



Doing Business In Nigeria:

2008 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Nigeria

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Market Overview

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Nigeria is Africa's most populous country and arguably the most culturally diverse society in the world, with approximately 250 ethnic groups among its 140 million people. The country is essentially a mono-sector economy that is highly dependent on oil. The oil and gas sector accounts for over 90% of the country's foreign exchange earnings. The country's GDP for 2007 was \$294.8 billion (estimated), with the following sector contributions: agriculture 17.6%, industry 53.1%, services 29.3%. The decline in Nigeria's agricultural and non-oil industrial capacity has continued to exacerbate its dependence on imports. The country's major import partners at the end of 2007 were China 10.7%, US 8.4%, Netherlands 6.2%, UK 5.8%, France 5.6%, Brazil 5.1%, Germany 4.5%. The United States accounts for at least 80% of the imports in the oil and gas sector.

Interest rates remain very high (ranging from 13% to 25% despite government efforts to lower them. A "Wholesale Dutch Auction System" for foreign exchange trading was introduced in 2006, which has helped slow reserve losses while allowing the exchange rate to be more market determined.

Market Challenges

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There are no restrictions to imports except those in the import ban list. See list at <http://www.otal.com/nigeria/nigeriaimports.htm>. There are also no legal barriers preventing entry into business, except the minimum qualifications required by the various professional bodies. Foreign companies seeking to do business in Nigeria are expected to do so with incorporated companies or otherwise incorporate their subsidiaries locally. For more information, please visit <http://www.nigeriaembassyusa.org/business.shtml>. U.S. firms interested in the Nigerian market are strongly advised to seek the assistance of experienced commercial lawyers, preferably those listed on CS Nigeria's website at http://www.buyusa.gov/nigeria/en/serviceproviders.html?bsp_cat=80120000. Enforcement of intellectual property rights remains a problem in Nigeria despite official pronouncements and existing copyright laws.

Nigeria is a founding member of the Economic Community of West African States (ECOWAS) and supports its Common External Tariff. However, Nigeria's implementation of non-tariff barriers has been arbitrary and uneven and continues to violate WTO prohibitions against trade bans. Enforcement of criminal penalties against intellectual property right (IPR) violation is weak and firms that are successfully continuing IPR piracy have generally done so through civil court cases.

Clearance of goods at the ports can be slow, cumbersome and highly bureaucratic and reports indicate that corruption is a significant issue at the ports. Reportedly, in an attempt to reduce corruption, the Economic and Financial Crime Commission (EFCC), in January 2005, began investigating and interrogating several prominent citizens and public officials, including state governors, over allegations of corruption. According to the EFCC, a number of former state governors are being investigated for charges of corruption and abuse of office. About nine of them have been charged to court for various offences ranging from misappropriation of public funds to outright stealing.

Between 2005 and 2007, the EFCC established operational structures nationwide and its investigations have yielded significant results, including the dismissal from office and jailing of former Inspector General of Police, Mr. Tafa Balogun; the jailing of notorious fraudster Emmanuel Nwude for the closure of a Brazilian Bank through advance-fee fraud; the impeachment of the governor of Ekiti State; and the imprisonment of former Bayelsa State Governor Diepreye Alamieyeseigha for various fraud offences, including money. The EFCC has also recovered \$5 billion from late President Sani Abacha's family.

Infrastructure in Nigeria is poor. The rail system is outmoded, air transport service within the country is still limited to major cities, most roads are in bad condition and power supply is erratic. However, telecommunications has improved with the liberalization of the sector, which brought about the introduction of the Global System for Mobile Telecommunications (GSM) and other private telecom networks. According to the Nigerian Communications Commission (NCC), Nigeria's teledensity hit 42 million fixed and mobile lines as of December 2007.

Market Opportunities

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Prospects for U.S. business in Nigeria are especially promising in the following sectors: oil and gas equipment, healthcare services and medical equipment, electrical power generating equipment, computer hardware/software, telecommunications equipment, automobile parts and accessories, construction, and earth moving equipment, agricultural products and equipment, and franchising. Please click the following link to view investment areas in Nigeria. <http://www.nigeriaembassyusa.org/investment.shtml>

U.S. companies should be assured that many genuine business opportunities exist in Nigeria, even if the business climate seems difficult and certain extra screening steps must be taken with potential business partners. In March 2007, Fitch Ratings affirmed the BB minus rating it had earlier given Nigeria in February 2006. It acknowledged the stability of the Nigerian currency (the Naira), the government of Nigeria's commitment to economic and social reforms, and improvement in external reserves and public governance. According to local media reports, the rating, released in March 2007, confirms Nigeria's newly established status as a net creditor country with foreign reserves valued at approximately at USD56 billion as of February, 2008.

Most Nigerians are positively disposed toward the United States and have a strong affinity for U.S. products. Nigeria has many honest businessmen and women eager to form partnerships with U.S. counterparts. Nigerian and U.S. authorities are working together to combat the fraud industry. In 2005, a National Cybercrime Coordinating Committee was established under the office of the National Security Advisor at the

Presidency to coordinate activities of several local agencies charged with the responsibility to reduce cyber crime. Some U.S. companies are excluding Nigeria from their African commercial strategy based on alarmist, misleading and often incorrect information, and may miss out on excellent emerging market opportunities as a consequence. If U.S. business travelers prepare prudently, a business trip to Nigeria can be an enjoyable and rewarding experience.

