates in 22 African countries selling everything from diapers to IPhones and microwaves. The company had €33.0 million in revenues during the first 9 months of 2016, following a 56% drop in revenue attributable to economic depression despite spike in its customer base. Konga was set up in 2012 as a competitor to Jumia, selling a wide range of products from home appliances to groceries. During last December (2016) Yakata, another competitor reached over 155,000 orders, valued at nearly €10.0 million for the month alone.

Major Buying Holidays

Online retailers operating in Nigeria are exempt from payment of corporate income tax during the first 5 years. This pioneer status represents the import duty waivers granted to companies as incentives to enable them make profit within their formative years. The incentives extend to tax credits, capital allowances, investment allowances, and tax exemptions.

Social Media

Nigeria is ranked the 7th highest internet using country in the world. In 2016, about 16 million (8.6%) Nigerians were active Facebook users each month, Twitter ranked second with 5.29%, Pinterest ranked third with 0.42%, while many others also accessed You Tube video sharing website. The popularity of social media in Nigeria increases with mobile penetration and as data costs fall. Access to local social media sites (Nairaland and Linda Ikeji) has also increased since 2014.

Trade Promotion & Advertising

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

Nigerian Broadcasting Commission

Business service providers on CS Nigeria's Web site

Nigerian newspapers online

Nigeria Franchise

Pricing

Pricing is a key determinant of success in Nigeria and a major challenge for U.S. firms doing business in Nigeria due to two critical factors: low purchasing power of Nigerians and the availability of often more inexpensive alternate choices from

Asian and North African suppliers. Note that the Nigerian federal government charges a 5% VAT, while state governments also impose an additional 5% VAT. Since the summer of 2015 (when the currency controls were implemented), distributors were forced to raise prices for imported commodities (especially food items like rice, spaghetti and cooking oil) significantly (in some instances up to 30%) due to higher exchange rates at the parallel market. As a result of the increase in prices, there is a shift in patronage on most foreign goods from Algeria and Libya.

Sales Service/Customer Support

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

In 2015, the Federal Government signed the Cybercrime bill into law to prohibit and prevent fraud in electronic commerce. The purpose of the Cybercrimes Act of 2015 extends beyond prohibiting, preventing and criminalizing online fraud, but also prescribes punishments and sets the institutional framework for enforcement. The goal is to protect e-business transactions, company copyrights, domain names and other electronic signatures in relation to electronic transactions in Nigeria. In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on Protecting Intellectual Property and also Corruption.

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit Stop Fakes. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information below for the IP attaché who covers the following countries: Middle East and North Africa: Aisha Y. Salem aisha.salem@trade.gov.

Due Diligence

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

Local Professional Services

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

Principle Business Associations

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

Limitations on Selling US Products and Services

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

Web Resources

For further information please contact:

Brent Omdahl, Commercial Counselor – Brent.Omdahl@trade.gov

Benedicta Ngozi Nkwoh, Senior Commercial Specialist – Benedicta.Nkwoh@trade.gov

Chamberlain Eke, Commercial Specialist – Chamberlain.Eke@trade.gov
Joseph Umoetteh, Commercial Specialist – Joseph.Umoetteh@trade.gov
Ibrahim Ibrahim, Commercial Assistant – Ibrahim.Ibrahim@trade.gov
Ambrose Thomas, Commercial Assistant – Ambrose.Thomas@trade.gov

Leading Sectors for US Exports & Investments

Aerospace/Aviation/Avionics

Overview

Unit: USD millions

	2014 (estimated)	2015 (estimated)	2016 (estimated)	2017 (estimated)	2018 (estimated)
Total Market Size	245,950	255,630	200,880	253,890	177,213
Total Local Production	0		0	0	0
Total Exports	0		0	0	0
Total Imports	245,950	255,630	200,880	253,890	177,213
Imports from the U.S.	196,760	198,770	195,009	191,045	101,973
Exchange rate Naira to 1 USD	160	160	200	304	314

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 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 like the airport ground support systems and metal detectors used locally was purchased from the United States and 80% 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, Gulfstream 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 as well as technology from the U.S.

Due to safety issues and concerns regarding enforcement of regular maintenance inspections in previous years, the aviation industry continues to focus on reorganization. One of these reorganizations included the replacement of the Aviation Minister. However, the chief executives of the agencies under the Aviation Ministry's supervision like the Federal Airport Authority of Nigeria (FAAN), the Nigeria Civil Aviation Authority (NCAA) and the Accident Investigation Bureau (AIB) were all retained.

Additionally, aircraft older than 22 years of age have been grounded, most of which are not of U.S. origin. These developments would improve the opportunities for U.S. origin aircraft in the country. There has been a steady increase in the number of inspections as well as routine repairs and maintenance that are followed, regimentally. FAAN has continued, under the current leadership of Engr. Saleh Dunoma, to actively upgrade airports and related infrastructure, including the March 2017 upgrade of the international airport in Abuja. Organizational changes at NCAA and AIB have also led to security improvements to the benefit of aircraft and passengers.

The Federal Ministry of Transport continued restructuring the aviation industry this past year, which had been plagued by reductions in operational aircraft. The GON is still 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. The recent upgrades in operational equipment for Kaduna, Minna and Abuja airports in Nigeria led to demands for all other airports in Nigeria to be upgraded with focus on deploring U.S. origin ground support and navigational equipment.

Industry contacts are saying that new airline companies are coming to join the few operators in the industry and are considering the purchase of aircraft over the next few years. Given 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. There are other airports like the one in Abuja, Enugu, Port Harcourt, Kano and Kaduna. Currently, international firms (including U.S.)are being considered for an MRO contract in Nigeria which will further open ways for more U.S. companies to come to Nigeria.

The Nigerian Federal Ministry of Transport purchased and installed additional navigation and landing aids for Lagos, Abuja and Port Harcourt airports and most recently, Kaduna. The country has seen an increase in air transportation in the country as a result of increased commercial activities across the geo-political zones in the country. To date, over 90% of the nation's major airports (both domestic and international) have gone through one form of renovation or another, and the GON continues to work to make Nigeria an important hub for aviation in West Africa.

Nigeria's "Category 1" safety status (United States FAA certification) permits Nigerian air carriers direct flight access to the United States, despite on-going security concerns. This potentially opens up more opportunities for U.S. origin equipment to be marketed in Nigeria, as Nigerian airlines are again vying for routes to the U.S.

Leading Sub-Sectors

With the government focusing more attention on new aircraft, safety regulations and monitoring the operations of airlines in Nigeria, airline operators are purchasing fairly new aircraft, as well as wet-leasing U.S. origin aircraft including the supply of spares, parts and services. In addition, currently grounded military and civilian aircraft would need replacement of engines, component parts and navigational equipment from U.S. sources and of particular interest are the C130 Hercules Military aircraft numbering over 13 that Boeing, GE and other aircraft servicing companies may focus on.

Opportunities

Some airline operators, in anticipation of increased patronage, are seeking serviceable but reliable aircraft (particularly Boeing planes for scheduled flights and

Cessna, Gulfstream and others for charter services) to augment their fleets, as 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 like: metal, bomb detectors and body scanners as well as services.

Web Resources

Nigeria Consulate

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

Agricultural Machinery Sector

Overview

Unit: USD thousands

	2014	2015	2016	2017 (estimated
Total Market Size	68,000	72,000	37,500	60,000
Total Local Production	3,000	5,000	7,500	10,000
Total Exports	0	0	0	0
Total Imports	65,000	67,000	30,000	50,000
Imports from the U.S.	9,390	11,181	4,735	6,000
Exchange Rate: 1 USD	160	197	197	314

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

Data Sources:

Total Local Production: Industry contacts

Total Exports: Industry contacts

Total Imports: Industry contacts

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

In Nigeria, there are over 30 million hectares of farmland under cultivation season to season, falling substantially short of the estimated 78.5 million hectares of land that is required for farming to feed Nigeria's growing population. The country's agricultural sector is dominated by smallholder farmers who work an average of 4–5 acres each, under rain-fed conditions. Most of these people lack knowledge of modern practices have insufficient capital and own little or no equipment of their own. As a result, much of the farm machinery, seeds and chemicals they require are purchased by the government and distributed to them under various agricultural assistance/subsidy programs. One of such subsidy packages is the e-Wallet system introduced in 2014 under the Agricultural Transformation Agenda (ATA) through which subsidized electronic vouchers for inputs were delivered directly to the farmers' mobile phones and then the vouchers were used as cash to purchase the inputs directly from agro-dealers nearest to them. This initiative has proven to be both effective and efficient in providing poor farmers with much needed resources and eliminating corruption in the subsidy program. There are about ten relatively large commercial scale farms in Nigeria deploying some form of mechanized processes. These and a few construction companies are able to purchase tractors for agricultural and non-agricultural purposes.

The Nigerian economy has taken a serious hit from declining oil revenues, forcing the government to seek economic diversification. President Buhari has set to pursue agricultural development as one of the key goals of his administration to help address the country's dependence on food imports totaling nearly 11 billion dollars annually. He has commenced a campaign to redirect focus from oil to agriculture, manufacturing and solid minerals development. The Agricultural Promotion Policy (APP) is the refreshed strategy to achieve this purpose.

In this new plan, the private sector will remain in the lead while government facilitates, as well as provides supporting infrastructure, systems, control processes, and oversight. The key federal ministries, departments and agencies will take on more of a regulator's role to ensure a nuanced commercial development of the market necessary to close gaps. The success of the new policy will be driven by the levels of engagement of market place participants, farmers, states, investors, financial institutions, and communities. The economic management team which advises the President has put forward a recommendation to enhance and support local farmers' capacity to grow major staple foods like rice, maize, cassava, wheat and cashew nuts. It is expected that the pursuit of the APP agenda will trigger investments in the agricultural value chain and unleash Nigeria's economic potential. U.S. companies in the agricultural equipment sector should therefore, continue to look at the Nigerian market for long term market opportunities. With Nigeria's agro-processing sector still relatively undeveloped, multinational firms have taken advantage of building agricultural products processing businesses while importing raw agriculture inputs. There are challenges to setting up agribusiness due to land ownership issues, lack of infrastructure including water irrigation and roads, and security and corruption issues. But the benefits of making an agricultural investment in Nigeria outweigh the risks.

Leading Sub-Sectors

Livestock production has continued to record increased growth as a result of private sector investments, especially in poultry and fish farming. 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. Opportunities exist for fish feed making equipment, poultry feed milling machinery, incubators, extruders, feed additives, livestock drugs and vaccines.

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

Opportunities

Investment opportunities exist in all areas of the Nigerian agricultural value chain. Governments at all levels (federal, state and local) have opened their doors to foreign direct investments promising to provide attractive incentives and support. There is significant demand for new and used agricultural tractors (55-75HP), agricultural chemicals (fertilizers, herbicides and pesticides), irrigation systems; food (grain and fruit) processing and storage systems.

Web Resources

Federal Ministry of Agriculture and Rural Development
The Poultry Site
NIRSAL
Nigerian Agricultural Statistics

Local Trade Shows
AgrikExpo West Africa
September 25-27, 2017
International Conference Center
Abuja, Nigeria

Agra Innovate West Africa
November 21-22, 2017
Landmark Center
Lagos, Nigeria

Agriculture (Food Crop) Sector

Overview

Nigeria is the largest market in sub-Saharan Africa with a population of more than 180 million people growing 3% annually. Petroleum and Natural Gas exports account for about 11% of GDP, 95% of total export earnings and close to 85% of federal government revenue. The non-oil sector was the main driver of growth, with services, manufacturing and agriculture contributing 54%, 20% and 26%, respectively.

The Nigerian economy has been adversely affected by external shocks, in particular a fall in the global price of crude oil since 2015. Growth slowed sharply from 6.2% in 2014 to an estimated 3.5% in 2015 and less than 3% in 2016. Inflation also rose from 7.8% to double digit in 2016. Nigeria's vulnerability to declining global oil prices and resultant short supply of foreign exchange (forex) was a driving force behind the country's adverse economic situation.

In 2015, Nigeria's Central Bank of Nigeria (CBN) initiated forex measures that excluded importers of 41 selected goods and services from officially accessing foreign exchange in order to conserve depleted forex. Food and agricultural items affected include rice, margarine, palm kernel/palm oil products, vegetable oils, meat and processed meat products, vegetables and processed vegetable products, poultry-chicken, eggs, turkey, fish and tinned fish as well as tomatoes/tomato pastes. Importers of these products would resort to pay for them with high-cost forex purchased from the parallel market. Despite this, forex remains high on the informal market at around ₦420 to $1 compared to the official rate of ₦320 to $1.

Nigeria is food deficient with the country's total food and agricultural imports estimated at about $10 billion by mid-2015 but contracted more than 30% following sharp decline in its oil revenue since the period. Wheat, rice, brown sugar, frozen fish, dairy products, vegetable oil, intermediate and consumer-oriented products are the largest imports. However, Nigeria continues to employ trade restrictions such as high tariffs, levies, import bans and other measures to protect its domestic agriculture—not conforming to the free trade agreements it signed as a member of the World Trade Organization (WTO). The country imported goods mostly from Asia (44.6%), EU (33.6%), Americas (14.1%), Africa (6.5%), and others (1.2%).

On August 2016, the GON launched its Agriculture Promotion Policy (APP), 2016 – 2020. APP will prioritize on improving activities and productivity into a number of domestically focused crops such as rice, wheat, maize, fish (aquaculture), dairy milk, soya beans, poultry, horticulture (fruits and vegetables), and sugar.

U.S. Agricultural Trade Summary

Following are summary of formal agricultural trade with Nigeria:

CY 2016 U.S. Exports: $405 million (approximately 55% of decrease over 2015). Wheat accounts for 74% of the total U.S. food and agricultural exports. Other significant U.S. exports to Nigeria include wheat, corn, animal fats, condiments and sauces, wine, prepared food, non-beverage ethanol, etc.

CY 2016 U.S. Imports: $29 million (about 50% of decrease over 2015 and about 65% over 2014). Major U.S. imports are spices (18%), cocoa beans (12%), tea and herbs (10%), tree nuts (9%), shrimp (9%), and others. Nigeria, as an AGOA member, still has not realized any major benefit to the country. This is especially evident in Nigeria's food safety system. The country remains largely inefficient and most of its agricultural exports do not meet export standards required for the international market.

Products with Most Export Potentials

Wheat:

Unit: USD thousands

	2015	2016	2017 (estimated)	2018 (projected)
Total Market Size	1,410,000	1,213,000	1,685,000	1,565,000
Total Local Production	25,000	13,000	15,000	17,000
Total Exports	0	0	0	0
Total Imports	1,385,000	1,200,000	1,270,000	1,320,000
Imports from the U.S.	600,000	350,000	440,000	530,000
Exchange Rate: 1 USD	320*	450*	400**	370**

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

Data Sources: BICO reports, Nigeria's Wheat Millers Association & Master Bakers' Association, Federal Ministry of Agriculture, Nigerian Customs Service, etc.

(*) unofficial but prevailing average rate;

(**) projected and prevailing unofficial average forex rate

Nigeria imports more than $1 billion worth of wheat annually. The country remains the largest U.S. wheat import market in Africa and the fourth in the world. Bread, semolina, pasta and other wheat flour-based products are staples in Nigeria. Demand for wheat flour utilized for the production of bread, noodles, pasta and biscuits (cookies) have continued to increase. Currently, wheat flour usage for bread, semolina and pasta are estimated at 65%, 20% and 15%, respectively.

The country's consumption of wheat was still high in 2016 at about 4 million tons with the market gap being filled by wheat imports. Nigeria's wheat milling capacity is about 8 million tons, representing an excess of 50%. Consumption was expected to stall in 2016 due to Nigeria's continued currency devaluation resulting in increasing production costs and weakening purchase power. Local wheat production remained underdeveloped and domestic supplies of substitute staples within Nigeria and neighboring countries increasingly have not kept pace with the country's population growth. With Nigeria's improving economy in 2017, increases in consumption and imports are projected in both 2017 and 2018.

U.S. wheat lost significant market share over the last 5 years from a more than 90% share in 2012 to about a 35% share in 2016 due mainly to increases in local prices and steep competition from imports of Russian wheat.

Leading Sub-Sectors

Wheat Flour

Wheat flour utilized for the production of bread, noodles, pasta, biscuits (cookies), semolina, etc.

Opportunities

Nigeria's huge population of nearly 200 million people; Local wheat production is small and high-cost; Domestic supplies of other substitute staples are not in tandem with population growth and economy devalued; Nigeria's wheat milling capacity reached about 8 million tons in 2012 and capacity utilization stands at 50%; Consumers continue to request for higher quality wheat flour-based products; Local wheat importers also still consider U.S. wheat suppliers as consistent and reliable supplier; etc.

Web Resources

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

Nigeria Annual Grain and Feed Report

Rice (Parboiled Milled):
Unit: USD thousands

	2015	2016	2017 (projected)	2018 (projected)
Total Market Size	2,700,000	2,350,000	2,430,000	2,440,000
Total Local Production	900,000	980,000	960,000	920,000
Total Exports	0	0	0	0
Total Imports	1,800,000	1,370,000	1,450,000	1,520,000
Imports from the U.S.	18,000	2,000	3,000	6,000
Exchange Rate: 1 USD	320*	450*	400**	370**

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Nigeria's major rice importers, Rice Farmers Association of Nigeria (RIFAN)
National Bureau of Statistics; Federal Ministry of Agriculture; Nigerian Customs Service, etc.);
(*) unofficial but prevailing average rate; (**) projected unofficial average forex rate

Nigeria is one of the world's largest markets for parboiled rice—consuming average 6 million tons with about 75% imported mostly from Thailand. India, Brazil and a few others also sell rice to Nigeria. The country consumes parboiled rice almost exclusively. Price for imported rice (entering through neighboring countries) has hiked by almost 50%, increasing from about ₦12,000 ($24) to about ₦18,000 ($36) per 50-kg since the mid-2016.

With declining purchasing power in Nigeria, rice consumers shifted to less expensive local staples such as bread and other wheat flour products, "garri" (a cassava-based staple), yam, plantain, millet with other localized staples grown and consumed within the growing communities. However in 2017, Nigeria's economy has finally begun to show signs of recovery. As a result, consumption of imported rice is projected to increase while local rice production is expected to decline. The trend is expected to continue if these recent positive economic developments continue.

Nigeria's rice sector is driven by small/cottage mills operating outdated mills and applying mostly traditional methods. This is despite GON's campaigns for self-sufficiency in rice production by 2017. The large-scale integrated rice mills indicate that paddy is high-cost for competitive production.

During the last quarter of 2016, the GON amended its forex measures to exclude rice from its import and port clearance documentations. This implied a technical rice import ban as the essential documents required for port clearance of rice are no longer issued by Central Bank of Nigeria (CBN) on any imported rice. This is debarring the landing of rice through any of Nigeria's ports and land borders even when such rice are purchased with funds from the equally legitimate parallel foreign exchange market. As a result, most rice consumed in Nigeria now enters the market through informal cross-border trade.

Leading Sub-Sectors

Brown rice; Polished and Milled rice (parboiled)
The following are opportunities for increased market in Nigeria: Nigeria depends on approximately 3 million tons of imported parboiled rice to meet half of its rice demand; increasing population/urbanization; higher cost of local paddy production and processing; rising cost of domestic staple; and others.

Nigeria's domestic rice production target is also very far from reality due mainly to a lack of infrastructure, poor policy implementation, as well as an increasing state of insecurity caused by Boko Haram (BH) in the major rice-producing region in northern Nigeria.

Web Resources

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

Dairy:
Unit: USD thousands

	2015	2016	2017 (projected)	2018 (projected)
Total Market Size	750,000	580,000	745,000	840,000
Total Local Production	50,000	60,000	65,000	70,000
Total Exports	0	0	0	0

	2015	2016	2017 (projected)	2018 (projected)
Total Imports	700,000	520,000	680,000	770,000
Imports from the U.S.	10,000	6,500	12,000	15,000
Exchange Rate: 1 USD	320*	450*	400**	370**

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Milk Powder Importers, AFBTE, supermarket operators' association (NASON), Wholesale Distributors, BICO reports, etc.); (*) estimate of unofficial but prevailing average rate; (**) projected unofficial average forex rate

Nigeria's dairy market is estimated at 440,000 MT and contributing about 61% to the total food processing revenues. More than 80% of Nigeria's dairy needs are met through imports. Local dairy processors rely on combining and reconstituting milk powder imported mostly from the EU (Netherlands, Denmark, etc.) which are mostly sold in three categories—powdered, evaporated and condensed milk; packaged in metal cans and sachets of different weights. Ice cream, chocolate milk, yoghurt, and long life milk are produced locally from the reconstituted imported milk powder. Infant formula, cheese, butter, as well as ice cream, are imported. Imported skimmed milk powder is also an input for the food drink manufacturers, biscuits, etc. Demands for these products have continued to grow and increasing consumption of flavored milk drinks (mostly consumed by children of school age) will assist in the growth of demand over the forecast period.

Growing population, increasing urbanization, and rising per capita income over the last 2-3 decades had resulted in upsurge of demand for dairy based products in Nigeria have continued to grow Nigeria's dairy market. Manufacturers have continued to be more innovative to increase market share by increasing product varieties and packaging. U.S. export of dairy products to Nigeria had risen steadily to more than $14 million in 2011 from insignificant values the previous years. However, the country's negative economic situation since the mid-2015 has ebbed consumption through to 2016. With Nigeria's current economic recovery starting in 2017, dairy consumption is projected to maintain an increasing trend.

