



UBINODES

NIGERIA





Nigeria.

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1. Overview.

Nigeria holds the distinction of having the largest population, oil production, and exports in Africa. With over 190 million citizens, nearly two-thirds of whom are under the age of 25, it is a notably youthful country. Nigeria's Gross Domestic Product (GDP) exceeds USD 568 billion, and its daily oil production surpasses 2 million barrels, sustaining GDP growth over the past

decade. This growth has led to the rise of a burgeoning consumer class and significant investor interest in the country. (source 8).

2. Benefits of exporting to Nigeria.

Nigeria possesses abundant natural resources, a cost-effective labor pool, and benefits from mostly duty-free trade within the Economic Community of West African States (ECOWAS). While the country's current economic growth is heavily reliant on the oil sector, there is a significant uptick in the non-oil sectors, including construction, telecommunications, wholesale/retail trade, hotel and restaurant services, manufacturing, and agriculture. Currently, Nigeria's economy is driven by rising incomes due to urbanization and robust consumer spending, which accounts for 70 percent of GDP. (source 6).



Nigeria presents a promising market for companies that can handle its complex business environment. Established multinational corporations that navigate Nigeria's challenging regulations consistently profit, despite the country's lower income levels and logistical hurdles. The Nigerian government actively encourages Foreign Direct Investment (FDI), drawing capital from major countries like the United States, Canada, France, and China. China, especially, invests significantly in Nigerian infrastructure and capital projects. Industries with strong growth potential include:

- Consumer goods and the retail industry (including online shopping);
- Real estate due to high population, urban migration and a rising middle class;
- Information and communications technology;
- Food and agriculture;
- Infrastructure (especially power and transportation).

3. Infrastructure.



Nigeria's major ports are in Lagos (Apapa and Tin Can Island), Port Harcourt, and Calabar. The government has allowed the private sector to manage ports through concession agreements, but it still oversees the railroad sector. Out of Nigeria's twenty-two airports, only five handle international flights: Lagos, Kano, Port Harcourt, Enugu, and Abuja. Lagos is particularly working to become a regional hub. (source 2).

4. Services.

Nigeria's service sector ranks as the 63rd largest globally and the fifth largest in Africa. The financial services sector in Nigeria holds considerable untapped potential and is increasingly attracting interest from foreign banks. However, a large portion of the Nigerian population still has limited access to financial services. This situation presents a significant export opportunity for manufacturers to explore. (source 2).

5. Consumer products.

Nigeria is becoming a vital market and manufacturing hub for the consumer product sector in Africa. With a growing middle class of around 50 million people, the country plays a prominent role in the ECOWAS regional economic grouping and regionalization initiatives. (source 2).

6. Information and communication technology (ICT).

Nigeria stands as the largest ICT market in Africa, representing 29% of the continent's Internet usage. In 2018, the country boasted over 196 million active telecoms lines, encompassing both GSM and CDMA. Notably, 98.37 percent of telecom subscribers are mobile GSM users. With the ongoing expansion of Internet coverage, substantial opportunities arise for the growth of data services (source 2).

7. Agriculture.

Nigeria's agricultural sector, engaging nearly 70 percent of the population, constitutes almost 22 percent of the GDP. Benefiting from abundant arable land and a favorable climate for nuts, fruits, and grains, the country primarily relies on subsistence farming, employing manual labor with limited use of agricultural machinery. The agro-processing business, in high demand, has attracted the involvement of numerous multinational companies (source 4).

8. Export opportunities.

Contrary to negative perceptions, Nigeria boasts a majority of honest, well-educated, and well-prepared business individuals eager to establish partnerships with manufacturers globally. Abundant opportunities await exporters in Nigeria, particularly 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.
- Environmental equipment and services.
- Franchising.
- Healthcare services and medical equipment.
- Marine vessels.
- Oil and gas equipment.
- Security and safety equipment.
- Telecommunications equipment and services.

(see source 3).

9. Cryptocurrency in Nigeria.

Nigeria has become the cryptocurrency hub of Africa, leading the continent in adoption rates. In recent years, cryptocurrency adoption in the country has grown rapidly, with trading volumes reaching approximately \$1.5 million in February 2017. While this figure may appear modest globally, it marks a significant advancement for Nigeria in the cryptocurrency space.

Currently, there is no established legal framework governing cryptocurrency-related activities and startups in Nigeria. This situation presents an opportunity to fully harness the benefits that cryptocurrencies can offer.

Adoption of cryptocurrencies in Nigeria is primarily driven by the technologically savvy youth who seek to leverage the advantages offered by blockchain and cryptocurrency. These include borderless transactions, fast transaction speeds, low transaction costs, payment anonymity, reduced reliance on traditional financial institutions, and a transaction system built on trust and verifiability.

10. Challenges to exporting to Nigeria.

A substantial portion of Nigeria's market potential remains untapped due to significant obstacles, including:

- Corruption.
- Inadequate power supply.
- Poor transportation infrastructure.
- High energy costs.
- An inconsistent regulatory and legal environment.
- Insecurity.
- A sluggish and ineffective judicial system.
- Insufficient intellectual property rights protections and enforcement.
- An inefficient property registration system.
- Declining value of the Naira.
- Foreign exchange and fiscal challenges.
- Costly internet infrastructures.

(see source 5).

11. Entry strategy.

To establish a presence in Nigeria, we alleviate your burden by providing the following services:

- Conducting a comprehensive and in-depth industry analysis to gauge the market potential and performance of your products.
- Designing websites, brochures, and drafting agreements executing marketing campaigns to enhance visibility. Identifying retail stores and facilitating necessary arrangements to ensure the success of your project.

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