Market Entry Strategy

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The best way for U.S. manufacturers and suppliers to penetrate the Nigerian market is to combine the benefits of the network services and programs of U.S. Export Assistance Centers (USEACs, http://www.export.gov/comm_svc/eac.html.) with the extensive knowledge, industry contacts and services of the U.S. Commercial Service at the U.S. Consulate General in Lagos, Nigeria (<http://www.buyusa.gov/nigeria>). Seeking the assistance of a USEAC before exploring an opportunity in this market is encouraged. For establishing a presence in Nigeria, we recommend that U.S. firms use an agent/distributor relationship with a locally registered company. Many foreign manufacturers and suppliers appoint one or more agents/distributors to accommodate Nigeria's geographical size and ethnic complexities. In Nigeria's complicated environment, all relevant terms and conditions of such arrangements must be carefully negotiated.

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Chapter 2: Political and Economic Environment

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

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

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Using an Agent or Distributor

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The U.S. Commercial Service in Nigeria (CS Nigeria) maintains a reliable client management system known as NUSA (Networking with United States of America). NUSA offers a unique service and a database of over 3000 verified local companies to U.S. firms wishing to access the Nigerian market. The integrity of the system provides the confidence U.S. exporters need to engage potential agents, distributor and partners. As part of its client support services, CS Nigeria organizes an annual interactive forum and awards ceremony to honor local representatives of U.S. exporters and to obtain market intelligence. To learn more about NUSA program including the agent/distributor service or international partner search of CS Nigeria, please visit the following link <http://www.buyusa.gov/nigeria/en/7.html>

Using an agent or distributor is advisable for U.S. companies wishing to penetrate the Nigerian market. However, the agreement with any Nigerian business partner, whether a representative, agent or distributor, should address whether the arrangement is exclusive or non-exclusive, the territory to be covered, the length of the association, among other issues. Through U.S. Export Assistant Centers (USEACs, http://www.export.gov/comm_svc/eac.html), CS Nigeria can assist U.S. exporters in finding legitimate local companies as partners, agents or distributors. To learn how CS Nigeria can help you achieve this through its products and services, please visit the following link <http://www.buyusa.gov/nigeria/en/7.html>

Establishing an Office

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Foreign firms cannot operate through a branch office in Nigeria. The business must be incorporated locally. U.S. firms wishing to do business in Nigeria other than through incorporated local companies acting as representatives, agents, distributors or partners must establish a local presence. The following link outlines the procedure for incorporating a company in Nigeria. http://www.nigeria-consulate-ny.org/business/e_doing_business.htm. 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.

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Nigeria is a growth market for U.S. franchising and franchise development services. There are opportunities for both business format and product or trademark franchising. A market survey conducted by the U.S. Commercial Service in Nigeria (CS Nigeria) in January 2006 clearly showed that food franchising is currently experiencing strong growth. This growth trend is expected to continue over the next five years and in fact may have a spillover effect on other sectors. CS Nigeria recruits and escorts an official Nigerian delegation to the annual international franchise expo organized by the International Franchise Association (IFA) based in Washington .D.C. For more information, please visit <http://www.franchise.org> It works closely with the Nigerian International Franchise Association (NIFA) and participates in the association's trade events.

In October 2006, representatives of CS Nigeria and NIFA attended a one-week training in Morocco organized by the Africa Development Bank (AFDB) to help some emerging franchise markets in Africa to leverage this business model in providing business advisory services especially to small and medium enterprises. For more information about NIFA, please visit <http://www.nigerianfranchise.org> Commercial Service Nigeria holds an annual exhibition to promote U.S. computer, telecom and office equipment technology, equipment and services available in Nigeria for West Africa. In 2007, franchising was the featured industry, as the "Best Business Model to Empower Micro, Small and Medium Enterprises in Nigeria." CTO2007 took place May 7 to 11, in Lagos, Nigeria. Franchising as a business format is gaining a foothold in Nigeria through several private-sector-led initiatives originating from Commercial Service Nigeria and Commercial Service South Africa and supported by the Nigeria International Franchise Association (NIFA) and Nigerian entrepreneurs.

The industry sectors where franchising seems to be showing some promise and rapid growth include fast food, hotel services, oil and gas (downstream), computer training, telecommunications and distribution services. The success of some indigenous concepts and systems, such as Mr. Biggs, Tantalizers and Tasty Fried Chicken, has added impetus to the level of interest this method of business expansion is generating in Nigeria. As a method of marketing and distribution, franchising comes under Nigeria's sales law, which derives its operating terms and conditions from British common law.

According to market reports and industry estimates (including the reports of international organizations such as the IFC), small enterprises constitute about 87 percent of businesses in Nigeria, while medium and large enterprises account for about 9 percent and 4 percent, respectively. The single most important success factor and the biggest challenge facing Nigerian business enterprises, particularly small-to-medium-sized ones, is a lack of basic understanding and commitment to business-process management. More than 80 percent of business failures in Nigeria can be traced to this critical business factor.

Franchise development and services in Nigeria offers U.S. firms an unmatched opportunity for international expansion and growth and a huge return on investment. Interested U.S. franchisors may utilize the services of the Commercial Service Nigeria to identify, pre-qualify and select a competent and reliable master franchisee or area developer for the country. The National Office of Industrial Property Act of 1979 established the National Office of Technology Acquisition and Promotion (NOTAP) to facilitate the acquisition, development, and promotion of foreign and indigenous technologies. NOTAP is the government agency responsible for commercial contracts and agreements dealing with franchising and transfer of foreign technology. It ensures that investors possess licenses to use trademarks and patented inventions and meet other requirements before sending remittances abroad. With the Ministry of Finance, NOTAP administers 120 percent tax deductions for research and development expenses if carried out in Nigeria and 140 percent deductions for research and development using local raw materials.

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

Direct Marketing

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

Joint Ventures/Licensing

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Joint venture agreements and relationships are governed by the 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 a number of important business relationships in the information and communications technology industry, manufacturing and distributive trade.