Domestic production remains insufficient due to increasing production/processing costs, non-competitiveness of the industry, and the failure to incorporate more advanced technologies. Domestic milk production is grossly underdeveloped and a cow in Nigeria can only produce average one kilogram of milk per day. The government (under the APP scheme) is targeting to double local milk production over the next 3-4 years by improving its breeding system and optimizing processes, yield and product quality. However, analysts indicate it will take huge investment in appropriate cow breeds, ranching infrastructure, technology, etc. in order for the country to attain proposed target.

WAMCO), an affiliate of FrieslandCampina, is Nigeria's leading milk manufacturer and its 'Peak' brand controls more than 60% market share of household milk consumption. Promasido (South Africa), Nestle, PZ-Nutricima, CHI, FAN, etc., are other major players in the dairy sector.

Leading Sub-Sectors

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

Opportunities

Nigeria's dairy processors rely on combining and reconstituting imported milk. Nigerian dairy market is forecast to continue to grow at more than 8% per year; Growing population; increasing urbanization; rising demand for dairy based products; etc.

Web Resources

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

Seafood:
Unit: USD thousands

	2015	2016	2017 (projected)	2018 (projected)
Total Market Size	1,600,000	1,083,000	1,158,000	1,295,000
Total Local Production	970,000	580,000	620,000	720,000

	2015	2016	2017 (projected)	2018 (projected)
Total Exports	20,000	17,000	22,000	25,000
Total Imports	650,000	520,000	560,000	600,000
Imports from the U.S.	14,000	1,000	5,000	7,000
Exchange Rate: 1 USD	320*	450*	400**	370**

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

Data Sources: Association of Fish Suppliers of Nigeria (AFISUN), Frozen Fish Wholesale Distributors, Catfish Farmers Association of Nigeria (CAFAN), BICO reports, Federal Fisheries Department—Nigeria, etc., (*) estimate of unofficial but prevailing average rate; (**) projected unofficial average forex rate,

Frozen seafood is the cheapest form of animal protein in Nigeria and consumption has been increasing. The country is a potential market for approximately 2.5 million MT of fish valued about $3 billion. Domestic catches and aquaculture production have been underdeveloped and the country relies on large volumes of imports to meet local demand.

Atlantic mackerel, horse mackerel, herring and croakers are the major species. The Netherlands, China, Chile, etc., are also the major suppliers of frozen seafood to Nigeria. U.S. fish exports to Nigeria dropped to about one million dollars in 2016 compared to $14 million in 2015. Scarcity of foreign exchange to fund fish imports was the major challenge. Nigeria's currency devaluation also lowered consumer purchasing power significantly and contracted the market by more than 30% in 2016. Economic recovery since 2017 is expected to increase demand in the upcoming years if progress is maintained.

Nigeria began the implementation of import quota regime for fish during the first quarter of 2014. The aim is to stimulate the country to become self-sufficient in fish production over the next four years through a 25% annual fish import cut. If Nigeria achieves this goal, they would be expected to be self-sufficient in fish production and thereby totally ban fish imports by 2018. Major fish species consumed in the country are listed as free for entry within set quotas. However, catfish and tilapia—the most farmed specie in Nigeria—are under import prohibition in order to protect the local aquaculture sector.

The GON sources indicate the quota system was initiated to sanitize the country's fish import trade from identified malpractices in the marketplace. However, industry sources indicated that the implementation of fish import quotas has entirely deviated from the original purpose and now is reportedly benefitting the politically-connected with the sector not showing any sign of attaining self-sufficiency by 2018.

Leading Sub-Sectors

Atlantic Mackerel; Horse Mackerel; Herring; Blue Whiting; Croaker; etc.;

Opportunities

Frozen seafood is the cheapest form of animal protein in Nigeria; Consumption of frozen seafood has been increasing; Nigeria remains a potential market for approximately 2.5 million MT of fish valued about $3 billion; Under-developed domestic catches and aquaculture production promotes reliance on large volumes of imports to meet local demand.

Web Resources

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

Wine:

Unit: USD thousands

	2015	2016	2017 (projected)	2018 (projected)
Total Market Size	430,000	320,000	385,000	410,000
Total Local Production	55,000	30,000	40,000	55,000
Total Exports	0	0	0	0
Total Imports	375,000	290,000	345,000	355,000
Imports from the U.S.	40,000	23,000	30,000	40,000

	2015	2016	2017 (projected)	2018 (projected)
Exchange Rate: 1 USD	320*	450*	400**	370**

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Wine importers, BICO reports, AFBTE, supermarket owners and Operators (NASON),
(*) unofficial but prevailing average rate, (**) projected unofficial average forex rate, etc.

With a population of more than 180 million people, Nigeria provides a large potential market for alcoholic beverages valued nearly $5 billion. In Nigeria, alcoholic beverages are considered a type of food and alcohol consumption is mostly a social activity. Average wine consumption per capita jumped from 0.1 liters to more than 16 liters between 2004 and 2015. The strong consumption growth has also been the result of aggressive marketing activities by leading global and local players. The still wine (red and white) category led the market—accounting for a share of more than 80%—red wine, accounts for over 73% of total volumes sold. Local wine processing is also growing but still underdeveloped and high-cost.

Nigeria's large and increasing population with the country's under-developed and high-cost local wine has created strong growth prospects for wine exports to Nigeria. The country's middle-class has continued to increase over the last one and half decade while more Nigerian consumers have become health-conscious and accepting wine products as healthier beverage alternative. The number of young, rich and educated Nigerians with strong desire to move up the social ladder is also rising and assisting growth in the sector. New brands and the entry of new players have resulted in increased competition and continue to fuel growth in sales.

The peak of Nigeria's economic downtown in 2016 contracted the wine market by about 26% from $430 million in 2015 to $320 million last year. Nigeria's wine market is also projected to rise by 20% to $385 million in 2017 from approximately $320 million in 2016. The EU, South Africa and other suppliers offering low quality and inexpensive wine products are the leading suppliers. There was no formal export of U.S. wine to Nigeria prior to 2010. However, formal U.S. wine exports to Nigeria have maintained a steady and significant growth over the last decade. U.S. exporters are encouraged to exploit opportunities provided by the increasingly large wine demand to boost exports of U.S. food, beverages and agricultural products to Nigeria.

Leading Sub-Sectors

Alcoholic wines and spirits; Still wine (red and white) category accounting for a share of more than 80%; Recent increasing demand for upscale/premium wine and spirits labels.

Opportunities

With a population of more than 180 million people, Nigeria provides a large market for alcoholic beverages valued approximately $5.0 billion. Average wine consumption per capita jumped from 0.1 liters in 2004 to 16 liters in 2015. Local wine processing is underdeveloped and high-cost. Middle class and young, rich and educated Nigerians with strong desire to move up the social ladder is growing and supporting increasing wine consumption. Increased marketing with new brands and players have continued to increase competition and fuel growth in wine sales.

Web Resources

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

Automobile Sector

Overview
Unit: USD thousands

	2014	2015	2016	2017 (estimated)
Total Market Size	1,162,000	675,240	682,775	983,000
Total Local Production	100,000	100,000	300,000	400,000
Total Exports	0	0	0	0
Total Imports	1,062,000	576,240	382,775	583,000
Imports from the U.S.	838,569	345,744	229,665	350,000
Exchange Rate: 1 USD	160	197	197	314

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: PWC, Deloitte, NAC, Bloomberg
Total Exports: PWC, Deloitte, NAC, Bloomberg
Total Imports: PWC, Deloitte, NAC, Bloomberg
Imports from U.S.: U.S. Census Bureau

A detailed report published by the Deloitte Africa Automotive Insights, provides a great deal of information about the Nigerian automotive industry. It notes that due to the lack of domestic vehicle production, Nigeria is highly dependent on imports to meet its domestic demand. In 2014, passenger vehicles constituted the second-largest import category after petroleum oils or bituminous minerals. Overall, automotive related imports stood at US$6.9 billion (passenger vehicle imports: US$2.9 billion) accounting for approximately 11.5% of Nigeria's total imports. While auto imports recorded rapid growth between 2004 and 2014, the current slowdown in the economy and the recent introduction of high import duties on vehicles linked to the new automotive policy has led to approximately a two-third contraction in vehicle imports according to industry players. Second-hand vehicles dominate the import market. It is estimated that only 10% of vehicles imported to Nigeria are brand new. A large share of second-hand vehicles are imported from the U.S., given that vehicle specifications in this market are more in line with the demand and taste of Nigerian consumers, which is not always met by entry-level models from Europe. Before the hike of import duties on second-hand vehicles, Nigeria imported more than 100,000 cars per year from the U.S. In 2015, imports from the U.S. had plummeted to less than 40,000 units. In addition to direct shipments to Nigeria, the

Port of Cotonou in neighboring Benin is a key transit point for second-hand vehicles destined for the Nigerian market. It is estimated that 85% of Benin's used vehicle imports end up in Nigeria. In 2013, the European Union (EU) and the U.S. exported approximately 300,000 cars to Benin. Based on the import figures for Benin, an additional 255,000 used cars from the EU and the U.S. entered Nigeria via Benin.

New and used vehicle sales are dominated by Toyota which accounts for almost one third of sales. Hyundai and Kia have established themselves as increasingly serious competitors to Toyota due to their competitive pricing and improved image in terms of quality. In 2014, the three Asian brands accounted for half of new vehicle sales in the country. In partnership with one of its local distributors, Coscharis Motors, Ford has begun assembling one of its Ranger versions in Nigeria. According to Bloomberg, Nigeria produced 4,000 vehicles in 2014. Representatives from the Lagos Chamber of Commerce and Industry put the total number of locally assembled vehicles at approximately 2,500 units for 2015. A leading commercial vehicle assembler cautioned that even these figures of locally assembled vehicles are likely to be overstated. A number of assemblers either only assemble a very limited number of 'test vehicles', or overstate the degree of value added in the assembling process in order to gain access to benefits under the government's National Automotive Industry Development Program (NAIDP), highlighting the need for clear measures that ensure adequate implementation of the policy. Currently, 35 companies are licensed by the Nigerian Automotive Council (NAC) to produce vehicles under the NAIDP.

At present the vehicles are assembled from imported SKD kits with a limited degree of local inputs-sourcing due to the lack of a reliable and adequate domestic supplier base. While current assembly figures are low, with Peugeot Automobile Nigeria recording the largest number of vehicles assembled in 2015 with 400 units, the automotive companies aim at increasing their annual output in order to capitalize on the long-term growth prospects of the Nigerian market. However, due to the current economic slowdown, expansion plans are likely to be delayed. The government hopes that 400,000 new vehicles will roll off assembly lines in 2017. How this will happen given the country's deficient infrastructure remains unknown

Leading Sub-Sectors

The pre-dominance of used cars on Nigerian roads is expected to drive demand for spare parts. In 2014, the United States exported more than $80 million worth of vehicle parts and accessories to Nigeria according to U.S. Census Bureau figures. Car care products, fuel and oil additives; as well as auto body repair products are preferred goods from the United States.

Opportunities

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

Web Resources

Nigerian Automotive Council (NAC)

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

Local Trade Shows

Lagos Motor Fair and Auto Parts Expo
April 24-29, 2017
Federal Palace Hotels
Victoria Island, Lagos

Construction Sector

Overview

	2014	2015	2016	2017 (estimated)
Total Market Size	997250	1096975	877580	878282.06
Total Local Production	247250	271975	217580	217754.06
Total Exports	86250	94875	75900	75960.72
Total Imports	750000	825000	660000	660528
Imports from the U.S.	184000	202400	161920	162049.54
Exchange Rate: 1 USD	158	199	199	314

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: National Bureau of Statistics website; McKinsey Global Institute; BMI Research/
Total Local Production: Building Materials (Cement, Wood, Iron Rod)
Total Exports: Cement, Wood, Iron Rods
African countries
Total Imports: National Bureau of Statistics website; U.S. Census
Imports from U.S.: U.S. Census; Trading Economics

**Figures for 2017 are based on 0.8% GDP forecast versus -1.30% in 2016.*

As a key step toward exiting current recession and striving to reclaim its status as Africa's biggest economy, the Nigerian federal government plans on spending 30% of its 2017 budget on infrastructure projects. The $6.9 billion capital expenditure would provide a stimulus for the construction industry and gear toward housing development. Through this budget, the federal government hopes to address significant need for infrastructure ranging from housing to roads for nearly 186 million people. Currently, the country has a total national road network of about 200,000KM, linking all the thirty-six states, the federal capital and the nation's major sea ports, which are inadequate to meet the growing demand for more houses and better transport links. As a result, the federal government has increased the budget for road construction across 12 states, from $232 million (N73 billion) in 2016 to $254 million (N80 billion) in 2017. The government has also provided nearly half a million dollars (N150.8 million) for construction of access roads in Delta state (Asaba) and Anambra (Onitsha).

In July 2016, President Mohammadu Buhari announced the federal government's commitment to the ongoing implementation of National Integrated Infrastructure master Plan (NIIMP), which is a 30 year strategic infrastructure development project initiated under President Jonathan. The $3.05 trillion strategic plan is a joint project of federal and state governments, as well as the private sector, supported by the Country's Sovereign Wealth Fund with a goal to improve the country's stock of infrastructure until 2043. Both federal and state governments are expected to provide 52% of investment, while the private sector contributes 48%. At the same time, the federal government plans to continue its three-year plan aimed at completing 6,000 kilometers of road projects, champion delivery of affordable housing units, and strengthen policies that would increase private sector participation and ownership. Further, the Nigeria's government would continue to leverage the National Policy on public private partnership (PPP) strategic initiative to complete and manage multiple development projects, including the second Niger River Bridge at Nupeko and development of free trade zones and seaports in Lekki (Lagos), Akwa Ibom, and Ondo States. It would further deploy this model in the development and granting concessions for high trafficked and interstate road networks to facilitate transportation of food items, raw materials and finished products between local communities and urban centers across the six geo-political zones.

In continuing to address increasing demand for housing and deliver on its political campaign promises, the federal government plans to roll out a $3.2 billion (N1 trillion) real estate fund to provide housing in meeting the 17 million residential deficit, which requires 700,000 new homes each year to meet this demand. To this end, the government is working to increase home ownership by improving access to credit facility and reducing cost for low income housing. In March 2017, the federal government announced plans to waive an initial 10% payment on mortgages below $15,800 (N5m) administered by Nigeria's government-owned Federal Mortgage Bank (FMBN) to enable low income earners access $18,000 mortgage facility at 19% interest rates . In September 2016, the federal government introduced Family Homes Fund, and this $1.57 fund is intended to keep mortgage rates affordable under 23% targeting 9.99% payable over 20 years. Prospective buyers are required to make initial down payment of 10% to qualify for these home loans. Many states have joined in building affordable homes for their growing populations. 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, the construction work on a new model city, Eko Atlantic City, has advanced to completion of major milestones of the project. These include: unveiling of the first completed Eko Pearl Towers, which are the residential buildings in its Marina Districts in November 2016, with some residents already inhabiting the facility; the commissioning of 8-Lane Eko Boulevard city road; completion of 14 bridge structures of phases one and two of the project; ongoing construction of its ultra-modern water system, and proposed completion of the Black Pearl and Champagne Towers in 2017. Other states in Nigeria, including its capital Abuja, are planning on copying the Atlantic City concept and establish these cities in their states.

Beyond real estate development, and as a critical part of its diversification drive, the Federal Government of Nigeria is 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 is facing stiff competition from Chinese and European firms who offer prospective buyers financial incentives in the form of cheap financing and often lower prices. The 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.

Leading Sub-Sectors

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. U.S. manufacturers of prefabricated homes will find a ready market in the Nigerian building and construction industry. 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.

Opportunities

Following the steady growth in Nigeria's construction industry, the following opportunities exist for U.S. companies in the construction sector:

- Construction of new green field (or newly developed) projects
- Construction of a Golden Triangle Super-Highway (proposed 4- to 6-laned super-highway) that will connect key economic hubs and add additional 5,000 km to the national network of roads in Nigeria
- Construction of the Second Outer Ring Road to decongest traffic from the Lagos metropolis and increase evacuation of goods from Lagos Sea Ports
- Improvements of existing highway alignments
- Construction of new towns to de-congest Lagos and Abuja metropolis which provide residential and office accommodations for residents.

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

National Bureau of Statistics website
U.S. Census
Corporate Nigeria

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

Joseph plans to promote and lead delegations to:

NAHB's International Builders' Show® (IBS), 2018 in Orlando, Fl.

Local Events:

- West Africa Building & Construction Nigeria 2017, Nov. 14-16, 2017
- Africa Build Lagos, March 6-8, 2018.

Education/Training Sector

Overview

Unit: USD thousands

	2014	2015 (estimated)	2016 (estimated)	2017 (estimated)
Total Market Size	74,090	88,908	77349.96	

	2014	2015	2016	2017
Total Local Production	25,790	30,948	26924.76	
Total Exports	0	0	0	
Total Imports	48,300	57,960	50425.2	
Imports from the U.S.	19,500	27,300	23751	
Exchange Rate: 1 USD	158	162	199	314

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.
**Figures for 2017 are based on 0.8% GDP forecast versus -1.30% in 2016.*

Education is ranked second highest in Nigeria's Federal Government 2017 recurrent expenditure with $1.57 billion (N495.5 billion) of its 2017 budget, making education a top priority sector. The goal of this budget is to set the path of recovery of Nigeria's education sector which has to serve a huge population, but has been plagued with inadequate and inefficient management of resources, overstretched services and outdated infrastructure. These have resulted in low quality of delivery, limited capacity, reduced access and a potential increase in violent crime. It has also been a boon for foreign education with many parents sending their children abroad for quality education. The country boasts of over 300 combined public and private higher institutions including universities, polytechnics, specialized technology colleges, and colleges of education. Among these are 40 federal universities, 44 state-owned and 69 private universities, according to the National Universities Commission (NUC). Despite this seemingly large number of institutions, their capacity falls short of demand from the education-seeking population. Based on the Joint Admissions and Matriculation Board (JAMB) statistics, about 1.6 million students took the university entrance examination in 2016 (and 1.4 million in 2015), but only 415,500 students were admitted into these institutions. Other qualified candidates sought admission elsewhere as the system could not accommodate them.

According to the Institute of International Education, there were 10,674 Nigerians studying in the United States during the 2015-2016 academic year. This was a 12.4%

increase from the prior year, making Nigeria the 14th largest source of international students in the United States. In 2015-2016, 50.8% of Nigerian students in the United States were enrolled in undergraduate programs, 35.6% were pursuing graduate studies, and 11.5% were undertaking Optional Practical Training (OPT). In 2016 the Institute of International Education reported that during the prior year Nigerian students had spent about $324 million on educational programs in the United States.

Other destinations for Nigerian students include the U.K. (16,100 in 2015-6, making Nigeria the 6th largest country), Canada, Australia, and Ghana.

Following recent increases in oil prices and rising foreign reserves, the Central Bank has made dollars available now for foreign school fees. Although banks sell foreign exchange to students at very expensive rates, they can get dollars for their tuition. This is an improvement from the situation in 2015, when the Nigerian government introduced stricter foreign exchange controls due to plummeting oil prices and low revenue which made it more difficult for many businesses and consumers to meet their foreign currency needs. In addition, it generally took several months for the Central Bank to remit tuition and fees to foreign institutions. However, the Nigerian government is encouraging foreign investors to invest in local education and training, which have potential for growth and impact across other sectors.

In his 2016 budget speech, President Muhammadu Buhari announced that his administration will invest in developing the capacity (training) of local farmers and equipping them with required techniques, technology, and tools. Similar investment will also be made in providing training opportunities in solid minerals and security industry sectors. Further, the federal government plans to promote interest in science, technology, engineering and mathematics (STEM) through cash transfers and free education. It will invest in training of youth in career and technical education (CTE), particularly in developing their entrepreneurial skills. To increase student retention in elementary schools, the federal government is planning on partnering with development organizations in implementing a home-grown feeding program. In addressing the persistent teacher shortage, the federal government intends to partner with State and Local Governments in recruiting and training of 500,000 unemployed graduates as teachers, who would be deployed to schools across the country. Many states have also placed education as a priority sector in their 2016 budget with the highest allocation in recurrent expenditures. At least 17 Northern Governors plan to spend over $150.7 million (N300 billion) in developing the education sector, particularly having found a high correlation between illiteracy and insecurity (Boko Haram) in that section of the country over the past six years.

Aside from the state governments, the International Finance Corporation (IFC), a part of the World Bank Group, is expanding its specialized management and skills training programs to thousands of small- and medium-sized enterprises in Nigeria. The IFC partners with banks, financial institutions, micro-finance institutions, consulting firms, private businesses, industry organizations in providing Business Edge Certified training to local trainers. These trainers in turn train other local businesses through workshops and the SME Toolkit, an online solution designed to promote business growth using modern ICT tools. At a recent seminar organized by the Diamond Bank in Lagos, investment and financial experts identified education and training among the key industry sectors with huge investment opportunities under the economic environment, as local providers with competitive prices will reap the most benefits. Sector associations, such as the Oil and Gas Trainers Association of Nigeria (OGTAN) and the Nigerian Ship Owners Association are also seeking to close the growing skills gap by providing industry-specific professional training.