Selling to the Government

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The government of Nigeria buys products and services through a "tenders board" composed of senior government officials, and may include local consultants or foreign firms with and without representatives in Nigeria. The Central Bank of Nigeria (CBN) does not buy products and services for the Nigerian government or its agencies. Email and fax inquiries and business proposals purportedly emanating from the CBN on behalf of the Nigerian government or any of its agencies should be disregarded. The CBN has been used and mentioned in several cases of financial and related crimes. The Central Bank 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 (otherwise known as 419 scams) and other related crimes originating from Nigeria and West Africa, visit <http://www.cenbank.org/>

In an effort to fight official corruption and to introduce probity and accountability into the government procurement process, Government of Nigeria established an agency known as Budget Monitoring and Price Intelligence Unit, a. k a Due Process 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.

Prior to May 2007, some Nigerians perceive EFCC as an oppressive agent used by former President Obasanjo to intimidate political opponents. But others commend the EFCC for its modest achievements, particularly the imprisonment of former governor of Bayelsa state, the impeachment of Plateau and and Ekiti State Governors, the jailing of former Police Inspector General Tafa Balogun and advance-fee fraud kingpin, Emmanuel Nwude. It is noteworthy that EFCC has been commended by reputable international organizations such as the World Bank. The biggest challenge in fighting corruption in Nigeria remains the political will to enforce the law. U.S. firms interested in this market must pay serious attention to this oversight function and law establishing it. For more information about economic and financial crimes in Nigeria, visit <http://www.efccnigeria.org/>

Distribution and Sales Channels

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

Selling Factors/Techniques

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Nigerian consumers react positively to American brands. To elicit consumer interest, manufacturers should ensure that all sales materials are in English. Also the name and address of the manufacturer and country of origin should be indicated clearly on the product/packaging. Many Nigerians demonstrate a stronger inclination to purchase U.S.-made products if the U.S. flag is printed on the package.

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Nigeria, the largest market in Sub-Saharan Africa with a population of 140 million people, is a cash-based economy, although many of the commercial banks such as Citi Bank, Zenith Bank, UBA, Fidelity Bank, GT Bank, Bank PHB, Skye Bank, First Bank, FCMB, and Intercontinental Bank are leading an effort to introduce electronic payment systems in Nigeria. At present, most transactions are paid for in (Naira) cash. Credit instruments such as credit cards are in the early stages of use. A consortium of Nigerian banks has been rolling out and promoting a debit card system called “Smart Card” in major cities such as Lagos, Port Harcourt and Abuja. Over the past two years, Nigeria has witnessed a dramatic increase in the number of ATMs deployed in major cities, such as Lagos, Port Harcourt, Enugu, Onitsha, Ibadan, Kaduna, Kano, Calabar, to facilitate local transactions.

The successful adoption of electronic payment in Nigeria encouraged the entrance of VISA and Master cards into Nigeria in 2004. Electronic payment facilitators from Europe and Asia also are investing in Nigerian electronic infrastructure projects. In addition, the successful conclusion of banking sector reform and consolidation is helping to fuel a rising interest in Nigeria’s stock market.

Trade Promotion and Advertising

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

Nigerian Broadcasting Commission:

http://www.nbc-nig.org/Licenced_stations.asp

Business service providers on CS Nigeria's website:

<http://www.buyusa.gov/nigeria/en/serviceproviders.html>

Nigerian newspapers online:

<http://www.onlinenewspapers.com/nigeria.htm>

<http://www.nigeriafranchise.org>

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Pricing is a key determinant of success in Nigeria and a major challenge for U.S. firms doing business in Nigeria because of two critical factors: low purchasing power of Nigerians and the availability of alternate choices from Asian and European suppliers. Please note, the Nigerian federal government charges a 5 percent VAT, while state governments also charge a 5 percent VAT.

Sales Service/Customer Support

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An excellent package of customer service and after-sales support is a major driver of buyer patronage in this market. U.S. companies must be willing to do as much as they can, support their local representatives and also respond positively to customer complaints. Since 2005, the Nigerian market for U.S. products and services has come under heavy pressure from Asian exporters and investors who are setting up a local presence. Others who, while not yet localizing their presence, are increasing the frequency of their visits to Nigeria, participating in local fairs or hosting private seminars and workshops. Beginning in 2005, Nigeria has witnessed an influx of Chinese firms, especially in the telecommunications, transportation, oil and gas and distribution sectors. This influx has resulted in an increase in the number of Nigerians who hold partnership/joint venture agreements with Chinese firms.

Protecting Your Intellectual Property

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Enforcement of intellectual property rights remains a problem in Nigeria despite official pronouncements and existing copyright laws. U.S. firms are permitted to package their products as they wish to secure the largest market share or to achieve the highest sales penetration for their products and/or services.

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

Due Diligence

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It is recommended that U.S. companies carry out due diligence on prospective partners or opportunities using the U.S. Commercial Service International Company Profile (ICP) service. Please click on the following link to learn more about ICPs and how the service works. It is recommended that U.S. companies carry out due diligence on prospective partners or opportunities using the U.S. Commercial Service International Company Profile (ICP) service. Please click on the following link to learn more about ICPs and how the service works. <http://www.buyusa.gov/nigeria/en/30.html>

Local Professional Services

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The following link provides you a list of pre-screened and reputable companies that can assist in completing specific tasks in the Nigerian market:

<http://www.buyusa.gov/nigeria/en/serviceproviders.html>

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U.S. Commercial Service, Lagos, Nigeria

<http://www.buyusa.gov/nigeria/en/>

U.S. Commercial Service Worldwide

<http://www.export.gov>

Trade information

http://www.ustr.gov/assets/Document_Library/Reports_Publications/2004/2004_National_Trade_Estimate/2004_NTE_Report/asset_upload_file144_4785.pdf