Leading Sub-Sectors

Education franchises (examples: e^2 Young Engineers, The Growth Coach), professional and industry-specific training to support services in power generation/distribution oil and gas, maritime and financial services sectors. There is significant demand for continuing education for Nigerian professionals and the academics, which make this sub-sector a best prospect.

Opportunities

Given the rapid growth in private investment in education, laboratory equipment, books, and professional textbooks will continue to gain market position. 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. Online education is also growing as a viable option and early market entrants are tapping into latent demand for on-going professional education.

Web Resources

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

Electrical Power Equipment Sector

Overview

Unit: USD thousands

	2013	2014	2015	2016	2017 (estimated)
Total Market Size	364,035	437,563	312,244	218,571	255,407
Total Local Production	7,500	9,375	9,844	6,891	8,867
Total Exports	3,465	2,426	1,698	1,189	898
Total Imports	360,000	432,000	302,400	211,680	151,320
Imports from the U.S.	72,647	66,475	51,348	49,807	20040
Exchange Rate: 1 USD	158	193	193	246	315.20

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.

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

Industry stakeholders continue to call for further reforms in Nigeria's power sector arguing that government should divest from the transmission segment, pump additional funds to offset specific challenges faced by the industry, especially the gas to power and transmission segments. The Central Bank has announced it will disburse additional 701 billion Naira specifically to the generation (GENCOs) and gas suppliers, to help engender a more robust sector. However, the Government's capacity to fund the sector is hampered by its lack of funds following downturn in global oil prices, which is their major source of revenue. In recent times, government has again announced plans to diversify its sources of revenue through other non-oil sectors. The Government has also established the Power Sector recovery and Implementation Program (PSRIP) as an operational and financial intervention to review and address issues such as liquidity, transparency, energy sufficiency and governance.

As at January 2016, the Ministry of Power indicated that the demand for electricity in Nigeria was an estimated at 12,800 MW, with supply at about 4,500 MW, which for a country of over 180 million means that demand far outstrips supply leading to widespread self-generation. The government of Nigeria (GoN) estimates that by 2020, 26.6 GW of additional supply will be required to meet demand, an investment of upwards of $4 billion. This is envisaged to require an energy mix comprising thermal, gas, coal, and renewable energy (solar, small hydro, wind, biomass). Industry observers believe that the continuing trend of demand outstripping supply can only be mitigated with significant investment to expand supply and, distributed energy sources, and upgrade existing infrastructure (grid modernization). This is expected to improve growth in the sector, which is stymied by several challenges, including inadequate capex for roll out of new power generation projects, and for rehabilitation, replacement and system expansion projects to address the inadequate/ weak power transmission and distribution capacity. All the capital projects planned by Transmission Company of Nigeria (TCN) in its nationwide program of Rehabilitation, Replacement and System Expansion projects for achieving power wheeling capacities of 7 – 8GW by 2015 and 10GW by 2017, which were to cost US$2.235billion and US$2.556Billion respectively, has largely not been realized due to a lack of funding. Nonetheless, TCN is open to offer single source transmission upgrade contracts to investors with appropriate funding.

In February 2016, the NERC approved roll out of a 45% increase in electricity tariff across board, despite consumer resistance which argue that the increase was not commensurate to service. This is part of the Nigeria Electricity Regulatory Commission (NERC) phased increase of electricity tariffs towards cost-reflective levels, viewed as an important step towards improving the sustainability of investment in the sector. The DISCOs are once again calling for another tariff increase arguing that a cost reflective tariff (which in their opinion should be 68 Naira per Kilowatt hour (Kw/h rather than current 25 Naira Kw/h) will be a positive step that will significantly help stimulate additional robustness in the sector. Industry watchers are of the opinion that this will help resolve a number of financial constraints impacting the sector. Significant challenges remain, however, including the need to deregulate more fully the natural gas pricing to provide incentives to develop greater supply for domestic power generation.

In 2006, GoN initiated the Renewable Energy Master Plan (REMP) aimed at increasing the supply of renewable electricity (wind, solar, biomass and small hydro) from 13% of total installed electricity generation capacity in 2015 to 23% in 2025 and 36% by 2030. The country also expects to add 30% capacity from coal with the objective to increase the country's power generation capacity to 10,000 MW by 2017. This proposal received a boost with the signing in 2016 of power purchase agreements (PPAs) between the Nigeria Bulk Electricity Trader (NBET) and 14 firms for solar power projects expected to add about 1.1 GW of additional capacity to the country's generation. Industry sources indicate that the country will need an additional 26.6 GW generation capacity to meet demands through 2020. This will comprise 30 perc capacity from coal, about 2,200 MW from the NIPP projects (1,896 MW), IPPs (296 MW) and FGN legacy assets [installed - Thermals 5.6 GW, Hydro 1.3 GW and Wind {pilot} 10MW]. In addition, GoN is also investing heavily to boost generation through the large, medium and small hydrostatic power plants with total capacity of over 4,234 MW. These include Mambilla - 3,050 MW; Zungeru -700 MW; Gurara 11 - 360 MW; Small hydropower - 84 MW; Itisi – 40 MW and Kashimbila - 40 MW.

Other initiatives embarked by the government include:

- Power China Corp's over 20 GW 10,000km Transmission lines
- Sale of NIPP (4,775 MW)
- New IPPs in planning stage 2.6 GW
- Coal/Renewables
- Operation Electrify Nigeria

The understanding is that the power projection for 2015 to 2017 is underpinned by several MOU's with the following organizations:

- Power China: to build 20,000 MW capacity thermal power plants and a 10,000km of transmission lines
- General Electric (GE): facilitating and promoting private sector investment up to 10,000 MW including proposed 2 GW of hydropower
- Siemens AG: facilitating and promoting private sector investment up to 10,000 MW.
- Electrobras: facilitating and promoting private sector investment up to 10,000 MW.
- Daewoo E&C: facilitating the development, financing, procurement, manufacture, commissioning and operations of 10,000 MW
- EDF/ETDE: promoting power sector investments by sponsoring feasibility studies for approved projects.

- Multi-Lateral Government-to-Government (G-2-G) Agency Support: promoting the development of small/medium hydro-power plants as embedded generation for rural communities

Each of these MOUs presents opportunities for new ventures by Nigerian-led power development consortiums. The MOUs are designed to make significant equity contribution in kind or cash, as well as provide credibility for IPPs seeking international financing.

Leading Sub-Sectors

Despite the various challenges highlighted above, the decision of the GoN to make the Nigerian power sector to be private sector driven provides opportunities for international and local investment. Currently, Nigeria presents a huge trade opportunity to U.S. suppliers of gas turbines to tap into upcoming gas fired power plants expected from government's proposed plans to increase domestic gas supply estimated to increase to 3 billion standard cubic feet per day (scf). There continues to be demand for portable generating sets (20-500 KVA) and parts, renewable energy and solar systems. According to the United Nations Statistics Division, Nigeria between 2014 and 2015 imported electricity equipment and tools worth about $6.71 billion from China and other countries, ranging from generators, boilers, transformers, turbines, converters, switchboards, conductors, capacitors, meters, switchgears, storage devices, to voltage regulators, valves, circuit breakers, and distribution boards. Imports from the U.S. within the same period were valued at $51 million. Generator imports are projected to reach about $450 million by 2020 due to high demand from several sectors, including manufacturers (food, beverage, cement), telecommunication and banks, real estate and construction firms. Trade and investment opportunity 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 GoN allow off-grid sale of generated power.

Power Africa: Launched in 2013, Power Africa is a market-driven, U.S. Government-led public-private partnership to double access to electricity in sub-Saharan Africa. It also serves as a one-stop shop for private sector entities seeking tools and resources to facilitate doing business in Africa's power sector. In 2016, the Electrify Africa Act unanimously passed both houses of Congress and was signed into law, institutionalizing Power Africa and establishing two goals; to add 20,000 MW of generation capacity and expand electricity access to 50 million people in sub-Saharan Africa by 2020. In bringing together more than 140 of the world's top companies, development institutions, and financial entities, Power Africa employs a transaction-centered approach to directly address key constraints to project development and investment in the power sector. These interventions aim to de-risk investments and accelerate financial close -- from facilitating project bankability with financing and risk mitigation, to providing technical and transaction support, to engaging with host-government counterparts. Learn more about the full Power Africa toolbox or other opportunities offered by Power Africa.

Power Africa Support: Power Africa has provided significant transaction assistance to the Government of Nigeria and private sector entities in accelerating landmark power projects, including Nigeria's first IPP which reached financial close in 2015 and will add 450 MW to the grid by 2018. Power Africa also played a key role in assisting the Government of Nigeria in unbundling the electricity sector into six generation companies, ten distribution companies, and the Transmission Company of Nigeria. Critical to this support has been the role of the Overseas Private Investment Corporation (OPIC) in providing much needed investment funding for IPPs and USTDA in modernizing distribution networks, while reducing technical and commercial losses. Without more generating capacity, it will be difficult to connect additional customers to the grid, thus Power Africa is supporting the growth of off-grid options as well through technical assistance and an innovative grant program for off-grid entrepreneurs. As an example, Lumos Inc. is deploying rooftop solar panel kits to approximately 70,000 residential and small commercial customers in Nigeria as a result of Power Africa support. Learn more about how Power Africa is partnering to address key challenges in Nigeria's electricity sector and supporting private sector investment in electrical power equipment.

Solar: Nigeria signed Power Purchase Agreement (PPA) with 14 solar firms for solar power plants across the country expected to add about 1.1 GW of power to the grid. There have been concerns on the capacity of the current transmission infrastructure to accommodate these additional power generations. Industry watchers believe smaller solar plants are viable for rural communities, especially in the Northern parts of Nigeria, which is estimated to hold the most potential for solar energy especially the rural communities that are off grid and can benefit from small micro grid projects and solar plants.

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

Large Hydro Power Development

- 3,050 MW Mambilla Hydro Power Plant Project
- 700 MW Zungeru Hydro Power Plant Project
- 360 MW Gurara II Hydro Power Plant Project
- 40 MW Kashimbilla Hydro Power Plant Project
- 40 MW Itisi Hydro Power Plant Project
- 38 MW Dadinkowa Hydro Power Plant Project

Small & Medium Hydro Power Projects – Nationwide

DAM	STATE	CAPACITY (MW)	ESTIMATED COST (US$)
Oyan	Ogun	10	7,500,000.00
Ikere Gorge	Oyo	6	11,000,000.00
Bakolori	Zamfara	3	4,275,000.00
Challawa	Kano	7.5	33,500,000.00
Tiga	Kano	10	44,562,500.00
Kampe	Kogi	3	8,125,000.00
Owena	Ondo	0.45	1,287,500.00
Doma	Nasarawa	1	4,900,000.00
Zobe	Katsina	0.30	1,531,250.00
Jibia	Katsina	4	91,250,000.00

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

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

Opportunities

There continues to be widespread self-generation which significantly impacts cost of doing business, however, various opportunities, including transmission and distribution (T&D) network upgrades, and expansion of backbone infrastructure, metering, billing and collection software systems and solutions in addition to theft and loss prevention systems are available for investors.

Nigeria presents a significant trade opportunity to U.S. manufacturers and suppliers of diesel-operated generating sets (20-500 KVA) – GoN officials have stated that they do not expect the power situation to improve until 2017 when the privatized GENCOs and DISCOs fix their newly-bought assets and are able to supply power to Nigerian homes. Until then, corporate offices, service providers and individuals have to generate their power needs that range between 20 KVA and 500 KVA and U.S. diesel-operated power equipment are preferred.

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 - construction of a super-grid transmission infrastructure to wheel increased power generated by GENCOs and sold to DISCOs through the Nigerian Bulk Electricity Trading Company (NBET). This is expected to enhance Nigeria’s national grid and enable independent power plants interconnect and discharge their power.
- Joint Venture partnerships to build off-grid captive power plants (5 – 19 MW) for resale to manufacturing industries in strategic cities – GoN Power Reforms allow off-grid sales of generated power
- Partnerships to offer technical services to newly privatized GENCOs – upgrade of existing equipment (turbines)
- Renewable Energy (RE) systems – solar, wind, biomass technologies
- Technical services to DISCOs for proper metering and billing systems
- Supply of Prepaid Meters to DISCOs
- Training of GENCOs and DISCOs technical personnel for maintenance of equipment
- Sale of Heavy-duty Power Plants (100 KW to 1 MW) – most companies operating in Nigeria provide their own reliable source of power such as diesel-operated heavy duty generating sets. U.S. and European-origin equipment are preferred in view of their reliability and serviceability. U.S. manufacturers of power equipment may

utilize the guarantees provided by Ex-Im Bank and OPIC as incentives to purchasing plants from the U.S. Ex-Im Bank has put forth a plan to provide up to $1.5 billion in financing and guarantees in the Nigerian power sector.

Support Services:

- Provision of specialized training for electricity industry technicians and managers.
- Assembly Plants for intermediary power equipment & accessories including meters
- Consultancies in Regulatory & Consumer education initiatives
- Provision of Power Sector specific equipment testing, calibration & logistics services

Investment Opportunities – Transmission:

- Nigeria Transmission network needs an injection of about $5billion within the next 5years
- Plan for a 765KV Super Grid (conceptual)
- New, greenfield IPPs
- Funding options include:
    - International Development Banks
    - Multilateral Funding Sources
    - Public Private Partnership.
    - Local Capital Market
- Smart metering devices – manufacturing & servicing
- Manufacturing of electricity generation, transmission & distribution equipment & spare parts

Investment Opportunities – Remote, Off-Grid & Renewable Energy:

- Pre-feasibility & Feasibility Studies for Remote and off-grid locations.
- Load profiles & forecasts for Remote and off-grid locations.
- Development of commercial framework for implementation of remote and off-grid power.

- Funding and Technical support for pilot project implementation.
- Staff training & capacity building for the Nigeria Electricity Supply Industry (NESI)
- Selected pilot projects in off-grid, solar–powered electricity supply to rural communities e.g. Durumi, Shape, Waru.

Trade Events

- Nigeria Power Conference & Exhibition (February 27 to Mar 2, 2017)
- Power Nigeria Exhibition & Conference (September 5-7, 2017)
- Nigerian International Power Expo & Conference (September 18-20, 2017)
- Future Energy Nigeria - West Africa Power Industry Convention ((WAPIC), November 7- 8)
- Nigeria Alternative Energy Expo (October 18-20, 2017)

Key Agencies in the Nigeria Power Sector

- Federal Ministry of Power – Policy formulation and consistency
- Nigeria Electricity Regulatory Commission – Issuance of licenses & Regulation
- Nigeria Bulk Electricity Trading Company Plc – Power Purchase Agreements
- Nigeria Electricity Liability Management Company – Take over and management of all liabilities and from the legacy generation and distribution companies
- Gas Aggregation Company of Nigeria – Allocation of gas for domestic use
- Transmission Company of Nigeria – Management of the National Grid
- Nigeria Gas Company – Gas Infrastructure and Transportation
- Rural Electrification Agency – Remote & Off grid projects
- Electricity Management Services – Testing & Certification of electrical components for quality & suitability
- Presidential Task Force on Power – Facilitating cross - sectoral solution

Web Resources
Federal Ministry of Power, Works & Housing
Nigeria Electricity Regulatory Commission
Energy Commission of Nigeria
Nigerian Bulk Electricity Trading

Renewable Energy Programme
Nigeria Electricity System Operator

Email Benedicta Nkwoh, Senior Commercial Specialist: Benedicta.Nkwoh@trade.gov

Information & Communications Technology Sector

Overview
Unit: USD thousands

	2014	2015	2016	2017 (estimated)
Total Market Size	108,603	125,219	100,175	100255.14
Total Local Production	3,861	4,460	3,568	3570.85
Total Exports	0	0	0	0
Total Imports	104,742	121,008	96,806	96883.44
Imports from the U.S.	66,206	76,487	61,190	61238.95
Exchange Rate: 1 USD	158	199	199	314

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
National Bureau of Statistics website
BMI Research
Business News
This Day Live
Invest in Nigeria
The Guardian
Technology Times

Total Local Production: Nigeria Computer Society (NCS) and Lagos Computer Village
Total Imports: National Bureau of Statistics website
Imports from U.S.: U.S. Census; Trading Economics

**Figures for 2017 are based on 0.8% GDP forecast versus -1.30% in 2016.*

Despite its protracted economic recession, Nigeria remains Africa's largest ICT market with 82% of the continent's telecoms subscribers, 29% of internet usage, and 9.1% contribution to national GDP in the fourth quarter of 2016. The Federal Government of Nigeria (GON) recognizes ICT as the enabler for developing other critical sectors including agriculture and manufacturing. Thus, in its drive to diversify the economy from oil and gas, the GON is encouraging partnerships between local ICT companies and multinational/foreign investors. To promote these partnerships and grow an entrepreneurial eco-system in the technology sector, the federal government has supported creating government or private sector led incubator hubs, youth innovation programs, and science technology parks. Abuja Technology Village Science and Technology Park, which serves as an example, received the Abuja government support to become a destination for research, incubation, development, and commercialization of Information and Communications Technology. Construction has now begun at the site, full and the GoN has granted Special Economic Zone status to Abuja Technology Village and other hubs to enable duty-free shipments and elimination of labor issues as a fiscal incentive to investors and entrepreneurs. Prominent among the partnerships with the private sector are collaborations with local accelerators like iDEA (startup) and the Co-Creation Hub (CC-Hub) in Yaba, Lagos. These initiatives have attracted foreign investors like the Silicon Valley-based Y Combinator who recently participated in pitches by Nigerian startups, and New York-based Andela which established an incubation center in Lagos in 2014 to recruit and train talented Nigerians to code and subsequently hire them to foreign firms. In mid-2016, Facebook invested $24 million in Andela through its Chan Zuckerberg Initiative, and was followed by the visit of Mark Zuckerberg, who also toured the CC-Hub in August during his African business tour. In March 2017, a group of leading Silicon Valley venture capital seed fund accelerators, 500 Startups visited Nigeria – on the Geeks on a Plane program – to explore investment opportunities and engage with local ecosystem stakeholders in Nigeria's ICT space.

To provide a level playing field for both local and foreign ICT companies, the federal government has established ongoing dialogue between the Office of Nigerian Content (ONC) and U.S. original equipment manufacturers/other suppliers on how to redefine and implement the "Guidelines for National Content" that is meant to stimulate local sector growth. In addition, on May 16, 2017, the Senate President led the Nigeria ICT Policy Working Group to host the U.S. Chamber of Commerce Africa Business Center in a discussion of issues relative to streamlining policies for private sector, improving efficiency in governance through IP protection and enforcement, and reducing Nigeria's ICT infrastructure deficit. Moreover, the National Assembly is currently reviewing the draft Telecoms National Infrastructure Bill. The focus of the bill is two-fold: to re-categorize telecoms equipment – including mobile base stations, fibre-optic cables and other industry assets – as critical infrastructure, similar to power stations and other high-value networks, as well as criminalize vandalization of telecoms infrastructure, which currently affects the quality of service.

In January 2016, the Federal Government announced the ICT Sector Roadmap (2016-2019), with the goal of addressing the key challenges plaguing the ICT sector, and promoting President Buhari's SMART Digital Nigeria Initiative. According to the Minster of Communication, Adebayo Shittu, the focus of this policy document includes, improving infrastructure and quality of service, promoting national broadband penetration and security, and supporting e-commerce. The policy will also encourage continuity of private sector led continuous innovation and capacity building. In addition, the roadmap is intended to emphasize SMART Government that is ***"Social"*** (interactive with citizens), ***"Mobile"*** (adaptive to changing times), ***"Analytic"*** (knowledge-driven), "***Radically Open***" (accountable, transparent, encourages participatory governance), and ***"Trusting"*** (effective use of ICT to secure cities, critical national infrastructure (Telco infrastructure and other investments), and protect privacy). As part of this effort to develop the ICT sector, the Minister of Communications recently announced the Government's plans to host a 'Smart Cities Nigeria 2017 Summit' on June 28 and 29 with the aim to elicit interest and commitment of state governments and foreign investors to fast-track the digital transformation agenda in the country.

In June 2016, the Nigerian Communications Commission (NCC) auctioned 2.6 GHz spectrum to MTN (with a 10-year radio spectrum license), which is expected to improve mobile broadband service from 67% to 90%, and facilitate deployment of high-speed internet services in Nigeria. The NCC is planning on eventual auctioning of 700MHz to 800 MHz lower band spectrum to improve 4G services outside of densely populated areas. Further, the Nigeria Broadcasting Corporation (NBC) is currently switching from analogue television to digital television broadcasting by June 2017, which would free up additional spectrum for expansion of broadband infrastructure.

In 2015, the Federal Government signed the cybercrime bill into law to prohibit and prevent computer fraud and protect computer systems, networks and critical national information infrastructure. Further, MainOne Cable Company and IHS Holding Limited were issued infraco licenses which permit telecom companies to provide infrastructure. In June 2016, IHS acquired Helios Towers Limited's (HTN) 1,212 diversified towers across Nigeria, and this increased IHS' towers to 22,600 in 5

West African countries including Nigeria. American Tower Corporation also closed a deal to purchase Airtel's 4,800 cell towers to manage ICT infrastructure. According to the Nigerian Communications Commission (NCC) statistics, the four GSM network operators (MTN, GLO, Airtel, and Etisalat) had 30,176 base stations in 2014. To facilitate broadband penetration and to improve the Quality of Service, Nigeria requires an additional 75,000 more base stations and last mile distribution within and around major cities. In the meantime, the overall cell phone capacity in Nigeria is relatively high due to the number of high-capacity submarine cables landing on Nigeria's coastline and backbone fiber optic cables connecting Lagos, Abuja and Port Harcourt, which the major telecom companies leverage to achieve a threshold of 101.45 tele-density. However, due to limited base stations, the data market has a deficit of 98%, as broadband delivery to the "Last Mile" (last end user) is impeded with multiple fees and taxes charged by state and local governments, even though the country has 10 terabytes of internet bandwidth capacity provided by undersea cables from Glo 1, MainOne, and South Atlantic 3 (SAT 3).

As part of broadband expansion plan, the GON is exploring investment opportunities in the launch of a third backup satellite for NIGCOMSAT. The federal government is also seeking private sector "infrastructure" partners in expanding last-mile access. Further, the GON has submitted the Nigeria Postal Commission Bill which would enable NIPOST to optimize its capacity by leveraging ICT to diversify service and bridge the digital divide in local communities. A critical dimension of the three-year ICT Sector Roadmap is the implementation of national policies to promote national security and support e-commerce, reduce waste and improve efficiency in governance, block leakages (piracy and vandalism of infrastructure), protect intellectual property, and enforce mechanisms to promote creativity.

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

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.
In Nigeria's mobile market, MTN maintained the lead in 2015, while Airtel, Etisalat and Glo remaining some distance behind the market leader. In August 2015, the Nigerian Communications Commission (NCC) imposed a huge fine on all four mobile networks, as a result of improperly registered SIMs, and MTN carried the largest share of the fine due to its failure to meet the deadline.

Leading Sub-Sectors

Smart devices such as smartphones, tablets, laptops, point of sale and point of payment systems have a large and fast-growing market in Nigeria. 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

The United States 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. 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 challenge to U.S. market share in this industry sector. Chinese firms offer a combination of incentives including 90-day credit sales and sponsored training programs, participation in local trade shows. The also 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.

Web Resources
Federal Ministry of Communications
Wider Net
National Information technology Development Agency
Nigerian Communication Comission

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

Joseph plans to promote and lead delegations to:

NAB Show 2018
Local Industry Events

- 5th Digital Africa 2017 Conference and Exhibition, Shehu Musa Yar Adua Centre, F.C.T. Abuja, Nigeria June 6-8, 2017
- NigeriaCom Conference, Oriental, Lagos, September 20-21, 2017

Medical Sector

Overview
Unit: USD thousands

	2014	2015	2016	2017 (estimated)
Total Market Size	181,400	199,668	93,000	133,990
Total Local Production	4,520	5,100	3,000	4,000
Total Exports	10	10	5	10
Total Imports	176,880	194,568	90,000	130,000

	2014	2015	2016	2017 (estimated)
Imports from the U.S.	11,548	8,555	6,452	8,000
Exchange Rate: 1 USD	160	197	197	314

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

Data Sources:

Total Local Production: Industry Contacts
Total Exports: Industry Contacts
Total Imports: BMI Report, Oxford Business Group
Imports from U.S.: U.S. Census Bureau.

Compared to South Africa's sophisticated healthcare infrastructure, the most advanced on the continent, the Nigerian medical system is still underdeveloped and lacks modern facilities. There is a wide lack of qualified medical professionals, with the country having 35,000 doctors despite needing 237,000, according to WHO figures, partially due to brain drain effects. As a result, Nigeria loses at least $1.5 billion every year to medical tourism according to the Nigerian Medical Association (NMA). Of this figure, India accounts for more than half from nearly 5,000 Nigerian patients. To reverse this trend and ensure access to health for all Nigerians, the Nigerian government rolled out a new National Health Policy in 2016. According to Prof. Isaac Adewole who is the Minister of Health, the policy provides direction necessary to support the achievement of significant progress in terms of improving the performance of the national health system. It also lays emphasis on primary healthcare as the bedrock of national health system in addition to providing financial risk protection to all Nigerians, particularly poor and vulnerable populations. An Oxford Business Group report on the Nigerian healthcare sector indicates that the Nigerian Sovereign Investment Authority (NSIA) in partnership with the Federal Ministry of Health (MoH), has signed a series of agreements to modernize and expand health care services through private sector participation. The agreements look to develop the capacity of specialist hospitals and diagnostic centers to ensure they are able to provide advanced medical care services. So far, a total of ten memorandums of cooperation have been signed between the NSIA, the MoH and various heath care facilities throughout the country's six geopolitical zones, with six of the agreements already in advanced stages. Examples include, agreements the with Lagos University Teaching Hospital to develop a specialist cardiovascular facility in Lagos, with Kano-based Aminu Kano Teaching Hospital to build a modern diagnostic center and with the Federal Medical Centre Umuahia to develop a diagnostic center in the main hospital complex in Abia State.

The report also noted that allocating more funding for health-related infrastructure and facilities is a key priority for Nigeria, with the government earmarking 4.3% of the 2016 federal budget to health care. According to the World Health Organization (WHO), Nigeria spends only $67 per person on health care, whereas South Africa allocates seven times as much and Angola three times as much. In addition to its collaboration with the NSIA, the MoH has also set ambitious new targets to increase access to health facilities, with a specific aim to increase the number of primary health care centers (PHCs). As part of its goal to ensure access to health care for 100m Nigerians, the MoH plans to build 10,000 PHCs throughout the country by 2018, with at least one PHC per ward – an administrative unit with 10,000 people – to facilitate health care access across a wide geographic area.

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

Leading Sub-Sectors

Most private clinics cannot afford new equipment and therefore settle for used ones. Medical devices in high demand include diagnostic equipment such as Magnetic Resonance Imaging (MRI), Computed Tomography scan (CT), Digital X-Ray, Ultrasound, Mammography and Ultrasound Scans. Medical disposables especially those for testing for malaria parasites, drug abuse, and infectious diseases such as HIV/AIDS and tuberculosis will also do well in Nigeria. China is a dominant offshore supplier of very basic, low tech instruments which most private clinics can afford. All medical devices and medicines entering Nigeria must first be registered with the National Agency for Food and Drug Administration and Control (NAFDAC) prior to import. A zero import duty applies to all medical equipment per legislation but according to the President of the Healthcare Federation of Nigeria (HFN), in reality, an importer could pay rates reaching up to 10%.

Opportunities

Investment opportunities exist for U.S. healthcare firms to establish hospitals and clinics with treatment capabilities and cutting edge medical technologies. The dearth of medical expertise in Nigeria's health sector has created opportunities U.S. medical training and education institutions. Prospects are also emerging in the area of hospital administration, management and consulting services.

Web Resources

National Agency for Food and Drug
BMI Research
Federal Ministry of Health
Oxford Business Group

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

Local Trade Shows
Medic West Africa
October 11-13, 2017
Landmark Center
Victoria Island, Lagos
Nigeria

Oil and Gas Field Machinery Sector

Overview

Unit: USD thousands

	2013	2014	2015	2016	2017 (Estimates)
Total Market Size	412,274	499,828	387345	244,917	221,600

	2013	2014	2015	2016	2017 (Estimates)
Total Local Production	19,000	19,950	13,965	9,776	9,971
Total Exports	0	0	0	0	0
Total Imports	393,274	479,878	335,915	235,141	211,629
Imports from the U.S.	266,274	283,235	144,882	79,636	96,133
Exchange Rate: 1 SD	158	193	193	246	314

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 (drilling & oilfield equipment)

**Ministry of Petroleum Resources*
***PETAN: Petroleum Technology Association of Nigeria*
****Trade Publications: Nigerian Oil & Gas Intelligence, African Oil & Gas Journal, the Oxford Business Group*

2016 was not a particularly good year for Nigeria as the country experienced several challenges that adversely impacted its economy, many of which was as attributed to the continuing global low crude oil price. Other issues, include renewed militancy in the Niger Delta, though currently quelled, Central Bank of Nigeria (CBN) monetary policies {one of which involved restrictions on access to U.S. dollars for importation of select items}, a policy aimed at shoring up the value of the Naira, issues with fixing a stable market driven exchange rate regime, unofficial devaluation of the Naira, and government of Nigeria (GoN) cash call payments debts to the international oil companies, albeit currently being paid off, stymied investments in the country's oil and gas industry. As other countries heavily dependent on oil for its revenue, Nigeria was adversely impacted by the foregoing factors, resulting in the country losing its ranking as Africa's the top producer to Angola. Nonetheless, Nigeria remains one of Africa's key oil producers producing high-value, low-sulfur content crude oil. Although the country is currently struggling to cope with depleting revenues, liquidity and convertibility issues, it is vigorously adopting measures to overcome economic recession and exploring various alternative revenue sources, especially through gas commercialization and infrastructure development. Albeit the country's economic outlook in 2016 was viewed as bleak with delays in many projects, industry observers sees a promising outlook for the country's 2017 to 2018 economic outlook. While a couple of the international oil companies continue to scale down capital expenditure and delay investments in new exploration activities, divestments from onshore and shallow onshore assets, others are continuing their offshore projects and initiating new ones. Industry observers see tremendous opportunities in service contracts from ongoing and upcoming deep water projects, especially new discoveries such as OPL 245, which is estimated to offer over $13 billion of ancillary service for drilling and production systems if issues regarding the project are resolved.

Recently, GoN initiated the Nigerian Gas Flare Commercialization Program (NGFCP) policy, offering investor opportunities for gas infrastructure and development equipment and services.

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

In 2016, the Nigerian National Petroleum Corporation (NNPC), was re-organized into seven independent units (five business focused and two services driven) comprising Upstream, Downstream, Gas & Power, Refineries, Ventures, Corporate Planning & Services and Finance & Accounts and Chief Executive Officers were appointed for each unit. Industry observers are of the opinion that these challenges offer untapped opportunities for stakeholders to devise alternatives modes of operation that are profit driven. The Government also plans to install small efficient

Greenfield and modular refineries to co-exist with existing four refineries in the country and embarked on a road show announcing upcoming modular refinery and marginal fields bid rounds scheduled for late 2017. The government also hopes to fast track increase output for domestic consumption in addition to the proposed Dangote refinery targeting exports by 2020. The Nigerian Content Act, which imposes limits on foreign management and the content of the petroleum sector, and the recent Central Bank of Nigeria foreign exchange controls presents significant barriers to foreign participation and imports in the sector, in particular to service companies.

Over the next decade, Nigeria hopes to increase its reserves through field optimization, as well as encouraging investments in the development of marginal fields, deep water offshore and exploitation of bitumen reserves. The GoN continues to prioritize investment in natural gas and gas-based industries, as outlined in the Gas Master Plan, a comprehensive gas infrastructure development program which targets new investments in gas processing and pipelines, gas-to-power projects and petrochemical facilities and the Gas Flare Commercialization Program (NGFCP) policy. The government's ongoing power sector reform and privatization is also in dire need of required concurrent investments in new gas supply for Independent Power Producers (IPPs) and refurbishment of former state-owned generation assets. Several gas commercialization projects include the existing Notore Fertilizer plant, Indorama's petrochemicals plant, the proposed Dangote's $9 billion oil and petrochemical refinery expected to come on stream by 2019 and an underwater pipeline to connect Nigeria's Niger Delta to other West Africa markets will generate gas demands of over 2.5 billion standard cubic feet of gas per day. Investment opportunities range from financial services, gas transmission pipelines, pipe milling and fabrication yards to upstream gas development, Liquefied Natural Gas (LNG) and Liquefied Petroleum Gas (LPG) plants as well as gas processing facility and gas-based manufacturing industries. All these upcoming projects offer tremendous opportunities for foreign firms for sale of equipment and services. Many local companies are gradually getting involved in gas projects and look to the U.S. as a source for expertise, equipment and services.

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

The Nigerian local content legislation represents a "significant" barrier to entry, but one that international companies can successfully manage with the right strategy; however, companies are expected to register with the Department of Petroleum Resources (DPR), the regulatory agency for all activities in the oil and gas industry. Key issue worth reiterating, which is relevant for foreign companies interested in operating in Nigeria's oil and gas industry, is government's commitment to enforcing Nigerian Content Act and the Nigerian Petroleum Exchange (NipeX) portal for improved procurement processes in the oil and gas industry.

Leading Sub-Sectors

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

Opportunities

Within the upstream and downstream segments, opportunities abound in exploration and production, drilling and manufacturing equipment, support services, marketing, construction, engineering and consulting services, transportation and storage of crude oil, insurance, legal services, facilities maintenance, and environmental management. State-owned Nigerian National Petroleum Corporation (NNPC's) commercialization activities offer opportunities for investment in pipelines and storage depots (tank farms) which are critical for the downstream sector. Additional opportunities exist in the fabrication of pipes for the oil and gas industry and the water services sector. Nigeria's estimated average demand for steel pipes range between 1 million to 1.2 million tons annually and offer opportunity for partnership for the pipe milling and fabrication services. The Nigerian Government's prioritization of growing domestic gas sector to support power generation and gas-based industrialization presents a major opportunity for U.S. manufacturers and suppliers of modular gas stripping and treatment plant equipment, LNG, Compressed Natural Gas (CNG), LPG, and methanol and fertilizer plant equipment.

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

Trade Events

- Nigeria Oil and gas Conference & Exhibition (NOG), February 28 to March 2, 2017
- Offshore West Africa Exhibition & Conference (OWA) June 6-8, 2017)
- African Petroleum Congress & Exhibition, March 15-17, 2017
- Oil & Gas Upstream & Downstream Conference & Expo, August 30 -31, 2017
- The Nigerian Association of Petroleum Explorationists (NAPE) international conference & exhibitions, November 19-23, 2017

- West Africa Energy Assembly, November 7-8, 2017

Web Resources

Nigerian National Petroleum Corporation

Email: Benedicta Nkwoh, Commercial Specialist: Benedicta.Nkwoh@trade.gov

Safety and Security Sector

Overview

	2014 (estimated)	2015 (estimated)	2016 (estimated)	2017 (estimated)
Total Market Size	9,871	9,989	11,347	13,998
Total Local Production	968	980	997	807
Total Exports	0	0	0	0
Total Imports	8,907	9,009	10,350	13,189
Imports from the U.S.	4,946	5,350	7,270	5,286
Exchange Rate 1 USD:	160	160	200	304

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Local Production: Nigeria Defense Academy (NDA)
Total Exports: n/a
Total Imports: Security Practitioners' Association of Nigeria, Industry practitioners
Imports from U.S: **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, insurgency, violent crime and kidnapping. Buyers of security equipment include government, businesses and residential builders/owners. 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 are not disclosed by many firms and the government. Sales of heavy military weaponry take place between the two governments of USA and Nigeria

The GON has continued to reform its security agencies and is investing substantially to enable them to undertake covert and overt operations, including intelligence gathering. The Nigerian security agencies are investing in biometric solutions, metal detectors, bomb and tracking devices, surveillance cameras and CCTV for residential and office perimeters for their installations nationwide. Tracking devices including, monitors, "closed" circuit cameras, network equipment, accessories and security software, and ICT training, are among the priorities of the GON. These opportunities all afford U.S. security equipment manufacturers of equipment significant opportunities.

Leading Sub-Sectors

U. S. companies now sell armored vehicles to high profile political office holders, other government workers, individuals and security personnel in Nigeria. Manufacturers of body scanners, CCTV, bomb detectors, vehicle tracking systems and others have a ready market in Nigeria. Nigerians now prefer U.S. origin security equipment because of its durability, reliability and sustainability.

Local, States and Federal government have continued to focus on security, and are providing the funding to improve their efforts in this critical sector. The GON budgeted and spent over $2 billion in 2016 to improve security services and equip security agencies. This budget is grossly lower than the previous year's that was massively looted by corrupt politicians and military officials who are currently facing trials.

Training is being accorded high priority by the inspector general of police as well as the defense agencies. Future government tenders will be an opportunity for U.S. businesses selling security equipment as the administration of President Muhammadu Buhari is known to have soft spot for the American market, having trained himself in U.S. as a military officer.

Companies across all sectors, homes and religious organizations have continued to take security more seriously than they have done in the past years. There is an increased demand for bomb and metal detectors to secure facilities across the country as well as body scanners, and the U.S. is the preferred source due to high level of durability of its products.

Opportunities

Today, most of the equipment used locally has been purchased from countries other than the U.S., with some 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. The current political leaders of the two countries have further given credence to the importance of increasing security training and services to Nigeria.

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 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.

Web Resources

Securex West Africa (Commercial & Homeland Security, Fire, Safety, Cyber Security et el) Conference

ASIS African Security Conference

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

Trucks

Overview

Unit: USD thousands

	2014	2015	2016	2017 (estimated)
Total Market Size	236,800	140,100	72,400	85,000
Total Local Production	16,800	20,100	40,000	50,000
Total Exports	0	0	0	0
Total Imports	220,000	120,000	32,400	35,000
Imports from the U.S.	109,857	59,881	16,340	20,000
Exchange Rate: 1 USD	160	197	197	314

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

Data Sources:

Total Local Production: Industry contacts

Total Exports: Industry contacts

Total Imports: Industry contacts

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

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

Transportation by road accounts for more than 70% of all intra and inter-city traffic in Nigeria due to the county's poor transport infrastructure. Goods are mostly distributed by commercial heavy and light duty trucks. Much of these vehicles on

Nigerian roads are used units imported largely from the United States, Germany, Netherlands and Belgium. The U.S. is responsible for nearly half of Nigeria's import volume with the Mack brand leading as the most preferred of all due to its perceived ruggedness and durability. But a new automotive policy implemented by the government in 2015 to encourage local vehicle manufacturers, has stirred up increased truck assembly operations most of which are in partnership with Chinese automakers. For example, Nigerian conglomerate Dangote Group has started building a USD100 million truck assembly factory in Lagos. The facility will be developed in partnership with China National Heavy Duty Truck Group's unit Sinotruk and will have capacity to produce 10,000 trucks a year. There is growing competition from locally assembled and modestly priced Chinese truck brands resulting in gradually declining imports.

Leading Sub-Sectors

Although market for buses is also relatively big, demand for American models is insignificant. Their low ground clearance is of particular concern to bus owners because of the deplorable condition of most Nigerian roads. Before Chinese and locally made buses became prominent recently, the market favored Mercedes and Marcopolo brands. However, the United States can provide advanced systems and services for fleet management, wet cargo metering tools, tracking devices, as well as other ICT-based products and capabilities required by haulage and passenger transit companies.

Opportunities

There are very few well-established truck and bus driving schools in Nigeria. Consequently, many drivers are not well-trained and do not possess driving certifications. Therefore, opportunities exist for establishing well equipped training centers.

Web Resources

National Automotive Council

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

Customs, Regulations & Standards

Trade Barriers

Nigeria employs a combination of tariffs and quotas for the double purpose of taxing international trade for revenue generation and protecting local industries from highly competitive imports. The country's tariffs are determined by the 2015 – 2019 CET Book. The tariff has five bands; zero duty on capital goods and essential drugs, 5% duty on raw materials, 10% on intermediate goods, 20% on finished goods and 35% on imports into strategic sectors. Nevertheless, effective rates tend to be higher since the Nigerian government may apply additional charges (levies, excise and VAT) on the imports. However, the total effective rate of each line item is not to exceed 70%. As mentioned above, there are over 80 tariff lines whose effective duty exceeds the limit set by the CET.

In a bid to protect its local industries and grow several strategic sectors chief of which is agriculture, the Nigerian government has continued to restrict or place bans on certain imports. A list of banned items can be found via the Nigerian Customs Agency: Import Prohibition List One and Import Prohibition List Two.

Most goods destined to Nigeria, especially in the foods, drug and cosmetics categories, require some sort of inspection and/or certification from government authorities or their appointed third party contractors. Because the Nigerian government lacks the capacity to undertake such painstaking inspections, testing and reviews, clearance of imports are typically delayed to the detriment of the importer.

Local content laws are emerging across sectors of the Nigerian economy. Originally introduced to ensure local participation in labor and across the value chain of the oil and gas sector, local content requirements have gradually begun to spread to other sectors such as Information and Communications Technology (ICT). In addition, the government has several import substitution policies which aim to increase local production over imports through subsidies, tariffs, quotas and other barriers to trade. Amongst these measures is a Federal Government directive which stipulates that preference be granted to domestic manufacturers, contractors and service providers in all government procurements. This directive, issued via an Executive Order in May 2017, also states that at least 40% of expenditure for the procurement of the following items shall be on locally manufactured goods:

1. Uniforms and Footwear
2. Food and Beverages

3. Furniture and Fittings
4. Stationery
5. Motor Vehicles
6. Pharmaceuticals
7. Construction Materials
8. Information Technology

Furthermore, the Nigerian Senate has passed an amendment to the Public Procurement Act of 2007 which would, among other changes, compel Federal Government Ministries, Departments and Agencies to show preference for local goods and services. The amendment is awaiting scrutiny and passage by the House of Representatives as well as assent by the President prior to its enactment. As a result of the difficulties in implementing such local content and domestic preference policies as well as the government's limited capacity to enforce these directives, the new Executive Order has tasked the Federal Ministry of Industry, Trade and Investment and the Bureau of Public Procurement (BPP) to prepare a report on specific recommendations to strengthen the implementation of local content policies.