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

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Commercial Sectors

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- [Sector: Aerospace/Aviation/Avionics \(ITA Code: AVS/AIR/APG\)](#)
- [Sector: Computers, Software and Peripherals \(ITA Code: CPT\)](#)
- [Sector: Telecommunications Equipment \(ITA Code: TEL\)](#)
- [Sector: Medical Equipment \(ITA Code: MED\)](#)
- [Sector: Automobiles \(ITA Code: AUT\)](#)
- [Sector: Construction Equipment \(ITA Code: CON\)](#)

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

Overview

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	2006	2007	2008(estimate)
Total Market Size	3000	3500	3600
Total Local Production	30	53	72
Total Exports	0	0	0
Total Imports	2970	3447	3528
Imports from the U.S.	1782	1896	1764

Note: Figures in millions of dollars

Estimates from industry contacts and NNPC

Exchange rate: 117 Naira to 1 USD

**Please note that due to the Niger Delta security issues many capital projects and production were suspended, while several flow stations were shut, which increased cost, reduced procurements and adversely affected other ancillary services and associated with oil exploration and production activities.*

Nigeria is one of the world's top ten oil producers and Africa's leading producer, with proven oil reserves of about 36 billion barrels (including 4 billion barrels of condensates), while its gas reserves are estimated at 187 trillion standard cubic feet. Daily crude oil production currently stands at about 2.1 barrels per day down from 2.5 in 2006. The drastic drop in production has been attributed to series of security issues in the Niger Delta especially youth restiveness and militancy. Presently, estimated life expectancy of Nigeria's crude oil reserve is 35 years while that of gas is over 100. Natural gas that traditionally was flared at oil extraction sites for years has increasingly been recognized as an income-generating resource for Nigeria and is now being captured for processing and sale both regionally and overseas. Of the 2, 000 Bscf natural gas produced, about 40% is flared leaving a margin of 48% gas utilization while 12% is re-injected for

enhanced reservoir oil recovery. This trend of exploiting natural gas resources continued to accelerate from 2005. About 10% of U.S. market niche for the imports of oilfield machinery and equipment will over the next five to ten years gradually be affected by the influx of Asian investors, especially Chinese, Indian, and South Korean investors willing to invest in Nigeria's upstream sector. Nigerian government has shown preference to foreign investors willing to invest in Nigerian downstream sector and a number of these Asian investors won concessions in the last 2006 bid rounds. With increased movement of oil and gas activity into Nigeria's deep offshore, American companies still maintain their dominance of the market share of imports of high end oilfield machinery.

Best Prospects/Services

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Oil and gas machinery is the number export sector for US 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. Drilling equipment appears to hold the most promise for U.S. exporters, with total sales in this sub-sector projected to exceed \$500 million in 2004 and to increase over the next four years. This is mainly due to the increase in activity experienced in the offshore deep-sea region lease of oil blocks especially, Shell's Bonga (1.2billion barrels), Agip's Abo (500million barrels) and ExxonMobil Erha fields (600million barrels), most of which came on stream between 2004 to 2006. With Bonga striking first oil in November 2005, producing about 225, 000bpd and another 150, 000 bpd from Erha in April 2006, with more field developments from Total and Chevron expected to follow over the next two years. Other activities include the 2005 and 2006 oil bid rounds, which opened up increased activities in both the upstream and downstream segment of this industry, and the exploitation of potentially lucrative marginal oil fields (combined reserves estimated at 1.3billion barrels) and other reserve acquisition projects to meet Nigeria's approved OPEC quota. The lubricant segment of the oil sector remains most lucrative, as there is yet no price control. Training services is another area where U.S. service companies have comparative advantage especially in exploration and production, engineering and seismic techniques.

Opportunities

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Within the upstream and downstream segments, opportunities abound in different sub-sectors related to core exploration and production, such as: 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. The Federal Government offered about 60 oil acreages in another bid round in the 2nd quarter 2007, to follow up with the 3rd and 4th quarter 2006 licensing rounds at which 77 oil blocks were put out for bid. The Government plans another bid round in the 1st quarter of 2008, which will offer additional investment opportunities in Nigeria's lucrative oil and gas industry.

One point to note is the establishment of a new electronic one-stop transaction center - the Nigerian Petroleum Exchange (NipeX) - aimed at improving procurement processes in the oil and gas industry and institutionalizing world-class contracting procedure. NipeX is the amalgamation of the joint qualification system and the e-marketplace. The e-marketplace is an electronic petroleum market place project initiated in 2005 to improve

cycle time for procurements of goods and services in Nigeria's oil and gas industry. This system has now been linked to an industry-developed joint qualification systems (JQS), and aims to ensure open and competitive bidding, capture information on all transactions, maintain performance monitoring and cost benchmarking while reducing administrative costs on contract tendering

Following on government's commitment to the 2008 gas flare out policy, various gas gathering and commercialization projects were initiated, some of which are currently in the developmental stages. These projects including: Liquefied Natural Gas projects (LNG), Gas to Liquids (GTL) and Natural Gas Liquids (NGL), domestics gas market expansion, Independent Power Projects (IPP), the West African Gas Pipeline and Trans Saharan Gas Pipeline projects, offer opportunity for U.S. companies ranging from manufacturing, construction and services within the full spectrum of gas development.

Other opportunities in the Extractive Industries:

Nigeria offers other excellent investment and sales opportunities for U.S. companies involved in the extractive industries including, mining of about thirty-four solid minerals especially coal, barite, bentonite, tantalite, Niobium, bitumen and gem stones. In 2006, government of Nigeria through its Ministry of Solid Minerals offered for sale 35 mining properties including 10 coal properties and 7 bitumen blocks. These mining properties offer opportunities for the sale of mining equipment, machinery and associated technology and services.

One key issue, relevant for foreign companies interested in operating in Nigeria's oil and gas industry, is the government's emphasis on and commitment to enforcing local content and indigenous participation policy in the oil and gas industry. The requirement, which is presently below 10%, is expected to increase to 70% by 2010. This implies that a number of these indigenous operators will require foreign technical partners, as local capability remains an issue. American firms with advanced technology and associated service experience in the oil and gas industry will be well positioned to meet this requirement

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<http://www.nnpcgroup.com/>
<http://www.dprnigeria.com/home.htm>
<http://www.nipc-nigeria.org/valueinfo.html>
<http://www.nigeriasaotomejida.com/>
<http://www.msmd.gov.ng/home.asp>

Email Benedicta Nkwoh, Commercial Specialist: benedicta.nkwoh@mail.doc.gov

Sector: Aerospace/Aviation/Avionics (ITA Code: AVS/AIR/APG)**Overview**[Return to top](#)

	2006	2007	2008 (estimated)
Total Market Size	800	1050	9879
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	800	1050	9879
Imports from the U.S.	500	800	7860

Note: Figures in millions of dollars

Estimates from local contacts

Exchange rate: 117 Naira to 1 USD
The Federal Aviation Authority of Nigeria (under the New Federal Ministry of Transport) continues its restructuring of the aviation industry, which has been plagued by reductions in operational aircraft. The government of Nigeria has budgeted 30 billion Naira for fiscal year 2008 for the aviation industry. Private airlines with U.S.-origin aircraft in their fleet (mostly Boeing 737s – 700, 800 series, Cessna/Citation and Bell Helicopters) cover the domestic routes. In response to two major air crashes in Nigeria 2006 there has been a significant reorganization of this industry by the government of Nigeria.

Top aviation officials who had secured their appointment with political connections are being replaced with professionals, even as the Nigerian government is grounding older planes. Airline operators (usually private sector driven) are being subjected to thorough inspections, repairs and maintenance routine/exercise by the regulatory body, which is now staffed by experts. The Nigeria Civil Aviation Authority (NCAA), which is responsible for safety regulation as well as economic regulation, has put many security measures in place, procuring modern security and navigational equipment to improve safety in all of the popular airports in the country. Navigational aids are also being procured for airports and airstrips across Nigeria with the objective of upgrading standards. Recently, the aviation industry recorded a major milestone as the country witnessed the first 24-hour full radar coverage of Lagos and Abuja International airports. This facility, according to the authorities, covers 65 nautical miles around Lagos and 40 nautical miles around Abuja, while radar monitoring covers 100 nautical miles (approximately 160 kilometers radius) around the two airports.

The transport ministry (aviation division) is planning to purchase and install additional navigation and landing aids for other airports across the country within a short period of time, as there has been tremendous increase in air transportation in the country. It is expected that ground support equipment at international and domestic airports will be upgraded in 2008 at some domestic airports. These changes offer U.S. suppliers significant potential in the Nigerian market since U.S.-origin equipment is preferred by Nigerian importers of aviation/avionics equipment for performance and durability. Aviation sources expect further growth in this sector in the next several years.

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With the government focusing more attention on new aircraft, safety regulations and monitoring the operations of airlines in Nigeria, airline operators are purchasing brand

new aircraft and also wet-leasing U.S.-origin used aircraft including the supply of spares, parts and services. In addition, grounded planes will need replacement of engines, component parts and navigational equipment for a number of airports/airstrips from U.S. sources. Some airline operators, in anticipation of increased patronage, are seeking serviceable but reliable aircraft (particularly Boeing planes scheduled flights and Cessna for charter services) to augment their fleets, and the U.S. aviation market is their preferred source.

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

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

Overview

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	2006	2007	2008 (estimated)
Total Market Size	5806.1	7741.5	9289
Total Local Production	142 (software)	160 (software)	700 (software)
Total Exports	NA	NA	NA
Total Imports	5664.1	7581.5	8589
Imports from the U.S.	3702	5032	6038

Note: Figures in millions of dollars
 Estimates from industry contacts
 Exchange rate: 117 Naira to 1 USD

* Please note that Nigeria does not yet have a reliable source of trade and production statistics. Therefore, U.S. firms interested in this market are advised to pay more attention to market variables, such as competition.

Nigeria sees the United States as a role model on technology matters, especially leveraging technology for development. However, an increasing number of Nigerian technology leaders see Indian technology parks as preferred prototypes for adoption and replication in Nigeria. The Director General, National Information Technology Development Agency (NITDA), Professor Cleopas Angaye, said that there are a number of initiatives to facilitate information technology diffusion in Nigeria over the next 2-5 years. The three most prominent initiatives are: 1) Technology Park by Federal Ministry of Science and Technology to spur research and development at state levels; 2) IT Park by NITDA to encourage software development especially targeting schools, young school leavers and university/college graduates; 3) Abuja Technology Village meant to attract multinationals and local industry leaders to localize at the capital city of Abuja.

The NITDA IT Park is a proposal to partner with state governments to develop and build IT Parks for software and human capital development. According to Professor Angaye,

implementation of the proposal may require technical partnership with and inputs from foreign experts and there are no restrictions on which country may participate. Another initiative of the agency is Rural Internet Access launched in 2007 to promote e-governance and universal access. Under this program, 20 internet centers were built and enabled by VSAT technology in different rural areas in Northern and Southern Nigeria in 2007. About 40 Internet centers are proposed in the 2008 budget. For more information about NITDA, visit <http://www.nitda.gov.ng/>

Another significant factor in Nigeria's computers, software and peripherals market is the "Computer for All Nigerians Initiative (CANi)". CANi is a government-assisted program designed to diffuse information technology to local communities and to make PCs available to all Nigerians. Two U.S. firms, Microsoft and Intel, are providing technical support to the program through their operating systems and processors respectively, while about four Nigerian PC assemblers are supplying the hardware. CANi was launched July 6, 2005, but its impact was not felt until 2006. According to the Project Management Office (PMO), over 17, 000 personal computers have been supplied to various end-users under the program.