Nigerian port practices continue to present major obstacles to trade. Importers report erratic application of customs regulations, lengthy clearance procedures, high berthing and unloading costs, and corruption. Due to lack of space at Lagos ports, ships reportedly queue up for days, and in some cases weeks and months, before being able to berth and discharge their contents. Due to delays caused by congestion and the poor condition of the port access roads, operations at Nigerian ports are among the most expensive in the world. However, there have been reported slow but steady improvements in the goods transit process. The Nigerian Port Authority (NPA), through public-private partnership arrangements, has undertaken rehabilitation of port terminals in Lagos and Port Harcourt, deepened water channels, upgraded common user facilities, and removed wrecks from water channels.
More information about non-tariff trade barriers in Nigeria can be found via the linked PDF.

For more information and help with trade barriers please contact:

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

Import Tariff

Nigeria began the implementation of Economic Community of West African States (ECOWAS) Common External Tariffs (CET) on January 1, 2015 in compliance with ECOWAS Heads of State's adoption of a five-band regional CET. ECOWAS CET seeks to liberalize trade in line with WTO guidelines by harmonizing tariff charges within ECOWAS countries and strengthening its common market vis-à-vis non-member countries. Nigeria is among ten ECOWAS member countries which have adopted the CET thus far. ECOWAS expects the remaining five countries to adopt the CET by January 2017. However, member countries, including Nigeria, are allowed to continue to employ restrictive trade policies on many food and agricultural products.

Nigeria maintains a number of supplemental levies and duties on selected imports that significantly raise effective tariff rates. For example, Nigeria has an effective duty (Tariff, Levy, Excise and Value Added Tax (VAT) where applicable) of 50% or more on over 80 tariff lines. These include about 35 tariff lines whose effective duties exceed the 70% limit set by ECOWAS. Most of these items are luxury goods such as Yachts, Motorboats and other vehicles for pleasure (75%) as well as on alcohol (75% to 95%) and tobacco products (95%). In addition, Nigeria places high effective duty rates on imports into strategic sectors in order to boost the competitiveness of the local industries. Such sectors are agriculture; where wheat, sugar, rice and tomato paste have effective rates of 85%, 75%, 70% and 50% respectively; and mining, with an effective duty of 70% on salt and 55% on cement. For a full list of tariffs, visit the website of the Nigerian Customs Agency.

In October 2013, the Nigerian government announced an Automotive Industry Development Plan (NAIDP), which seeks to expand domestic vehicle manufacturing. The NAIDP imposes a 35% levy on automobile imports, over and above the 35% tariff already levied, for an effective total duty of 70%. The NAIDP allows companies that manufacture or assemble cars in Nigeria to import one vehicle for every one manufactured in Nigeria.

Import Requirements & Documentation

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

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

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

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

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

Labeling/Marking Requirements

Shippers must ensure that Import Duty Report (IDR) numbers are always quoted on the shipping manifests for all import shipments into the country before such manifests are submitted to the Nigeria Customs Service. For air cargo, the airline must ensure that the IDR number for the relevant goods is stated on the airway bill.

The Nigerian government requires that products entering the country must display information including: name of product, country of origin, specifications, date of manufacture, batch or lot number, standards to which they were produced (e.g. BS, DIN, ISO/IEC, NIS, etc.) and in the case of items such as soap, food and drinks and related products, they should carry the expiration date or the shelf life, as well as active ingredient(s), where applicable. All items entering the country must be labeled in **metric terms exclusively**. Products with dual or multiple markings will be confiscated or refused entry. For more information please visit the website of the Standards Organization of Nigeria.

U.S. Export Controls

Exports of certain products from the United States to Nigeria fall under U.S. Government export licensing requirements.

Temporary Entry

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

Prohibited & Restricted Imports

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

1. Live or dead birds including frozen poultry.
2. Pork, beef, birds eggs, excluding hatching eggs
3. Refined vegetable oils and fats (includes mayonnaise). Crude vegetable oil is NOT banned from importation.
4. Cane or beet sugar and chemically pure sucrose, in solid form in retail packs.
5. Cocoa butter, powder and cakes.
6. Spaghetti/noodles.
7. Fruit Juice in retail packs.

8. Waters, including mineral waters and aerated waters containing added sugar or sweetening matter or flavored, ice snow, other non-alcoholic beverages and beer and stout (bottled, canned or otherwise packed, but excluding energy or health drinks (liquid dietary supplements).
9. Bagged cement.
10. Medicaments as indicated below:
    i. Paracetamol tablets and syrups;
    ii. Cotrimoxazole tablets and syrups;
    iii. Metronidazole tablets and syrups;
    iv. Chloroquine tablets and syrups;
    v. Haematinic formulations; ferrous sulphate and ferrous gluconate tablets, folic acid tablets, vitamin B complex Tablets (except modified released formulations);.
    vi. Multivitamin tablets, capsules and syrups (except special formulations);
    vii. Aspirin tablets (except modified released formulation and soluble aspirin);
    viii. Magnesium trisilicate tablets and suspensions.
    ix. Piperazine tablets and syrups;
    x. Levamisole tablets and syrups;
    xi. Clotrimazole cream;
    xii. Ointments – penecilin/gentamycin;
    xiii. Pyrantel pamoate tablets and syrups; and
    xiv. Intravenous fluids (dextrose, normal saline, etc.).
    xv. Waste Pharmaceuticals.
11. Soaps and Detergents in retail packs only.
12. Mosquito Repellant Coils.
13. Sanitary Wares of Plastics and Domestic Articles and Wares of Plastics (but excluding Baby Feeding bottles) and flushing cistern and waterless toilets.
14. Rethreaded and used Pneumatic tires but excluding used trucks tires for rethreading of sized 11.00 x 20 and above.
15. Corrugated Paper and Paper Boards, and cartons, boxes and cases made from corrugated paper and paper boards, toilet paper, cleaning or facial tissue, excluding baby diapers and incontinent pads for adult use.
16. Telephone Re-charge cards and vouchers.
17. Carpets and other textile floor coverings.
18. All types of Foot Wears, Bags and Suitcases but excluding Safety Shoes used in oil industries, sports shoes, canvass shoes all Completely Knocked Down (CKD) blanks and parts.

19. Hollow Glass Bottles of a capacity exceeding 150mls (0.15 liters) of all kinds used for packaging of beverages by breweries and other beverage and drink companies.
20. Used compressors and used fridges/freezers.
21. Used Motor Vehicles above fifteen (15) years from the year of manufacture.
22. Furniture, but excluding baby walkers, laboratory cabinets such as microscope table, fume cupboards, laboratory benches, Stadium Chairs, height adjustments device, base sledge, seat frames and control mechanism, arm guide and headguides. Also excluded are; skeletal parts of furniture such as blanks, unholstered or unfinished part of metal, plastics, veneer, chair shell etc. Also excluded are Motor Vehicle seats and Seats other than garden seats or camping equipment, convertible into beds.
23. Ball Point Pens and parts including refills (excluding tip).

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

1. Air Pistols
2. Airmail Photographic Printing Paper.
3. All counterfeit/pirated materials or articles including Base or Counterfeit Coin of any Country.
4. Beads composed of inflammable celluloid or other similar substances.
5. Blank invoices.
6. Coupons for Foreign Football pools or other betting arrangements.
7. Cowries.
8. Exhausted tea or tea mixed with other substances.
9. Implements appertaining to the reloading of cartridges.
10. Indecent or obscene prints, painting, books, cards, engraving or any indecent or obscene articles.
11. Manilas.
12. Matches made with white phosphorous.
13. Materials of any description with a design which, considering the purpose for which any such material is intended to be used, is likely in - the opinion of the president to create a breach of the peace or to offend the religious views of any class of persons in Nigeria.
14. Meat, Vegetables or other provisions declared by a health officer to be unfit for human consumption.
15. Piece goods and all other textiles including wearing apparel, hardware of all kinds' crockery and china or earthenware goods bearing inscriptions (whether in Roman or Arabic characters) from the Koran or from the traditions and commentaries on the Koran.
16. Pistols disguised in any form.

17. Second-hand clothing.
18. Silver or metal alloy coins not being legal tender in Nigeria.
19. Nuclear Industrial waste and other Toxic waste
20. Some spirits
21. Weapons and ammunition of any description which in the opinion of the Comptroller-General are designed for the discharge of any noxious liquid, gas or other similar substance.

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

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

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

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

Customs Regulations

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

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

The Nigeria Customs Service Headquarters is located at:
3 – 7 Abidjan Street, Wuse Zone 3,
P.M.B. 26, Zone 3, Abuja – FCT
Tel: +234 (0) 9 4621597, +234 (0) 9 4621598, +234 (0) 9 4621599
Fax: +234 (0) 9 5234694

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

The Nigeria Trade Hub can be reached at:
Tel: +234 (0) 8100112600
E-mail: support@nigeriatradehub.gov.ng

Standards for Trade

Overview

The two primary government agencies in Nigeria which regulate product standards are the Standards Organization of Nigeria (SON) – the apex standardization body in Nigeria; and the National Agency for Food and Drug Administration and Control (NAFDAC) which regulates the production, trade and sale of food, drugs, cosmetics, chemicals, detergents, medical devices and packaged water.

Standards

SON: The organization's objectives are to:

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

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

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

1. Mandatory Conformity Assessment Program (MANCAP): this is a mandatory program which ensures that all locally manufactured products conform to the relevant Nigerian Industrial Standards (NIS) prior to sale or export.

2. SON Conformity Assessment Program (SONCAP): SONCAP checks goods pre-shipment to ensure that imports into Nigeria are in conformity with the applicable NIS or approved equivalents.

NAFDAC's Laboratory Service Directorate is responsible for analyzing the quality and compliance to requirements of all regulatory products including imports and exports. The Directorate also monitors products in the market post-registration to ensure standards are maintained, investigates quality complaints by the public and serves as a reference laboratory for other government agencies such as the NCS and the National Drug Law Enforcement Agency (NDLEA).

Product Certification

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

1. Voluntary Product Certification Scheme (NIS Mark of Quality): this scheme is designed to reward products which consistently comply with the requirements if the relevant NIS at the point of production and in the markets.

2. Product-Type Certification for Exports: under this scheme, products in a specific consignment are tested for conformance with applicable standards or trade contract.

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

Testing, inspection and certification

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

NAFDAC has accredited consultants with prerequisite knowledge of laws and regulations relating to foods and drugs regulation in Nigeria and globally. These consultants assist firms to meet regulatory requirements for local production, sale and export.

Publication of technical regulations

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

Technical Groups:

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

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online.
SON, also in compliance with the TBT and as the apex standardization body in Nigeria, serves as the National Enquiry Point – a source for standards-related information – for stakeholders within and outside Nigeria.

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

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

Contact Information

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

52, Lome Crescent,
Wuse Zone 7, Abuja
Nigeria.
E-mail: info@son.gov.ng, customerfeedback.collaboration@son.gov.ng
Phone: +234(0)8002255766, +234(0)7056990099
Customer Feed Back Desk: +23470322800925, +2348159570003

Contact details for NAFDAC Corporate Headquarters are as follows:

Plot 2032, Olusegun Obasanjo Way
Wuse Zone 7, Abuja
E-mail : nafdac@nafdac.gov.ng
Phone : 09-6718008, 09-5240996

Trade Agreements

In 2000, Nigeria and the United States signed a Trade and Investment Framework Agreement (TIFA). The Nigerian government trade negotiator is the Federal Ministry of Industry, Trade and Investments (FMITI). To view the TIFA document, click on Nigeria in the aforementioned link.

Licensing Requirements for Professional Services

Medical Professionals

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

Foreign medical graduates must sit for and pass the MDCN Assessment Examination to be eligible to practice in Nigeria. Foreign medical graduates must show evidence from the health regulatory bodies of the countries where they were trained that they are registrable and could have practiced in those countries if they had wanted to do so.

Engineering Professionals

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

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

Lawyers
The Council of Legal Education is the supervisory body responsible for the accreditation, control and management of legal education in Nigeria. The Council of Legal Education runs the Nigerian Law School. Foreign qualified lawyers wishing to re-qualify to practice law in Nigeria must successfully complete the six months Bar Part 1 course and the one year Bar Part 2 course at the Nigeria Law School to obtain a Bachelor of Laws and be called to the Nigerian Bar. The laws in Nigeria limit eligibility for requalification to holders of qualifications from common law jurisdictions.

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

Web Resources
Bilateral Agreement
Nigeria Prohibited Imports List One
Nigeria Prohibited Imports List Two
Nigerian Customs Agency
Federal Ministry of Industry, Trade, and Investment
Standards Organization of Nigeria
National Agency for Food and Drug Administration and Control

Investment Climate Statement

0-Exeuctive Summary
Nigeria is the largest economy and most populous country in Africa with an estimated population of more than 180 million and a gross domestic product of 481

billion USD in 2015 (World Bank data). The Nigerian economy grew briskly for much of the past decade before beginning to slow down in 2014, owing in large part to the decline in the global oil market. Its economy fell into recession in 2016 with the IMF estimating GDP to have contracted 1.7 percent in 2016. Gains from economic growth have also been uneven, as more than 60 percent of the population lives in poverty and unemployment is widespread. A very young country with nearly two-thirds of its population under the age of 25, Nigeria has long been Africa's largest oil producer, but falling output owing in part to insurgent attacks on production facilities in the Niger River Delta caused Nigeria temporarily to fall behind Angola in 2016. Nigeria offers abundant natural resources and a low-cost labor pool, and enjoys mostly duty-free trade with other member countries of the Economic Community of West African States (ECOWAS). However, much of Nigeria's market potential remains unrealized because of significant impediments such as pervasive corruption, inadequate power and transportation infrastructure, high energy costs, an inconsistent regulatory and legal environment, insecurity, a slow and ineffective bureaucracy and judicial system, inadequate intellectual property rights protections and enforcement, and an inefficient property registration system.

Nigeria depends on exports of crude oil for the majority of government revenue and over 90 percent of foreign exchange earnings, so lower oil prices and reduced oil production due to militant activities in the Niger Delta region in 2016 have posed foreign exchange challenges for the Central Bank of Nigeria (CBN) and a fiscal challenge for the government. After a year of pegging the naira at 196-199N/$1, which created dollar shortages and gave rise to a parallel market exchange rate ranging from 350-400N/$1, in June 2016 the Central Bank allowed the naira to depreciate. The result was not a floating of the naira but a new peg to the dollar reset in the 310-320N/$1 range. The naira subsequently depreciated even further on the parallel market, falling to 460-480N/$1 by the end of 2016 and squeezing margins for traders and manufacturers, who pay for imports in dollars but earn revenue in Naira (most manufacturers in Nigeria rely heavily on imported inputs). To preserve foreign exchange reserves and promote import substitution, in 2015 the CBN published a list of 41 categories of items for which official foreign exchange would not be provided, effectively restricting access to dollars for many businesses. Many companies and economists believe the CBN's policy to defend the naira is unsustainable, and concerns about foreign exchange restrictions and about monetary policy in general continued to contribute to economic uncertainty throughout 2016 and early 2017.

Nigeria's underdeveloped power sector remains a significant bottleneck to broad-based economic development. Current production is around 4,000 megawatts of power, forcing the businesses to generate most of their own electricity. The World

Bank currently ranks Nigeria 180th out of 189 countries for ease of obtaining electricity for business. Reform of Nigeria's power sector is ongoing, but investor confidence has been shaken by tariff and regulatory uncertainty. The privatization of distribution and generation companies in 2013 was based on projected levels of transmission and progress toward a fully cost reflective tariff to sustain operations and investment. However, tariff increases were reversed in 2015, and revenues were severely impacted due to decreased transmission levels as well as high commercial, collections, and technical losses, resulting in a severe liquidity crisis throughout the power sector value chain. The Nigerian Government, in partnership with the World Bank, published a Power Sector Recovery Plan (approved by the Federal Executive Council) in March 2017. It is an ambitious plan that addresses the critical constraints and challenges and will require political will, external investment to address the accumulated deficit, and discipline in implementing plans to mitigate future shortfalls. It is, nevertheless, a step in the right direction, and recognizes explicitly that the Nigerian economy is losing on average approximately$29 billion annually due to lack of adequate power.

Nigeria's trade regime remains protectionist in key areas. High tariffs, restricted forex availability for 41 categories of imports, and prohibitions on many other import items aim to spur domestic agricultural and manufacturing sector growth. Nigeria's imports declined in 2016, largely as a result of the country's economic recession. U.S. goods exports to Nigeria in 2016 were USD 1.9 billion, down 44 percent from the previous year, while U.S. imports from Nigeria were USD 4.2 billion, an increase of 121 percent. U.S. exports to Nigeria are primarily refined petroleum products, used vehicles, cereals, and machinery. Crude oil and petroleum products continued to account for over 95 percent of Nigerian exports to the United States in 2016. The stock of U.S. foreign direct investment (FDI) in Nigeria was USD 5.5 billion in 2015 (latest data available), a slight increase from USD 5.2 billion in 2014. U.S. FDI in Nigeria continues to be led by the oil and gas sector. There is also investment from the United States and other countries in Nigeria's power, telecommunications, real estate (commercial and residential), and agricultural sectors.

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 (SEC) and U.S. Department of Justice rulings that included record fines for a U.S. multinational and its subsidiaries that had paid bribes to Nigerian officials. Since then, the SEC has charged an additional four international companies with bribing Nigerian government officials to obtain contracts, permits, and resolve customs disputes. See SEC enforcement actions online.

Security remains a concern to investors in Nigeria due to high rates of violent crime, kidnappings for ransom, and terrorism. The ongoing Boko Haram insurgency has included attacks against civilian and military targets in the northeast of the country, causing general insecurity and a major humanitarian crisis there. Seven bombings of high-profile targets with multiple deaths have occurred in the federal capital Abuja since October 2010. Other bombings and assassinations, the majority linked to Boko Haram, have occurred in the cities of Kaduna, Maiduguri, Damaturu, Bauchi, Jos, Kano, and Suleja. In the Niger Delta region, militant attacks on oil and gas infrastructure in 2016 restricted oil production and export in 2016, but a restored amnesty program and more federal government engagement in the Delta region have brought a reprieve in violence during the second half of the year and allowed limited 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 – in particular, rampant oil theft - remains a serious concern. Maritime criminality in Nigerian waters, including incidents of piracy and crew kidnap for ransom, has increased in recent years and law enforcement efforts have been limited or ineffectual. Onshore, international inspectors have voiced concerns over the adequacy of security measures at some Nigerian port facilities. Businesses report that bribery of customs and port officials remains common and necessary to avoid delays, and smuggled goods routinely enter Nigeria's seaports and cross its land borders.

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.

Table 1

Measure	**Year**	**Index/Rank**	**Website Address**
TI Corruption Perceptions Index	2016	136 of 176	Transparency International
World Bank's Doing Business Report "Ease of Doing Business"	2016	169 of 190	World Bank

Measure	Year	Index/Rank	Website Address
Global Innovation Index	2016	114 of 128	Global Innovation Index
U.S. FDI in partner country ($M USD, stock positions)	2015	USD 5.5.billon	BEA
World Bank GNI per capita	2015	USD 2,820	World Bank

1-Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

In 1995 the Nigerian Investment Promotion Commission Act dismantled years of controls and limits on foreign direct investment (FDI). This intervention facilitated 100 percent foreign ownership in all sectors (with the exception of the petroleum sector, where FDI is limited to joint ventures or production sharing contracts), and creating the Nigerian Investment Promotion Commission (NIPC) with a mandate to encourage and assist investment in Nigeria. The NIPC features a One-Stop Investment Center (OISC) that nominally includes participation of 27 governmental and parastatal agencies (not all of which are physically present at the OSIC) in order to consolidate and streamline administrative procedures for new businesses and investments. Foreign investors receive largely the same treatment as domestic investors in Nigeria, including tax incentives. However, without strong political and policy support, and because of the unresolved challenges to investment and business in Nigeria, the ability of the NIPC to attract new investment has been limited.

The Government of Nigeria (GoN) has continued to promote import substitution policies for various reasons. In the face of dwindling foreign exchange reserves because of lower oil prices, the GoN hopes to boost local production and reduce demand for foreign exchange. The GoN believes that trade restrictions and local content requirements will attract investment that will develop domestic capacity to produce and manufacture products and services that would otherwise be imported. The import bans and high tariffs used to advance Nigeria's import substitution goals have been undermined by smuggling of targeted products (most notably rice and poultry) through the country's porous borders, and by corruption in the import quota systems developed by the GoN to incentivize domestic investment. Despite the

GoN's stated goal to attract investment, investors generally find Nigeria a difficult place to do business.

Limits on Foreign Control and Right to Private Ownership and Establishment

There are currently no limits on foreign control of investments in Nigeria. The NIPC Act of 1995 liberalized the ownership structure of business in Nigeria, so that foreign investors can now own and control 100 percent of the shares in any company (as opposed to the earlier arrangement of 60 percent-40 percent in favor of Nigerians).