In a press briefing Professor Cleopas Angaye, Director General of NITDA, disclosed that the idea of CANi was aimed at finding a way to produce and supply a customized PC that would serve the need of ordinary Nigerian end-users at a delivery cost far below current market prices. Since 2007, there have been allegations of defaults and breach of original agreements by some participating members. Despite the allegations and controversies, the program seems to be on course and is generating a lot of interest among potential users.

The zeal with which the Abuja Technology Park was launched seems to have died down due to a change in leadership in the Federal Capital Authority in 2007. A national committee set up to prepare preliminary guidelines is already operational, but concrete actions have yet to be taken toward project implementation, particularly infrastructure development at the site. The park is estimated to cost about USD400 million. The government of Nigeria promised to provide about USD34 million as seed money for the project, while the private sector is expected to raise the balance. Already, some leading software firms, including Microsoft and Hewlett Packard, and two Chinese firms - Huawei Technology and ZTE -- have expressed an interest in the project. Nigeria hopes to generate more than USD 4 billion in export sales when the technology village is completed in about 3-4 years.

In May 2007, Afrihub Nigeria, representing Afrihub Inc, received an approval from Federal Ministry of Education to build and manage Technology Parks in all the Federal Universities in Nigeria. Afrihub in partnership with a leading local computer hardware/peripheral supplier, Zinox Technologies Limited, and with the support of the Nigerian Universities Commission (NUC), is building information technology parks in federal universities in Nigeria starting from University of Nigeria, Nsukka commissioned in 2006. Each of the parks operates about 200 workstations and trains over 1000 students every month. Annually, Nigeria produces about 150,000 graduates but less than 30 percent of the graduates have basic information and communications technology skills.

Technology diffusion to Nigerian schools and colleges may receive a boost if the “one laptop per child project” and several similar intervention schemes succeed in the country. Nigeria is one of the developing countries selected for a pilot program, which has taken off successfully in some community schools at the capital city of Abuja. One Laptop's founder, [Nicholas Negroponte](#), at a forum organized to discuss emerging market opportunities at the International Consumer Electronics Show in Las Vegas in January 2008, praised Nigeria's efforts. He assured that the project would revolutionize the way young people live, relate and enjoy life in all of Africa, and raise the quality of future leaders on the continent. All the projects have provisions for computer technology appreciation courses for teachers, students and project facilitators.

Over the past two years, Nigeria has made significant progress in creating awareness about the importance of information technology in education and human capital development, particularly as the world increasingly globalizes. Consequently, the country is receiving increasing technical and financial support from multilateral agencies such as the world bank, and is signing various public-private partnership (PPP) agreements with foreign firms such as Cisco Systems (about 22 Cisco Academies in the country with over 1400 students), Microsoft (support for local software development and Intellectual Property protection/enforcement), and HP (SME enterprise support <http://nigeria.smetoolkit.org/nigeria>). According to Jidaw Systems Ltd, an local industry leader, it is in recognition of the importance of software that Government of Nigeria (GON) in conjunction with Nigerian software practitioners developed the [Nigerian Software Development Initiative \(NSDI\)](#). NSDI website states, “The Nigeria Software Development Initiative (NSDI) is a presidential initiative on the development of the Nigerian software industry which is born out of the realization that the nation has abundant intellectual capital whose genius and creativity in software development could help jump-start Nigeria's participation in the booming global software industry”.

The Nigerian financial services sector is experiencing major changes on several fronts, especially computerization of critical functions, processes, and decision centers such as customer interfaces. According to market intelligence, Indian exports and resident nationals dominate banking applications in Nigeria. The United States is the lead in front-end posts and infrastructure (Microsoft), data bases (Oracle), servers (IBM), work stations (HP) and networking (Cisco). Nigerian commercial centers are awash with ATMs as banks compete for customer attention and patronage. All the banks advertise that their mobile banking capabilities and service delivery options are available 24/7. Recent market intelligence indicates that Nigeria is entering into an emerging consumer market era, which is fueling a rising demand for computers, software and peripherals. In 2006, an industry report published by several local papers estimated that over USD35 million is required to upgrade old ICT infrastructure and install new systems, including software to facilitate service delivery and business-process integration. Current market conditions validate that forecast.

Best Prospects/Services

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Computer peripherals and power-support systems remain the best prospects for this market. Handheld devices such as PDAs and other wireless portables are in great demand in Nigeria due to expansion of the cellular telecommunications infrastructure and services across the country. 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 United States in this sector over the short and medium term.

More and more local firms prefer to buy locally assembled PCs, which are priced much cheaper than branded ones. Currently, several Nigerian ICT firms are expanding to neighboring countries such as Ghana, Gambia, and Liberia. This market expansion, industry analysts say, will fuel import growth and local assembly. The falling prices of IT products, the ongoing campaign to bridge the so-called digital divide and the push by regulatory agencies in Nigeria to achieve universal access according to the International Telecommunications Union (ITU), are factors helping to spur auxiliary services such as business centers, value-added services, and marketing of communications equipment, including computer hardware. These auxiliary services are creating opportunities for localization of small enterprises that need information and communications technologies to focus on niche markets and specialties. Even in unusual places, such as rural villages close to cell sites, micro businesses are springing up from the multiplier effects of the GSM networks.