The NIPC Act of 1995 allows 100 percent foreign ownership of firms, except in the oil and gas sector where investment is 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 Act prohibits the nationalization or expropriation of foreign enterprises except in cases of national interest. Lack of transparency and corruption in government are endemic.

Nigerian laws apply equally to domestic and foreign investors. These laws include the Nigerian Oil and Gas Content Development Act 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.

Other Investment Policy Reviews

The OECD completed an investment policy review of Nigeria in May 2015. The WTO published a trade policy review of Nigeria in 2011 which also includes a brief overview and assessment of Nigeria's investment climate.

The United Nations Council on Trade and Development (UNCTAD) published an investment policy review of Nigeria and a Blue Book on Best Practice in Investment Promotion and Facilitation in 2009. The recommendations from the report continue to be valid: Nigeria needs to diversify FDI away from the oil and gas sector by improving the regulatory framework, investing in physical and human capital, taking advantage of regional integration and reviewing external tariffs, fostering linkages and local industrial capacity, and strengthening institutions dealing with investment and related issues.

Business Facilitation

Nigeria does not have an on-line single window business registration website, as noted by Global Enterprise Registration. The Nigerian Corporate Affairs Commission maintains an information portal. On average, it takes 12 procedures and 44 days to establish a foreign-owned limited liability company (LLC) in Nigeria (Lagos), slightly faster than the regional average for Sub-Saharan Africa. The time required is likely to vary in different parts of the country. Only a local counsel accredited by the Corporate Affairs Commission can incorporate companies in Nigeria. According to the Nigerian Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, foreign capital invested in the LLC must be imported through an authorized dealer, which will issue a Certificate of Capital Importation. This certificate entitles the foreign investor to open a bank account in foreign currency. Finally, a company engaging in international trade must get an import-export license from the Nigerian customs service.

The Nigerian Investment Promotion Commission has established a One Stop Investment Center, co-locating relevant government agencies to one location in order to provide more efficient and transparent services to investors. Investors may pick up documents and approvals that are statutorily needed to set up an investment project in Nigeria. The Center assists with company incorporation, business permits and registration, tax registration, immigration, and customs issues. The Nigerian government has not established uniform definitions for micro, small, and medium enterprises (MSMEs) with different agencies using different definitions.

Outward Investment

The Nigerian Export Promotion Council administered an Export Expansion Grant (EEG) scheme to improve non-oil export performance, but the government ended the program in 2014 due to concerns about corruption on the part of companies who collected the grants but did not actually export. The federal government's Economic Recovery and Growth Plan 2017-2020, released in February 2017 proposes reviving the EEG in the form of tax credits for companies. The Nigerian Export-Import Bank (NEXIM) provides commercial bank guarantees and direct lending to facilitate export sector growth, although these services 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. Many Nigerian businesses fail to export because they find meeting international packaging and safety standards is too difficult or expensive. Similarly, firms often are unable to meet consumer demand for a consistent supply of high quality goods in quantities sufficient to support exports as well as the domestic market. The vast majority of Nigeria's manufacturers remain unable to compete in the international market, and have little intention of doing so, given the size of Nigeria's domestic market.

2-Bilateral Investment Agreements and Taxation Treaties

The GoN signed a Trade and Investment Framework Agreement (TIFA) with the United States in 2000. Nigeria has bilateral investment agreements with Algeria, Austria, Bulgaria, Canada, China, Egypt, Ethiopia, France, Finland, Germany, Italy, Jamaica, Republic of Korea, Kuwait Morocco, The Netherlands, Romania, Russia, Serbia, Singapore South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, Uganda, and The United Kingdom. Fifteen of these treaties (those with China, France, Finland, Germany, Italy, Republic of Korea, The Netherlands, Romania, Serbia, South Africa, Spain, Sweden, 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 April 2016.

Nigeria is a party to double taxation agreements with thirteen countries, the latest of which (with the Philippines) became effective January 1, 2014. Nigeria does not have such an agreement with the United States.

3-Legal Regime

Transparency of the Regulatory System

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, such as accounting, law, medicine, engineering, and advertising. These standards usually comply with international norms. No legal barriers prevent entry into these sectors.

Ministries and regulatory agencies develop and make public anticipated regulatory changes or proposals and publish proposed regulations before their enactment. The general public has opportunity to comment through targeted outreach including business groups and stakeholders. There is no specialized agency and time period for comment may vary. Ministries and agencies do conduct impact assessments including environmental assessments but impact assessment methodology may vary. The National Bureau of Statistics reviews regulatory impacts impact assessments conducted by other agencies. Laws and regulations are publicly available.

International Regulatory Considerations

Nigeria is not a party to the Government Procurement Agreement (GPA) within the framework of the World Trade Organization (WTO). Nigeria generally regulates investment in line with the World Trade Organization's Trade-Related Investment Measures (TRIMS) Agreement, but the GoN's local content requirements in the oil and gas sector along with guidelines applying local content requirements to the information technology sector may conflict with Nigeria's commitments under TRIMS. 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.

In December 2013, the National Information Technology Development Agency (NITDA), under the auspices of the Federal Ministry of Communication Technology (MCT), issued the Guidelines for Nigerian Content Development in the ICT sector. These guidelines require ICT original equipment manufacturers, within three years from the effective date of the guidelines to use 50 percent local manufactured content and to use Nigerian companies in providing 80 percent of value added on networks. In addition, the guidelines require multinational companies operating in Nigeria to source all hardware products locally; all government agencies to source and procure all computer hardware only from NITDA-approved original equipment manufacturers; and ICT companies to host all consumer and subscriber data locally, to use only locally manufactured SIM cards for telephone services and data, and to use indigenous companies to build cell towers and base stations.

The goal is to promote development of domestic production of ICT products and services for the Nigerian and global markets, but the guidelines post impediments and risks to foreign investment and U.S. companies by interrupting their global supply chain, increasing costs, disrupting global flow of data, and stifling innovative products and services. Industry representatives have expressed concern about whether the guidelines would be implemented in a fair and transparent way towards all Nigerian and foreign companies. All ICT companies, including Nigerian companies, use foreign manufactured products as Nigeria does not have the capacity to supply ICT hardware that meets international standards.

In October 2015, MCT and NITDA published a notice requiring government and ICT service, network and equipment companies to report their local integration status by November 16. On November 5, 2015, NITDA informed U.S. ICT companies that it would not require in-country product manufacturing due to the difficult business environment in Nigeria, but noted that it would continue to press for local ICT capacity building programs. As of September 2016, NITDA is under new leadership.

Embassy contacts indicate that the new Director General, Dr. Isa Ali Ibrahim Pantami, is showing positive signs in adjusting NITDA to a more business friendly position on local content. However, the GoN's history of mixed signals on enforcement of local content requirements and their implications continues to create uncertainty over local content enforcement.

Nigeria is a member of the Economic Community of West African States (ECOWAS), which implemented a Common External Tariff (CET) beginning in 2015 with a five-year phase in period. Under the CET, Nigeria applies five tariff bands: zero duty on capital goods, machinery, and essential drugs not produced locally; 5 percent duty on imported raw materials; 10 percent duty on intermediate goods; 20 percent duty on finished goods; and 35 percent duty on goods in certain sectors that the Nigerian government seeks to protect. Under the CET, ECOWAS member governments are permitted to assess duties on imports higher than the maximum allowed in the tariff bands (but not to exceed a total effective duty of 70 percent) for up to 3 percent of the 5,899 tariff lines included in the ECOWAS CET.

Legal System and Judicial Independence

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 is slow and inefficient, lacks adequate court facilities and computerized document-processing systems, and poorly remunerates judges and other court officials, all of which encourages corruption and undermines enforcement.

Although the constitution and law provide for an independent judiciary, the judicial branch remains susceptible to pressure from the executive and legislative branches. Political leaders have influenced the judiciary, particularly at the state and local levels. Understaffing, underfunding, inefficiency, and corruption have at times prevented the judiciary from functioning adequately. Judges have frequently failed to appear for trials. In addition, the pay for court officials is low, and they often lack proper equipment and training.

The World Bank's publication, Doing Business 2017, ranked Nigeria 139 out of 189 on enforcement of contracts, unchanged from its 2016 ranking (Data used was the same as 2016). The Doing Business report noted that there can be significant variation in performance indicators between cities in Nigeria (as in other developing countries). For example, resolving a commercial dispute takes 720 days in Kano but 447 days in Lagos. In the case of Lagos, the 447 days includes 40 days for filing and service, 265 days for trial and judgment and 140 days for enforcement of the judgment with total costs averaging 62 percent of the claim. In comparison, in OECD countries the corresponding figures are an average of 553 days and averaging 21.3 percent of the claim and in sub-Saharan countries an average of 655.2 days and averaging 44.3 percent of the claim.

Laws and Regulations on Foreign Direct Investment

The NIPC Act of 1995 allows 100 percent foreign ownership of firms, except in 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 Act prohibits the nationalization or expropriation of foreign enterprises except in cases of national interest, but the Embassy is unaware of specific instances of such interference by the government.

Nigerian laws apply equally to domestic and foreign investors. These laws include the Nigerian Oil and Gas Content Development Act 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.

Nigeria does not have an on-line single window business registration website, as noted by Global Enterprise Registration. The Nigerian Corporate Affairs Commission maintains an information portal.

Competition and Anti-Trust Laws

Nigeria has no consolidated competition law. Under the Investment and Securities Act, the Nigerian Securities and Exchange Commission (NSEC) is empowered to determine whether any business combination is likely to substantially prevent or lessen competition. There are also sector-specific antitrust regulations. Several consolidated competition bills have been drafted and considered by Nigeria's National Assembly in the last 15 years, but none have passed into law. Nigerian businesses have been known to seek to protect and expand market share through political connections and economic protections, rather than through free and fair competition, and vested interests may seek to retain such a system. The currently pending version (Federal Competition and Consumer Protection Bill of 2016) would repeal the Consumer Protection Act of 2004 and replace the current Consumer Protection Council with a Federal Competition and Consumer Protection Commission and a Competition and Consumer Protection Tribunal. Under the terms of the bill, businesses would be able to lodge anti-competitive practices complaints against other firms in the Tribunal. In March 2016, the President of the Nigerian Senate noted that the Competition and Consumer Protection Bill was included in a group of nine bills that a UK Department for International Development expert panel recommended in order to reform Nigeria's business environment. In March 2017, the U.S. Federal Trade Commission provided capacity building training to NSEC staff in Abuja on evaluating the competitive impact of mergers and acquisitions.

Expropriation and Compensation

The GoN has not expropriated or nationalized foreign assets since the late 1970s, and the NIPC Act of 1995 forbids nationalization of a business or assets unless the acquisition is in the national interest or for a public purpose. In such cases, investors are entitled to fair compensation and legal redress. A U.S.-owned waste management investment expropriated by Abia State in 2008 is the only known U.S. expropriation case in Nigeria.

Dispute Settlement

ICSID Convention and New York Convention

Nigeria is a member of the International Center for Settlement of Investment Disputes. Nigeria is a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards (also called the "New York Convention"). 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 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. Several other arbitration organizations also operate in Nigeria.

Investor-State Dispute Settlement

Nigeria's civil courts have jurisdiction over disputes between foreign investors and the GoN as well as between foreign investors and Nigerian businesses. The courts occasionally rule against the GoN. 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.

Section 26 of the NIPC of 1995 provides for the resolution of investment disputes through arbitration as follows:

"Where a dispute arises between an investor and any Government of the Federation in respect of an enterprise, all efforts shall be made through mutual discussion to reach an amicable settlement. Any dispute between an investor and any Government of the Federation in respect of an enterprise to which this Act applies which is not amicably settled through mutual discussions may be submitted at the option of the aggrieved party to arbitration as follows:

- in the case of a Nigerian investor, in accordance with the rules of procedure for arbitration as specified in the Arbitration and Conciliation Act;
- or in the case of a foreign investor, within the framework of any bilateral or multilateral agreement on investment protection to which the Federal Government and the country of which the investor is a national are parties;
- or in accordance with any other national or international machinery for the settlement of investment disputes agreed on by the parties.

Where in respect of any dispute, there is disagreement between the investor and the Federal Government as to the method of dispute settlement to be adopted, the International Centre for Settlement of Investment Dispute Rules shall apply."

Nigeria is a signatory to the 1958 Convention on Recognition and Enforcement of Foreign Arbitral Awards. Nigerian Courts have generally recognized contractual provisions that call for international arbitration. Nigeria does not have a Bilateral Investment Treaty (BIT) or Free Trade Agreement (FTA) with the United States.

Bankruptcy Regulations

Reflecting Nigeria's business culture, entrepreneurs generally do not seek bankruptcy protection. Claims often go unpaid, even in cases where creditors obtain judgments against defendants. Under Nigerian law, the term bankruptcy generally refers to individuals where as corporate bankruptcy is referred to as insolvency. The former is regulated by the Bankruptcy Act of 1990, as amended by the Bankruptcy Decree 109 of 1992. The latter is regulated by Part XV of the Companies and Allied

Matters Act Cap 59 1990 (CAMA) which replaced the Companies Act, 1968. The Embassy is not aware of U.S. companies that have had to avail themselves of the insolvency provisions under Nigerian law.

4-Industrial Policies

Investment Incentives

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. There are currently 71 industries defined as pioneer industries for the purposes of this incentive. Companies that receive pioneer status may benefit from a non-renewable, 100 percent tax holiday of five years (seven years, if the company is located in an economically-disadvantaged area). Industries that use 60 to 80 percent of local raw materials in production may benefit from a 30 percent tax concession for five years, and investments employing labor-intensive modes of production may enjoy a 15 percent tax concession for five years. Additional tax incentives are available for investments in domestic research and development, for companies that invest in local government areas (LGAs) deemed disadvantaged, for local value added processing, for investments in solid minerals and oil and gas, and for a number of other investment scenarios. For a full list of incentives, refer to the Nigerian Investment Promotion Commission website at nipc.gov.ng.

The Nigerian Export Promotion Commission administered an Export Expansion Grant (EEG) scheme to improve non-oil export performance, but the government shut down the program in 2014 due to concerns about corruption on the part of companies who collected the grants but did not actually export. The Nigerian Export-Import (NEXIM) Bank provides commercial bank guarantees and direct lending to facilitate export sector growth, although these services 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. Many Nigerian businesses fail to export because they find meeting international packaging and safety standards to be too difficult or expensive. As noted earlier in this report, the vast majority of Nigeria's manufacturers remain unable to compete in the international market and have little interest in doing so, given the size of the domestic market.

The NIPC states that up to 120 percent of expenses on (R&D) are tax deductible, provided that such R&D activities are carried out in Nigeria and are connected with the business from which income or profits are derived. Also, for the purpose of R&D on local raw materials, 140 percent of expenses are allowed. For cases in which the research is long-term, it will be regarded as a capital expenditure and will be written off against profit.

Foreign Trade Zones/Free Ports/Trade Facilitation

The Nigerian Export Processing Zone Authority (NEPZA) allows duty-free import of all equipment and raw materials into its export processing zones. Up to 25 percent 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. The GoN also encourages private sector participation and partnership with state and local governments under the free trade zones (FTZ) program, resulting in the establishment of the Lekki FTZ (owned by Lagos state), and the Olokola FTZ (which straddles Ogun and Ondo states and is owned by those two states, the federal government, and private oil companies). Workers in FTZs may unionize, but may not strike for an initial ten-year period.

Nigeria ratified the WTO Trade Facilitation Agreement (TFA) in 2016 which entered into force in February 2017. Nigeria already implements items in Category A under the TFA and has identified, but not yet implemented, its Category B and C commitments. In August 2016, Nigeria requested additional technical assistance to implement and enforce its Category C commitments.

Performance and Data Localization Requirements

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 Oil and Gas Content Development Act, 2010 (NOGCDA) restricts the number of expatriate managers to five percent of the total number of personnel for companies in the oil and gas sector.

Technology Transfer Requirements
The National Office of Industrial Property Act of 1979 established the National Office of Technology Acquisition and Promotion (NOTAP). NOTAP's main objective is to regulate the international acquisition of technology while creating an environment conducive to local technology. To this end, NOTAP recommends local technical partners to Nigerian users in a bid to reduce the level of imported technology which currently accounts for over 90 percent of technology in use in Nigeria. One of NOTAP's major activities is the review of Technology Transfer Agreements (TTAs), a requirement for importing technology into Nigeria and for companies operating in Nigeria to access foreign currency. NOTAP reviews three major aspects prior to approval of TTAs and subsequent issuance of a certificate:

- Legal – ensuring that the clauses in the agreement are in accordance with Nigerian laws and legal frameworks within which NOTAP operates;
- Economic – ensuring prices are fair for the technology offered; and
- Technical – ensuring transfer of technical knowledge.

One of the chief complaints among American firms concerning the TTA is the length of the approval process which can take up to three months. NOTAP states that by the end of April 2017 it plans to have an automated system in place to streamline the TTA process thereby reducing the approval process to one month or less.

In cooperation with the Ministry of Finance, NOTAP administers 120 percent tax deductions for research and development carried out in Nigeria and 140 percent tax deductions for research and development using local raw materials. The NOGCDA has technology-transfer requirements that may violate a company's intellectual property rights.

Data Storage
The Guidelines for Nigerian Content Development in the ICT sector issued by NITDA on December 3, 2013, require ICT companies to host all consumer and subscriber data locally and for government ministries, departments and agencies to source and procure software from only local and indigenous software development companies. Enforcement of the guidelines is largely absent as the GoN lacks capacity and resources to monitor digital data flows. Federal government data is hosted locally in data centers that meet international standards.

Customs
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 to minimize tariffs and lower their landed costs. Others ship their goods to ports in neighboring countries, primarily Benin, after which they transport overland and smuggle into the country. The GoN implements a destination inspection scheme whereby all inspections occur upon arrival into Nigeria, rather than at the ports of origin. In December 2013, the NCS regained the authority to conduct destination inspections, which had previously been contracted to private companies. NCS also introduced an online system for filing customs documentation via a Pre-Arrival Assessment Report (PAAR) process.

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 percent of Nigeria's legal trade. Nevertheless, bribery of customs agents and port officials remains common, and often necessary to avoid extended delays clearing imported goods through the NPA and NCS. Smuggled goods routinely enter Nigeria's seaports and cross its land borders.

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 USD 1,000 to USD 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. These changes have not been fully implemented, and the costs to obtain multiple entry visas on entry are not clearly set or standardized with each point of entry. U.S. businesses have reported being solicited for bribes in the visa on entry program. Obtaining a visa prior to traveling to Nigeria is strongly encouraged.

5-Protection of Property Rights

Real Property

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 2017, Nigeria ranked 182 out of the 189 countries surveyed for registering property, unchanged from its 2016 ranking. In Lagos, property registration required an average of 13 procedures over 77 days at a cost of 10.1 percent of the property value while in Kano registering property averages 9 procedures over 45 days at a cost of 11.8 percent of the 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, as state governments have jurisdiction over land ownership. Authorities have often compelled owners to demolish buildings, including government buildings, commercial buildings, residences, and churches, even in the face of court injunctions. Therefore, acquiring and maintaining rights to real property can be problematic.

Clarity of title and registration of land ownership remain significant challenges throughout rural Nigeria, where many smallholder farmers have only ancestral or traditional use claims to their land. Nigeria's land reforms have attempted to address this barrier to development but with limited success. A major American investment in an industrial-scale farm in rural Nigeria was cancelled in 2015 in part because the land ownership and the relocation of smallholder farmers was not carried out as promised by the state government, which is vested with such power under Nigerian law.

Intellectual Property Rights

Nigeria's legal and institutional infrastructure for protecting intellectual property rights remains in need of further development and more funding, even though there are laws on the books to deal with enforcing most IPR violations. The areas where the legislation is deficient include online piracy, geographical indications, and plant and animal breeders' rights. No new IPR legislation was enacted in 2016.

Copyright protection in Nigeria is governed by the Copyright Act of 1988, as amended in 1992 and 1999, which provides an adequate basis for enforcing copyright and combating piracy. That Act is administered by the Nigerian Copyright Commission (NCC), a division of the Ministry of Justice. The International Anti-Counterfeiting Coalition (IACC) has long noted that the Copyright Act should be amended to provide stiffer penalties for violators. In October 2015, the NCC released a draft Revised Copyright bill, with a public comment period open until early January 2016. The U.S Patent and Trademark Office (USPTO) coordinated U.S. interagency comments on the draft text which post provided to the NCC in April 2016. In late 2016, after considering all comments received, the NCC completed a further revision of the draft bill and submitted it to the Office of the Attorney General for approval prior to introduction in the National Assembly. The NCC declined post's request for a copy of that revised draft bill but sought to assure post the draft had given significant weight to the comments provided by USG experts. Although the NCC hoped that the Attorney General would approve the draft in time for consideration by the National Assembly in 2017, prospects for passage remain unclear.

Nigeria is a member of the World Intellectual Property Organization (WIPO) but has not yet passed legislation to ratify two WIPO treaties that it signed in 1997: the Copyright Treaty and the Performances and Phonograms Treaty. These treaties address important digital communication and broadcast issues that have become increasingly relevant in the 18 years since Nigeria signed them.