Software for bank consolidation, integration, security management and business continuity offer great growth opportunities in Nigeria. Opportunity abound for certificate courses targeting young school leavers, especially graduates interested in professional advancement, mid-level managers eager to grow and prosper in their careers, teachers and lecturers, who are responsible for computer education and knowledge management at various levels. Two franchise firms, NIIT and Aptech, both originating from India, currently dominate this sub-sector. They have training centers in all the six geo-political zones of Nigeria.

Currently, China is the strongest and most aggressive threat to U.S. market share in this industry sector. Chinese firms offer a combination of incentives including 90-day credit sales, sponsored training programs, participation in local trade shows, frequent visits to Nigeria to monitor market trends and partnership/joint ventures for market development.

U.S. suppliers will continue to face aggressive competition from European and Asian companies that now export computer parts and peripherals for local assembly of PCs in Nigeria, but U.S.-origin equipment is generally considered superior. 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. Experts predict that this trend will likely continue for the foreseeable future.

Other Opportunities in the Education Sub-Sector

Although the application of ICT in Nigerian education is nascent, however, this is a fast-growing sector, with software and teacher professional development in high demand. With the current national ICT in education policy at all levels of education, participation of local firms in increasing access to computers for schools, unprecedented opportunities are opening up for educational software, support for teacher training and cheaper, easier-to-use technology. Statistics show that there are about 210 colleges and universities in Nigeria and many of them have an average student population of 20,000 with a computer ratio of 200 students to 1 computer, or worse for most state-owned institutions. The demand for skilled manpower to train teachers and technical staff in schools and administration offices through outsourced technical support of private

organizations is soaring. In July 2006, the World Bank announced a \$150 million budget assistance in support of Nigeria's science and technical education at the national symposium on "Nigerian Universities and Competitiveness of the National Economy."

According to the World Bank's recent Country Director, Dr. Hafez Ghanem, the focus of the project is to target selected science and technology institutions with the objective to "inculcate a culture of quality and competitiveness within tertiary institutions – a necessary first step to producing the right type of graduates to lead Nigeria's transition into a competitive economy." http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&siteName=WDS&entityID=000020439_20070824134626

In April 2007, the World Bank also approved a \$65 million International Development Association's (IDA) credit to the federal government of Nigeria for the state education sector project. The bank's project "will focus on school development through school grants; quality improvements through teacher development, provision of learning materials, expansion, rehabilitation and upgrading of basic education facilities in targeted local government areas." <http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=368896&menuPK=368931&Projectid=P096151>

MICROSOFT/INTEL/HP/IBM, U.S. based hardware/software companies have been involved in a public private partnership (PPP) agreement with the federal government in the Computer for All Nigerians Initiative (CANi). Microsoft is also an active participant in a partnership with British American Tobacco and USAID in a \$1.3 million project at the University of Lagos to supply software to enhance computer access and help adapt school curricula to private sector skill demand

Another U.S. firm that has continued to explore this evolving market is AFRIHUB. They have achieved this through partnership with select federal universities to finance, implement and operate ICT "parks" at host institutions, while the schools provide the facility and basic utilities, and grant AfriHub the exclusive right to provide and manage ICT services on campus for a minimum of 5 years. Each "park" includes a state-of-the-art student and faculty cyber center and fully equipped training classrooms, with more than 200-networked computers powered by Zinox Technologies via its Computerize Nigeria project. Through its blended curriculum, hands-on technical training by expert instructors supplemented by custom-courseware and online sessions, high-speed broadband internet access, AfriHub Universal Mandatory Information Technology Training (UMITT) is currently providing training to 1,300 students per month on ICT at the Nnamdi Azikiwe University, Awka, Anambra State; 1,000 students per month at the University of Nigeria, Nsukka, Enugu State; and 980 students per month at the University of Nigeria, Enugu campus, Enugu State. In the mid to long term, AfriHub proposes to extend this partnership to more universities and polytechnics in Nigeria.

The immediate past president of Information Technology of Nigeria (ITAN), a trade association, Chris Uwaje, estimated that the software needs of Nigerian organizations (including educational institutions) is worth \$2.9 billion in 2007, the bulk of which comes from foreign sources. The Institute of Software Practitioners of Nigeria (ISPON) in its recent report said that the annual consumption of software in Nigeria touched a new height of N900 million (\$7,086,614) in 2006."

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<http://www.widernet.org/nigeriaconsult/nuc.htm>
www.nitda.gov.ng
www.ncc.gov.ng
<http://www.iidaw.com/softwareproviders.html>
www.ispon.org/

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Sector: Telecommunications Equipment (ITA Code: TEL)

Overview

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	2006	2007	2008 (estimated)
Total Market Size	10000	13000	16900
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	10000	13000	16900
Imports from the U.S.	3900	5200	6760

Note: Figures in millions of dollars
Estimates from industry contacts
Exchange rate: 117 Naira to 1 USD

Import Statistics: Please note that Nigeria does not yet have a reliable source of trade and production statistics. Therefore, U.S. firms interested in this market are advised to pay more attention to market variables, including competition.

According to the NCC, the estimated total number of phone lines (both mobile and fixed line) in Nigeria at the end of September 2007 was 46.23 million and teledensity of 27.42. This is an improvement from the December 2006 figure of 34.01 million lines and teledensity of 24.29. A report tagged, "Q4, 2007: How the Nigeria Telecoms Market Stands", published by Technology Times, showed MTN leads the market with about 15,873,000 lines or 38 % of the total market followed by Glo Mobile with 12,385,959 lines or 30% of the market and Celtel with 11,088,500 lines or 27% of the market. Mtel, the former national flagship now owned by Transcorp Corporation Plc, lags far behind with only about 176,000 lines, while the remaining lines are shared among several CDMA and fixed/fixed wireless operators. For more information about Technology Times reports, visit www.technologytimes.com.ng

In July 2007, three carriers in the 800MHz spectrum band were awarded to Visafone communications in a competitive auction process that included three other companies namely GiCell Wireless Limited, Multilinks Telecommunication Limited, and TC Africa

Telecoms Network Limited. Also in March 2007, four licenses for a 10MHz lot in the 2GHz spectrum were issued to Alheri Engineering Co. Limited, Celtel Nigeria Limited, Globacom Limited, and MTN Nigeria Communications Limited.