Local content guidelines issued by the Ministry of Communication Technology (MCT) in 2013 (Guidelines for Nigerian Content Development in Information and Communications Technology) have raised IPR concerns about, among other things, the future ability of the GoN to protect data and trade secrets, due to the localization processes requiring the disclosure of source code and other sensitive design elements as a condition of doing business. The IT industry in Nigeria has pushed back strongly against several of the measures in those guidelines, which remain in effect but have not been fully enforced. While the National Information Technology Development Agency (NITDA) does not currently require in-country product manufacturing due to the difficult business environment in Nigeria, it has noted that it would continue to press for local ICT capacity building programs.

Violations of Nigerian IPR laws continue to be widespread, due in large part to a culture of inadequate enforcement. That culture stems from several factors, including insufficient resources among enforcement agencies, lack of GoN political will and focus on IPR, porous borders, entrenched trafficking systems that make enforcement difficult (and sometimes dangerous), and corruption. The NCC, which has primary responsibility for copyright enforcement, is widely viewed as understaffed and underfunded relative to the magnitude of the IPR challenge in Nigeria. Nevertheless, the NCC continues to carry out enforcement actions on a regular basis. According to its report for 2016, the NCC conducted 51 anti-piracy operations and seized 140,663 copyrighted works, including DVDs, books, MP3s, and software. Anti-piracy operations in 2016 led to 103 arrests. Although the quantity of seizures and market value of seizures declined from 2015, the number of anti-piracy operations increased nearly 25 percent

The NCS has general authority to seize and destroy contraband. Under current law, copyrighted works require a notice issued by the rights owner to Customs to treat such works as infringing, but implementing procedures have not been developed and this procedure is handled on a case by case basis between the NCS and the Nigerian Copyright Commission (NCC). Once seizures are made, the NCS invites the NCC to inspect and subsequently take delivery of the consignment of fake goods for purposes of further investigation because the NCC has the statutory responsibility to investigate and prosecute copyright violations. The cost of moving and storing infringing goods is to be borne by the NCC. If, after investigations, any persons are identified with the infringing materials, a decision may be taken to prosecute. Where no persons are identified or could be traced, the Commission may obtain an order of court to enable it destroy such works. The Commission works in cooperation with rights owners associations and stakeholders in the copyright industries on such matters.

Many USG agencies, including the Department of Justice, the U.S. Patent and Trademark Office, the U.S. Copyright Office, the Department of Homeland Security, the Internal Revenue Service, and others have all led or participated in IPR capacity building efforts in recent years that have included participants from Nigeria's Economic and Financial Crimes Commission, the Nigerian Customs Service, the Nigerian Police, the Nigerian Copyright Commission, the Nigerian Trademarks, Patents, and Designs Registry, the Standards Organization of Nigeria, and the National Agency For Food and Drug Administration and Control.

Nigeria was not listed in the 2017 Special 301 report but was included in the 2016 Notorious Markets Report, which specifically noted two physical markets in Lagos.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles.

6-Financial Sector

Capital Markets and Portfolio Investment

The NIPC Act 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.

2016 witnessed continuing declines in stock market value owing to Nigeria's economic recession: the equity market declined 6.12 percent in 2016, following a 17.6 percent decline in 2015. As of December 2016, the NSE claimed over 247 listed companies and a total market capitalization of USD 53.1 billion, a 4.8 percent decline from 2015. Roughly half of that figure is represented by the market capitalization value of just four companies. The GON has considered forcing companies in certain sectors or over a certain size to list on the NSE, as a means to encourage greater corporate participation and sectoral balance in the NSE, but those proposals have not been enacted to date.

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.

Money and Banking System

The Central Bank of Nigeria (CBN) currently licenses 22 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 and established the government-owned Asset Management Company of Nigeria (AMCON) to address bank balance sheet disequilibria via discounted purchases of non-performing loans. The Nigerian banking sector emerged stronger from the crisis thanks to AMCON and a number of other reforms undertaken by the Central Bank of Nigeria (CBN), including the adoption of uniform year-end IFRS financial reporting to increase transparency, a stronger emphasis on risk management and corporate governance, and the nationalization of three distressed banks. In 2013 the CBN introduced a stricter supervision framework for the country's top eight banks, identified as "Systematically Important Banks" (SIBs) given they account for more than 70 percent of the industry's total assets, loans and deposits, and their failure or collapse could disrupt the entire financial system and the country's real economy. These eight banks are: First Bank of Nigeria, United Bank for Africa, Zenith Bank, Access Bank, Ecobank Nigeria, Guaranty Trust Bank, Skye Bank, and Diamond Bank. Under the new supervision framework, the operations of SIBs are closely monitored with regulatory authorities conducting stress tests on the SIBs' capital and liquidity adequacy. Moreover, SIBs are required to maintain a higher minimum capital adequacy ratio of 15 percent. Although Nigerian Deposit Insurance Corporation (NIDC) officials have estimated non-performing loans stood at 10 percent of outstanding loans at the end of 2016, the actual figure is likely higher. NDIC also reported 13.5 percent non-performing loans in September 2017. GoN and private sector analysts assess that the volume of non-performing loans may be higher than these figures, owing in part to banks not reporting non-performing insider loans made to banks' owners and directors.

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. There are five licensed merchant banks.

The CBN has issued regulations for foreign banks for mergers with or acquisitions of existing local banks in the country. Foreign institutions' aggregate investment must not be more than 10 per cent of the latter's total capital.

Foreign Exchange and Remittances

Foreign Exchange

Foreign currency for most transactions is procured through local banks in the inter-bank market. The official Central Bank of Nigeria (CBN) window for procuring foreign exchange, namely the Retail Dutch Auction System, was discontinued for most of 2015 and 2016 in conjunction with the CBN's systematic restrictions on foreign exchange undertaken to support the value of the naira in the face of weaker forex inflows. Local banks also issue foreign currency-denominated debit cards to customers who have domiciliary accounts. ATM naira-denominated cards issued by local banks can be used internationally for transactions and cash withdrawals, but such transactions have a ceiling of the daily local cash withdrawal limit of Naira 150,000 (approximately USD 750). Low value foreign exchange may also be procured at a premium from foreign exchange bureaus, called Bureaus De Change (BDCs).

The CBN's foreign exchange reserves varied during 2016, falling as low as $23 billion but ending the year at $29 billion, approximately the same level it held at the end of 2015 With the decline in oil prices, the CBN has closely managed the interbank forex market in order to prop up the naira – a move that has created dollar shortages and a vigorous parallel currency market with prices that varied widely from the official interbank rate. After a year of Central Bank efforts to peg the currency at 196-199N/$1, in June 2016 the Central Bank allowed the naira to depreciate substantially from 199N/$1 to 282N/$ 1 and finally to 310-320N/$1. The naira subsequently depreciated even further on the parallel market, falling to 460-480N/$1 by the end of the year with the official rate stabilizing between 310/-320N/$1. Nigerian, American, and other foreign businesses frequently have expressed strong concern about the CBN's foreign exchange restrictions, which they report prevent them from importing needed equipment and goods and from repatriating naira earnings. Foreign exchange demand remains high because of the dependence on foreign inputs for manufacturing and refined petroleum products.

In 2015 the CBN published a list of 41 product categories which could no longer be imported using official foreign exchange channels. Affected businesses (American and Nigerian) have complained publicly and privately that the policy in effect bans the import of some 700 individual items and severely hampers their ability to source inputs and raw materials. While the CBN has often referred to the 41-item list as temporary, the restriction remains in place with no indication it will be removed. In February 2017, the CBN began providing more foreign exchange to the interbank market via wholesale and retail forward contract auctions, in order to meet some of the demand that had been forced to the parallel market. These actions satisfied some of the pent-up demand for dollars in the economy and resulted in a strengthening of the naira at the parallel market from a low of 520/dollar in January 2017 to around 390/dollar as of April 2017.

Remittance Policies

The NIPC guarantees investors unrestricted transfer of dividends abroad (net a 10 percent 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. In 2015, the CBN implemented restrictions on foreign exchange remittances. All such transfers must occur through banks. Such remittances may take several weeks depending of the size of the transfer and the availability of foreign exchange at the remitting bank. Transfers of currency are protected by Article VII of the International Monetary Fund (IMF) Articles of Agreement.

Nigeria is not a member of the Financial Action Task Force. It is a member of Intergovernmental Action Group Against Money Laundering in West Africa (GIABA).

Sovereign Wealth Funds

The Nigeria Sovereign Investment Authority (NSIA) is the manager of Nigeria's sovereign wealth fund. It was created by the Nigeria Sovereign Investment Authority Act in 2011 and began operation the following year with seed capital of USD 1 billion. It's most recent annual report (calendar year2015) reported total assets of USD 1.1billion, a 20.1 percent increase from 2014. It was created to receive, manage and grow a diversified portfolio that will eventually replace government revenue drawn from non-renewable resources, primarily hydrocarbons.

The NSIA is a public agency that subscribes to the Santiago Principles which are a set of 24 guidelines that assign "best practices" for the operations of Sovereign Wealth Funds globally. The NSIA invests through three funds: the Future Generations Fund for diversified portfolio of long term growth, the Nigeria Infrastructure Fund for domestic infrastructure development, and the Stabilization Fund to act as a buffer against short-term economic instability. NSIA does not take an active role in management of companies. The Embassy has not received any report or indication that the activities of the NSIA limit private competition.

7-State-Owned Enterprises

The Government of Nigeria does not have an established practice that is consistent with the OECD guidelines on Corporate Governance for SOEs, but SOEs do have enabling legislation that governs their ownership. To legalize the existence of SOEs, provisions have been made in the Nigerian constitution under socio-economic development in section 16 (1) of the 1979 and 1999 constitutions respectively. The government has privatized many former State-Owned Enterprises (SOEs) to encourage more efficient operations, most recently the state-owned telecommunications company, NITEL, and its mobile subsidiary, MTEL.

Nigeria does not operate a centralized ownership system for its SOEs. The enabling legislation for each SOE stipulates its ownership and governance structure. The Boards of Directors are usually appointed by the President on the recommendation of the relevant Minister. The Boards operate in line with their enabling legislation and are appointed in line with the enabling legislation which usually stipulates the criteria for appointing Board members. Directors are appointed by the Board within the relevant sector. In a few cases, however, some Board appointments have been viewed as a reward to political affiliates. In the case of Nigeria's most prominent SOE, the Nigerian National Petroleum Corporation (NNPC), Board appointments are made by the presidency but the day to day running of business is overseen by the Group Managing Director (GMD). The GMD reports to the Minister of Petroleum, although in the current administration the President has retained that ministerial role for himself, so the GMD reports primarily to the Minister of State for Petroleum.

Responsible for exploration, refining, petrochemicals, products transportation and marketing, the NNPC is Nigeria's biggest and arguably most important state-owned enterprise. It owns and operates Nigeria's four refineries (one each in Warri and Kaduna and two in Port Harcourt), all of which operate far below their original installed capacity. In a bid to attract investment in refineries; the GON says it plans to deregulate the downstream sector fully. In 2016, the Buhari administration took steps to reorganize NNPC into seven independent operational units: Upstream, Downstream, Gas and Power, Refineries, Ventures, Corporate Planning and Services, and Finance and Accounts.

The NNPC has typically operated as an autonomous entity. Until 2016, there was little or no information available on its finances, internal controls, or quasi-fiscal obligations. The Minister of Petroleum Resources grants licenses for oil exploration, while the Department of Petroleum Resources, under the Minister, oversees the licensing process and regulates the sector. While there is open bidding, the Minister of Petroleum Resources exercises wide discretion in awarding licenses. The legislative branch has limited oversight of the process. Nigeria's tax agency receives taxes on petroleum profits and other hydrocarbon-related levies, while the Department of Petroleum Resources collects rents, royalties, license fees, bonuses, and other payments. In an effort to provide greater transparency in the collection of revenues that accrue to the government, the Buhari administration requires these revenues, including some from the NNPC, to be deposited in the Treasury Single Account.

Another key SOE is the Transmission Company of Nigeria (TCN), responsible for the operation of Nigeria's national electrical grid. Private power generation and distribution companies have accused the TCN grid of significant inefficiency and inadequate technology. The TCN incorporated in November 2005 and emerged from the defunct National Electric Power Authority (NEPA). It was the only major component of Nigeria's electric power sector not to have been privatized in 2013.

Privatization Program

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.

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, vehicle assembly plants, and electricity generation and electricity distribution companies. The transmission company remains state-owned. Foreign investors can and do participate in the BPE's privatization process. The BPE also retains partial ownership in some of the privatized companies. (It holds a 40 percent stake in the power distribution companies, for instance.)

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. Nevertheless, the GoN's long-delayed sale in December 2014 of the state-owned Nigerian Telecommunications and its mobile arm, Mobile Telecommunications, shows a continued commitment to the privatization model. The GoN remains interested in developing public-private partnerships to attract foreign capital to support basic infrastructure development, such as the Design-Build-Operate-Transfer of the Lagos-Ibadan Expressway, a major highway in the southwestern part of the country.

8-Responsible Business Conduct

There is no specific Responsible Business Conduct (RBC) law in Nigeria. Several legislative acts incorporate within their provisions certain expectations that directly or indirectly regulate the observance or practice of Corporate Social Responsibility. In order to reinforce responsible behavior, various laws have been put in place for the protection of the environment. These laws stipulate criminal sanctions for non-compliance. There are also regulating agencies which exist to protect the rights of consumers when breached by these entities.

Large local and foreign enterprises generally follow RBC principles as a way to identify with the communities in which they operate and display support for GoN initiatives. Numerous large local and foreign firms have published policies and guidelines for responsible business conduct. Nigeria participates in the Extractive Industries Transparency Initiative (EITI) and is an EITI compliant country. Specifically, in January 2017 the EITI Board determined that Nigeria had made meaningful progress toward the EITI standard. The next EITI validation study of Nigeria will occur in 2018.

Major infrastructure projects require an Environmental Impact Assessment certification pursuant to the EIA Act. This law ensures that the significant environmental issues are identified and studied before public and private sector development projects or activities are commenced and that any potential negative effects can be prevented, reduced or mitigated.

The Department of Petroleum Resources (DPR), an arm of the Ministry of Petroleum Resources, also ensures comprehensive standards and guidelines to direct the execution of projects with proper consideration for the environment. The DPR Environmental Guidelines and Standards (EGAS) of 1991 for the petroleum industry is a comprehensive working document with serious consideration for the preservation and protection of the Niger Delta. While the GoN has no specific action plan regarding OECD RBC guidelines, most government procurements are done transparently and in line with the Public Procurement Act which stipulates advertisement and a transparent bidding process.

The GoN provides oversight of consumer and environmental protection issues. The Consumer Protection Council (CPC), NAFDAC, SON and other entities have the authority to impose fines, and ensure the destruction of harmful substances which otherwise may have sold to the general public. Environmental pollution by multinational oil companies have resulted in fines being imposed locally while some cases have been pursued in foreign jurisdictions resulting in judgment being granted in favor of the oil producing communities.

The main regulators and enforcers of corporate governance are the Securities and Exchange Commission (SEC) and the Corporate Affairs Commission (which register all incorporated Companies). Nigeria has adopted multiple reforms on corporate governance. Examples include Code of Corporate governance best practice in 2003 issued by Securities Exchange Commission (SEC). Similarly, in 2006, the Central Bank of Nigeria (CBN) issued a Code of Corporate Governance for banks' post consolidation. In order to improve corporate governance, the SEC in September 2008 inaugurated a National Committee for the reviewing the Code of Corporate Governance for public companies in Nigeria. It is stipulated that the Board should report annually on the nature and extent of its social, ethical, safety, health and environmental policies and practices. The Securities Exchange Commission issued another Code of Corporate Governance in 2011.

The Companies Allied Matter Act 1990 (CAMA) and the Investment Securities Act provide basic guidelines on company listing. More detailed regulations are covered in the Nigeria Stock Exchange Listing rules. Publicly listed companies are expected to disclose such information in their Annual Financial Reports.

The Banks and other Financial Institution Act 1991 empowers the Central Bank of Nigeria (CBN) to register and regulate bank and other financial institutions. The Insurance Act of 2003 ensures the regulation of insurance companies through the National Insurance Commission (NAICOM).

The Institute of Chartered Accountant of Nigeria (ICAN), the Association of Accountant of Nigeria (ANAN), and Institute of Directors (IoD) also play various roles in promoting effective corporate governance systems in Nigeria. They promote their goals through conferences, seminars and symposiums on compliance with the code of corporate governance practices for listed firms.

9-Corruption

Government Procurement

Foreign companies, whether incorporated in Nigeria or not, may bid on government projects and generally receive national treatment in government procurement, but may also be subject to a local content vehicle (e.g., partnership with a local partner firm or the inclusion of one in a consortium) or other prerequisites which are likely to vary from tender to tender. Corruption and lack of transparency in tender processes has been a far greater concern to U.S. companies than any discriminatory policies based on foreign status. In 2016, in competing for tenders related to rehabilitation of Nigeria's railways, one U.S. company described the process as "fairly transparent," but intimating that corruption concerns still persist. Government tenders are published in local newspapers, a "tenders" journal sold at local newspaper outlets, and on occasion in foreign journals and magazines. The

Nigerian government has made modest progress on its pledge to conduct open and competitive bidding processes for government procurement. Reforms have also improved transparency in procurement by the state-owned Nigerian National Petroleum Company (NPPC). Although U.S. companies have won contracts in a number of sectors, difficulties in receiving payment are not uncommon and can inhibit firms from bidding. Supplier of foreign government subsidized financing arrangements appear in some cases to be a crucial factor in the award of government procurements. Nigeria is not a signatory to the WTO Agreement on Government Procurement.

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 USD 641,000) reportedly undergo full "due process." Some of the 36 states of the federation have also passed public procurement legislation.

In July 2016, Nigeria announced its participation in the Open Government Partnership (OGP), a potentially significant step forward on public financial management and fiscal transparency. In December 2016, the Ministry of Justice presented Nigeria's National Action Plan (NAP) for the OGP, which was set to be implemented starting in January 2017. The NAP covers five major themes: ensuring citizens' participation in the budget cycle, implementation of open contracting and the adoption of open contracting data standards, increasing transparency in the extractive sectors, adopting common reporting standards like the Addis Tax initiative, and improving the ease of doing business. Full implementation of the NAP would be another significant step forward for Nigeria's fiscal transparency.

Businesses report that bribery of customs and port officials remains common, and often necessary to avoid extended delays in the port clearance process, and that smuggled goods routinely enter Nigeria's seaports and cross its land borders.

Domestic and foreign observers identify corruption as a serious obstacle to economic growth and poverty reduction. Nigeria scored 28 out of 100 in Transparency International's 2016 Corruption Perception Index (CPI), placing it in the 128th position out of the 176 countries ranked, a two point improvement from its 2015 score of 26. (From 2012-2016, the country's average score has been 26.6) 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." Traditionally, the EFCC has encountered the most success in prosecuting low-level Internet scam operators. A relative few high-profile convictions have taken place, such as a former governor of Adamawa state, 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, in the case of the convicted governor of Bayelsa State, the President of Nigeria pardoned him in March 2013. The case of the former governor of Adamawa, who was convicted in 2017, is under appeal and he is currently free on bail.

Since taking office in 2015, President Buhari has focused on implementing a campaign pledge to address corruption. Since then, the EFCC arrested a former National Security Advisor (NSA), a former Minister of State for Finance, a former NSA Director of Finance and Administration and others on charges related to diversion of funds intended for government arms procurement.

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. Since its inauguration, the ICPC has secured convictions in some 71 cases (through 2015 latest data available) with numerous cases still open and pending. In April 2014, a presidential committee set up to review Nigeria's ministries, departments, and agencies (MDAs) recommended that the EFCC, the ICPC, and the Code of Conduct Bureau (CCB) be merged into one organization. The federal government, however, rejected this proposal to consolidate the work of these three anti-graft agencies.

Nigeria gained admittance into the Egmont Group of Financial Intelligence Units (FIUs) in May 2007. The Paris-based Financial Action Task Force (FATF) removed Nigeria from its list of Non-Cooperative Countries and Territories in June 2006. In October 2013, the FATF decided that Nigeria had substantially addressed the technical requirements of its FATF Action Plan and agreed to remove Nigeria from its monitoring process conducted by FATF's International Cooperation Review Group (ICRG). However, Nigeria is still seeking FATF membership and has been working toward meeting FATF requirements.

The Nigeria Extractive Industries Transparency Initiative (NEITI) Act of 2007 provided for the establishment of the NEITI organization, charged with developing 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. Nigeria is party to the United Nations Convention against Corruption. Nigeria is not a member of the OECD and not party to the OECD Convention on Combating Bribery.

Resources to Report Corruption
Economic and Financial Crimes Commission
Headquarters: No. 5, Fomella Street, Off Adetokunbo Ademola Crescent, Wuse II, Abuja, Nigeria. Branch offices in Ikoyi, Lagos State; Port Harcourt, Rivers State; Independence Layout, Enugu State; Kano, Kano State; Gombe, Gombe State.
Hotline: +234 9 9044752 or +234 9 9044753

Independent Corrupt Practices and Other Related Offences Commission:
Abuja Office - Headquarters
Plot 802 Constitution Avenue, Central District, PMB 535, Garki Abuja
Phone/Fax: 234 9 523 8810 Email: info@icpc.gov.ng

9.1-Political and Security Environment

Political, religious, and ethnic violence continue to affect Nigeria. The Islamist group Jama'atu Ahl as-Sunnah li-Da'awati wal-Jihad, popularly known as Boko Haram, has waged a violent campaign to destabilize the Government of Nigeria (GoN), killing tens of thousands of people, forcing over two million to flee to other areas of Nigeria or into neighboring countries and leaving approximately seven million people in need of humanitarian assistance in the country's northeast. Boko Haram has targeted markets, 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 bombed the National Police Force headquarters and conducted a suicide car bombing of the United Nations headquarters in Abuja. Attacks on innocent civilians accelerated from late 2013 through 2014. In 2013, Boko Haram claimed responsibility for raiding educational institutions and murdering students. In 2014, Boko Haram began using young girls as agents of suicide bomb attacks. Over the course of late 2014 and early 2015, Boko Haram took over large swaths of territory in the northeastern states of Adamawa, Borno, and Yobe.

President Buhari has focused on matters of insecurity in Nigeria and in neighboring countries. In 2015, the Nigerian military drove Boko Haram forces out of much of its territory, leaving the group only in control of some rural areas of Borno state. Nevertheless, Boko Haram is still capable of carrying out deadly suicide bombings and limited attacks across the Northeast. The Nigerian military continues to advance on remaining Boko Haram strongholds, but Boko Haram IEDs and logistical issues have slowed their movement. Boko Haram pledged allegiance to the Islamic State and changed its name to Islamic State in West Africa Province (ISWAP) in early 2015.

Recent infighting split the organization into two, with one group loyal to longtime chief Abubakar Shekau and the second existing as ISWAP, which disagreed with Shekau's failure to adhere to Islamic State guidance to avoid indiscriminate killing of Muslim civilians. Nigerian security forces have touted the split as a sign of the group's weakness; however, some security analysts caution that the uncertain leadership could make the group more unpredictable.

Due to challenging security dynamics in the North, the U.S. Diplomatic Mission to Nigeria 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.

Decades of neglect, persistent poverty, and environmental damage caused by oil spills have left Nigeria's oil rich Niger Delta region vulnerable to renewed violence. Though each oil-producing state receives a 13 percent derivation of the oil revenue produced within its borders, and several government agencies, including the Niger Delta Development Corporation (NDDC), are tasked with implementing development projects, bureaucratic mismanagement and corruption have prevented these investments from yielding meaningful economic and social development in the region. Niger Delta residents often feel that violence is the only effective way to draw attention to their grievances, and local militants have demonstrated their ability to attack and severely damage oil instillations at will.

9.2-Labor Policies and Practices

Nigeria's skilled labor pool has declined over the past decade due to inadequate educational systems, limited employment opportunities, and the migration of educated Nigerians to 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 and construction sector workers often require on the job training. The result is that while individual wages are low, individual productivity is also low and overall labor costs can be high. The Buhari Administration is pushing reforms in the education sector to improve the supply of skilled works but this and other efforts run by state governors are in their initial stages.

Labor organizations in Nigeria remain politically active and are prone to call for strikes on a regular basis against the national and state governments. While most labor actions are peaceful, difficult economic conditions fuel the risk that these actions could become violent.

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. Nigerian unions belong to one of two trade union federations, the Nigeria Labor Congress (NLC), which tends to represent junior (i.e., blue collar) workers, and the Trade Union Congress of Nigeria (TUC) representing the "senior" (i.e., white collar) workers. According to figures provided by the Ministry of Labor and Employment, total union membership stands at roughly 7 million. A majority of these union members work in the public sector, although unions exist across the private sector. The Trade Union Amendment Act of 2005 allowed non-management senior staff to join unions. Nigeria's largest labor federation, the NLC, contains 42 industrial unions; the TUC includes 18.

Collective Bargaining

Collective bargaining occurred throughout the public sector and the organized private sector in 2014. However, public sector employees have become increasingly concerned about the GoN and state governments' failure to honor previous agreements from the collective bargaining process. For instance, in 2013 a five-month strike by the Academic Staff Union of Universities (ASUU) was the result of the GoN failing to implement a 2009 agreement. President Jonathan signed legislation in 2011 amending the Minimum Wage Act to raise the minimum wage to 18,000 naira (or what was then about USD 110) per month. Union leaders have complained that some state governors did not fully implement 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.

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. Despite these restrictions on staging strikes, unions occasionally conduct strikes in the private and public sectors without warning. Localized strikes occurred in the education, government, energy, power, and healthcare sectors in 2015. The law forbids employers from granting general wage increases to workers without prior government approval, but the law is not often enforced.

The Nigerian Minister of Labor and Employment may refer unresolved disputes to the Industrial Arbitration Panel (IAP) and the National Industrial Court (NIC). In

2015, the National Industrial Court launched an Alternative Dispute Resolution Center. Union officials question the effectiveness and independence of the NIC, believing it unable 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's laws regarding minimum age for child labor and hazardous work are inconsistent. Article 59 of the Labor Act of 1974 sets the minimum age of employment at 12, and it is in force in all 36 states of Nigeria. The Act also permits children of any age to do light work alongside a family member in agriculture, horticulture, or domestic service.

The Federal 2003 Child's Right Act (CRA) codifies the rights of children in Nigeria and must be ratified by each State to become law in its territory. There were no new adoptions of the CRA during the reporting period. To date, 23 states and the Federal Capital Territory have ratified the CRA, with 12 of the remaining 13 states located in northern Nigeria.

The CRA states that the provisions related to young people in the Labor Act apply to children under the CRA, but also that the CRA supersedes any other legislation related to children. The CRA restricts children under the age of 18 from any work aside from light work for family members; however, Article 59 of the Labor Act applies these restrictions only to children under the age of 12. This language makes it unclear what minimum ages apply for certain types of work in the country.

While the Labor Act forbids the employment of youth under age 18 in work that is dangerous to their health, safety, or morals, it allows children to participate in certain types of work that may be dangerous by setting different age thresholds for various activities. For example, the Labor Act allows children age 16 and older to work at night in gold mining and the manufacturing of iron, steel, paper, raw sugar, and glass. Furthermore, the Labor Act does not extend to children employed in domestic service. Thus, children are vulnerable to dangerous work in industrial undertakings, underground, with machines, and in domestic service. In addition, the prohibitions established by the Labor Act and CRA are not comprehensive or specific enough to facilitate enforcement. In 2013, the National Steering Committee for the Elimination of the Worst Forms of Child Labor in Nigeria (NSC) validated the Report on the Identification of Hazardous Child Labor in Nigeria. Currently, the report is with the MOLP for the promulgation of guidelines for operationalizing the report.

The GoN adopted the Trafficking in Persons (Prohibition), Enforcement and Administration Act of 2015 on March 26, 2015. While not specifically directed against child labor, many sections of the new law support anti-child labor efforts. The Violence against Persons Prohibition Act was signed into law in on May 25, 2015 and again while not specifically focused on child labor, it covers related elements such as "depriving a person of his/her liberty," "forced financial dependence/economic abuse," and "forced isolation/separation from family and friends" and is applicable to minors.

Acceptable Conditions of Work

Nigeria's Labor Act 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 inspect factories for compliance with health and safety standards. Under-funding and limited resources undermine MOLP 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.

Draft legislation, such as a new Labor Standards Act which includes provisions on child labor, and an Occupational Safety and Health Act that would regulate hazardous work, have remained under consideration in the National Assembly since 2006.

Foreign Workers

Admission of foreign workers is overseen by the Federal Ministry of the Interior. Employers must seek the consent of the Ministry in order to employ foreign workers by applying for an "expatriate quota." The quota allows a company to employ foreign nationals in specifically approved job designations as well as specifying the validity period of the designations provided on the quota.

There are two types of visas which may be granted, depending on the length of stay. For short-term assignments, an employer must apply for and receive a temporary work permit, allowing the employee to carry out some specific tasks. The temporary work permit is a single-entry visa, and expires after three months. There are no numerical limitations on short-term visas, and foreign nationals who meet the conditions for grant of a visa may apply for as many short-term visas as required.

For long-term assignments, the employer should apply for a "subject-to-regularization" visa (STR). To apply for an STR, an employer must apply for and obtain an expatriate quota. The expatriate quota states positions in the company that will be occupied by expatriate staff. Upon arrival in Nigeria, the employee will need to validate his or her visa by applying for a work and residence permit.

9.3-OPIC and Other Investment Insurance Programs

The U.S. Overseas Private Investment Corporation (OPIC) offers all its credit and risk products to U.S. investors in Nigeria. OPIC has a number of active projects in Nigeria, which include those in the field of power generation and the American International School in Abuja. Nigeria concluded an investment incentive agreement with OPIC in 1999.

9.4-Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical Source		**USG or International Statistical Source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2015	N/A	2015	$4811	World Bank
Foreign Direct Investment	**Host Country Statistical source**		**USG or International Statistical Source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2015	N/A	2015	$5521	BEA

	Host Country Statistical Source		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Host country's FDI in the United States ($M USD, stock positions)	2015	N/A	2015	$14	BEA
Total inbound stock of FDI as % host GDP	N/A	N/A	N/A	N/A	N/A

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	Amount	100%	Total Outward	N/A	100%
Netherlands	18162	21.8	N/A	N/A	N/A
United Kingdom	10594	12.7	N/A	N/A	N/A
India	8985	10.8	N/A	N/A	N/A
China, P.R.	6641	8.0	N/A	N/A	N/A
British Virgin Islands	5646	6.9	N/A	N/A	N/A
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Data not available.

9.5-Contact for More Information

Trade and Investment Officer
EconNigeria@state.gov
Plot 1075 Diplomatic Drive
Abuja, Nigeria
+234 9 461 4000

Trade & Project Financing

Methods of Payment

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 form adopted, the proceeds must be repatriated within 90 days from the date of shipment of the consignment. U.S. exporters are advised to ship goods only on sight of confirmed and irrevocable letters of credit. The advisable method of quoting is "CIF."

U.S. firms also are advised that fraudulent business practices involving bogus financial documents are common. Independent verification of the legitimacy of transactions is recommended. U.S exporters should also consult with their bankers for document verification. It is necessary to confirm the validity of any Nigerian bank with the U.S. Commercial Service office in Nigeria.

Banking Systems

The Nigerian banking system currently consists of 22 commercial banks, 942 micro-finance banks, 5 discount houses, 64 Finance Companies, and 6 development finance banks. The Central Bank of Nigeria (CBN) regulates and supervises the activities of these 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.

Foreign Exchange Controls

In Nigeria, many exchange rates exist. These include, the official exchange rate from the CBN, an interbank rate (where banks lend to each other), another used by international money transfer companies, and a black market rate. The CBN even maintains separate rates for religious pilgrims and students studying abroad. From late 2015, the bank pegged the local currency at roughly 200 naira against the dollar until June 2016 when collapsing oil prices heaped pressure on the naira forcing the bank to devalue it to about 305 naira and introduce measures to save it from sliding further. Some of these strategies include, barring importers of 41 products categories from accessing dollars from the CBN, restricting the amount of dollars drawn daily from foreign ATMs by Nigerians when they travel overseas, reducing dollar amounts the bank sold weekly to Bureau de Change operators, stopping sale of dollars to Nigerian students studying abroad and making the bank the conduit for all foreign capital inflows into the country. Although the CBN has recently relaxed some of its forex policies and began injecting much needed dollars into the system, businesses have continued to experience difficulties buying foreign currency and processing offshore payments.

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

US Banks & Local Correspondent Banks

Citibank and the JP Morgan are the only U.S. banks with a 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

J.P. Morgan

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

United Bank for Africa
UBA House
57 Marina, Lagos
Nigeria
P.O. Box 2406, Lagos
Tel: 234-1-264-4651-700

Standard Chartered Bank
142 Ahmadu Bello Way
Victoria Island, Lagos
Nigeria
Tel: 234-1-270-0025
Fax: 234-1-270-2144

Project Financing

It may be possible, given hard currency constraints (see Foreign Exchange Restrictions; page 8), to obtain funding locally through a 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 firms also exist and can support projects. U.S. government financing agencies are active in Nigeria. The U.S. Trade and Development Agency (USTDA) provides financing for feasibility studies, while the Export-Import Bank (Ex-Im Bank) supports the export of goods made in the United States.

The 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 finance to certain operations of companies exporting goods from Nigeria. The AfDB channels these loans through the CBN to the Nigerian Export-Import Bank (NEXIM), Bank of Industry (BOI), and licensed export financing banks.

Multilateral Development Banks:

US Export-Import Bank (EXIM)

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

U.S. Trade and Development Agency

The U.S. Trade and Development Agency (USTDA) provides grant funding to support project development through technical assistance, feasibility studies and pilot projects for infrastructure projects in key sectors - energy, telecoms and transport. USTDA has provided critical project planning assistance for 63 Power Africa activities, supporting the development of over 1,370MW of new power generation anticipated to generate enough energy to supply 2.6 Million homes across Africa. USTDA's investments have leveraged $2.9 billion worth of public and private sector financing in Nigeria alone. USTDA has a U.S. export multiplier of $84 for every $1 programmed.

Upcoming USTDA Workshops

1. **Reverse Trade Mission (RTM), Fiber Optic Cable and Broadband ICT Technologies – Autumn 2017 (San Francisco, CA)**
   USTDA has approved funding for a reverse trade mission (RTM) that would support U.S. private sector participation in the implementation of Broadband and ICT technology projects in Sub-Saharan Africa (SSA). The primary objective of the RTM is to support U.S. private sector participation in the development and implementation of optic fiber and backbone ICT projects in Nigeria. The RTM will span approximately twelve calendar days, visit at least two U.S. cities, and include a business briefing, meetings with public and private sector representatives from U.S. industry, and relevant site visits. The RTM would also highlight state-of-the art U.S. technologies and services as well as policies, regulations and financing mechanisms that can support the implementation of fiber infrastructure rollout projects in Nigeria.

2. **USTDA Creates Opportunity for U.S. Energy Industry in Nigeria – April 2017 (Kano, Nigeria)**
   U.S. Trade and Development Agency awarded a grant to the Nigerian company, Dangote Industries Limited, supporting their efforts to develop a 100 MW solar photovoltaic power plant with Black Rhino, an African

infrastructure investor, in Kano State. The feasibility study will assess the viability of Nigeria's transmission grid to offtake from a solar PV power plant with generation of up to 100 MW. Specifically, the study will assess the transmission system infrastructure capacity and stability. Aliko Dangote, CEO of Dangote Industries noted that the grid study is a key component to the success of future grid-connected power in Kano State. The Kano Grid Connection feasibility study will be conducted on a competitive basis.

3. **USTDA Creates Opportunity for U.S. Energy Industry in Nigeria – April 2017 (Southern Nigeria)**
   U.S. Trade and Development Agency awarded a grant to the Nigerian company, Community Social Enterprises Limited (CESEL), for a feasibility study supporting the roll-out of 25 solar photovoltaic micro grids across Nigeria. Together, the micro grids will produce more than 5 megawatts. This project will help Nigeria to capitalize on its tremendous solar energy potential by scaling up the deployment of off-grid generation and mini grid systems, ultimately increasing access to electricity. The study will focus on providing solar energy for rural and peri-urban communities that generally lack reliable access to electricity. The micro grid systems will operate on a "pay-as-you-go" structure using mobile payments, with production and consumption monitored on a real-time basis. This structure ensures payment and sustainability, as well as provides consistent, reliable power at a lower price than diesel generators.

A U.S. TDA representative is based at the U.S. Consulate in Lagos, Nigeria. jegba@ustda.gov | egbajo@state.gov

US Agency for International Development (USAID)

Strategic Advisory Group (SAG)

USAID supports a Senior Advisors' Group of former Heads of State and other senior officials and business leaders (under Tony Blair's African Governance Initiative) to serve as a resource to Heads of State and senior officials in Nigeria. Their primary responsibility is to support host country senior officials in their efforts to monitor and drive reforms that promote private sector investment.

Assistance to Launch the Vice President's Advisory Power Team (APT)

USAID designed and is supporting the APT in the Vice President's office through a contract with McKinsey, Inc. The APT has a mandate to coordinate the sector writ large to complete the projects included in the Energy Blueprint to enable the power system to increase its delivery capacity to 6 GW in the near term and 7 GW in the medium term. This assistance will end in March, 2016.

Capacity-Building for the National Electricity Regulatory Commission (NERC)
USAID has supported a partnership between the National Association of Regulatory Utility Commissioners (NARUC) and the Nigerian Electricity Regulatory Commission (NERC) since 2008. Specific assistance to NERC planned for 2016 includes:

- A communications campaign around the revised tariffs
- Participation in Training for New Commissioners in April, 2015
- Supporting NERC in developing its customer service processes
- Developing a distribution loss reduction strategic and implementation plans
- A technical workshop to help NERC implement its mandate if draft energy efficiency legislation awaiting signature is signed.

Technical Assistance to the Nigeria Bulk Electricity Trader (NBET)
USAID assists NBET in the negotiation of Power Purchase Agreements (PPAs) and other key project agreements for the projects identified by NBET as priority IPP projects such as Azura, MPN QIPP (ExxonMobil), Supertek/ Symbion Ajaokuta, JBS WindPower, Century Power, Nigeria Solar Capital Partners, Ikot Abasi Power, and Proton Energy. USAID's experts work on specific, high level issues such as closing out PPA negotiations and developing credit enhancement instruments such as the Put-Call Option Agreement (PCOA) for the Azura and QIPP projects.

Technical Assistance to the Transmission Company of Nigeria (TCN)
USAID currently supports TCN by providing financial, legal/regulatory and technical subject matter experts. In 2015, advisors supported TCN in developing their financial plan and budget and tariff filings, structuring procurements, prioritizing future projects and identifying funding sources, and supporting TCN's restructuring efforts. USAID advisors will continue assistance to TCN, expanding on ongoing activities and do new work in developing transmission public-private partnerships in Nigeria.

Technical Assistance to Improve Enabling Environment for Gas to Power
Assistance to implement the Gas Sector Master Plan will be provided if desired by the NNPC and other relevant organizations. This assistance could include recommendations on gas pricing required to incentivize gas producers to produce, gather, process, and transport gas to power plants and assistance in unblocking gas gathering, processing, and transportation infrastructure to enable existing gas-fired power plants to operate/operate at higher utilization rates.

USAID is also beginning a collaboration with DFID's Solar Nigeria Program (SNP) which is designed to directly improve access to clean, reliable, sustainable and affordable electricity in Nigeria by scaling up the public and private markets for off-grid solar power. DFID will focus primarily on the social sector (e.g. schools and clinics) and USAID will focus on development of the business and consumer markets. This will include facilitating the entry of US solar corporations into the market and assistance in preparing bankable small solar IPP projects and access to finance.

OPIC

The Overseas Private Investment Corporation is one of the key investors in the 500MW Azura gas-fired power station which is expected to be operational in 2018. OPIC has also invested in the 500 MW Oma gas project. Nova Lumos Corporation received a commitment letter from OPIC for funding to support their business selling rooftop solar kits and has partnered with MTN Nigeria Communications Ltd to sell these kits to MTN consumers who live in remote communities throughout Nigeria. The solution which should be launched in 2017will help consumers power lights, cellphones, fans, computers, radios, television sets and other small electronic devices at once.

US African Development Foundation (USADF)

USADF has partnered with USAID and GE Africa to promote innovative solutions that develop, scale up or extend the use of proven technologies for off-grid energy, reaching communities not served by existing power grids. Through the "off-grid energy challenge", grants up to $100,000 are awarded to African companies and organizations. To date, approximately 9 grants have been issued in Nigeria for mini-grids, solar, biomass and hydro projects supporting grain milling, cold storage, and other small commercial enterprises.

Financing Web Resources

Central Bank of Nigeria
Export-Import Bank of the United States
Country Limitation Schedule
OPIC
Trade and Development Agency
SBA's Office of International Trade
USDA Commodity Credit Corporation
U.S. Agency for International Development

African Development Bank

Business Travel

Business Customs

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

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

Travel Advisory

Please click on the following link to read the State Department's travel advisory on Nigeria.

Visa Requirements

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

It is advisable for U.S. travelers to make specific visa enquiries at Nigerian Embassies and Consulates well in advance of the anticipated dates of travel.

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

State Department Visa Website

U.S. Embassy in Nigeria

Currency

Nigerian currency is the naira (N), 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.

Telecommunications/Electric

International direct dialing is available. The country code for Nigeria is 234, and the outgoing international code is 009. City codes are also required. There are four major GSM mobile phone service providers covering Nigeria with a total of 110 million subscribers. Internet penetration is high and expanding rapidly.

Transportation

Taxi service is available in Lagos and most other urban areas, but yellow cabs are not recommended, as they are old, often unreliable, and can be unsafe. In the past three years, 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. Uber, including its low cost service, UberX now offers rides in Lagos and Abuja.

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

Language

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

Health

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

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 2017:

Jan. 1—New Year's Day

Mar. 8—Women's Day

Apr. 14—Good Friday

Apr. 17—Easter Monday

May 1 – Workers Day

May 29 – Democracy Day

June 26—27 Eid-El-Fitr Sallah

Sept. 01—Eid-El-Kabir

Oct. 1 – Independence Day

Dec. 25 – Christmas

Dec. 26—Boxing Day

Temporary Entry of Materials or Personal Belongings

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

Travel Related Web Resources

Word Travels

Trade Invest Nigeria

C.I.A. World Factbook