The NCC commenced the unified licensing regime in May 2006, awarding the first batch of unified licenses to four telecommunication service providers. The unified license permits telecommunications companies to offer services across the board in telecommunications, including fixed line, wireless, data services, etc. This marks the end of the five-year exclusivity incentive granted the mobile telephone licensees in 2001.

Telecommunications deregulation has led to the issuance of licenses for fixed wireless networks, internet services, and VSAT (very small aperture terminal) satellite telecommunications equipment services. However, the GON's hefty fees and opaque

The NCC held a stakeholder forum to discuss its proposal to facilitate setting up of a national emergency communications system and the introduction of a 3-digit emergency communications code for Nigeria. The project estimated to cost USD24.72 millions dollars will see the emergence of community-based call-handling centers which will act as intermediaries between those needing emergency assistance and telecommunications operators as well as security and associated agencies such as the fire service and hospital. For more information about telecommunications regulations and NCC, visit <http://www.ncc.gov.ng>

The Association of Telecommunications Companies of Nigeria (ATCON) said that the total investment in the telecommunications industry is about USD8.5 billion. Annual investment is projected at USD6 billion over the next 5 years. Nigeria liberalized its telecommunications market in 1998, and sold its cellular mobile license in 2001. For more information about ATCON, visit <http://www.atcononline.org/>

On September 27, 2003, Nigeria joined the league of nations with satellites in space. The National Space Research and Development Agency (NASRDA) began an earth observation satellite project in 2000 following a collaborative agreement with Surrey Satellite Technology Limited of the United Kingdom. The success of the program emboldened the agency to embark on the NIGCOMSAT-1, which was launched on May 14, 2007. A strategic alliance with some U.S. firms has resulted in NASRDA initiating a pilot project on telemedicine, tele-education and video conferencing. These national ICT infrastructure programs are coming on the heels of public-private partnerships to build ICT centers in Nigerian universities and polytechnics.

On December 4, 2007, *Technology Times* reported that MTN Nigeria and Celtel Nigeria have completed, preliminary network upgrade to deliver 3G services in Lagos and other major commercial cities in Nigeria. MTN Nigeria has since that report embarked on media promotion of its proposed 3.5G services.

A number of cellular mobile and fixed wireless operators are pursuing ambitious expansion plans and many of them are either concluding or initiating merger plans in order to improve their equity investment and working capital. Reportedly, Celtel plans to spend about \$2.5 billion to increase its business in Nigeria. This will bring its total direct investment in Nigeria to \$2.5 billion. In June 2006, the MTC Celtel Group paid \$1.1 billion to Vee Networks (operators of Vmobile Nigeria) to acquire 65 percent of its equity share. After the takeover, the group changed the name Vmobile to Celtel. In an

international press briefing, Celtel's Chief Executive Officer declared that his group was poised to make history in Nigeria and in other African countries where it is operating at the moment.

Over the past year Nigeria has witnessed an aggressive influx of Asian firms into the telecommunications market. Several of these companies are partnering with local private providers and are offering financial incentives targeted at equipment import, leasing and training. As the end of 2006 Nigeria had installed over 34 million fixed and mobile phone lines, according to market watchers and the Nigerian Communications Commission (NCC).

In terms of value-added services and customer support, the unified licensing regime announced on March 1, 2006, by NCC has not had much market impact. However, the new regime has taken effect following expiration of the exclusivity granted the four pioneers of mobile telecommunications services in Nigeria from March 2001 to March 2006. NCC had stated that it would not renew the exclusivity agreement it signed in 2001 with MTN Nigeria, Vmobile, Nigerian Telecommunications Limited (NITEL), and extended to Globacom in 2003. According to an industry and market survey conducted in 2005 by eShekel Nigeria, a leading telecommunications research firm, the 23 private telecommunications services providers (private operators as they are commonly called in Nigeria) that are qualified to participate in the unified license regime will need no less than \$69 billion for various investments related to provisions of mobile services.

In 2004, the International Telecommunications Union (ITU), described Nigeria as one of the fastest growing telecommunications markets in the world. For the African continent, Nigeria is easily the market to beat and certainly the chief driver of telecommunications trade and investment in the West African sub-region.

At the inception of cellular mobile telephony in Nigeria in 2001, the country could boast fewer than 500,000 functional wireless and fixed telecommunications lines. Competing operators were selected through a public auction in January 2001. Four firms successfully concluded the auction but only three met the mandatory deadline for payment of the license fee of \$280 million each. The successful firms were Econet Wireless (now known as Vmobile Nigeria Limited), MTN Nigeria, and NITEL, the Nigerian government-owned telecommunications parastatal. Econet Wireless and MTN both launched their services in August 2001. NITEL began skeletal services using its associate, M-Tel in Abuja, the capital city. The Nigerian mobile networks operate in the GSM900 MHz and GSM 1800 MHz frequencies.

Nigeria licensed and launched a Second National Operator (SNO), Globacom Mobile Limited, in 2002. The SNO has a bundle of licenses to provide services related to wireless telecommunications, including digital mobile (GSM), fixed-line services, data, Internet and IP services, business and carrier solutions. The second national operator or carrier is expected to provide national and international gateway services in competition with the former Public Switched Telecommunications Network. Pursuant to deregulation programs, Nigeria reviewed its telecommunications policy, first published in October 1999, and issued operating licenses to several private operators in the 350 MHz frequency range for zonal, regional and/or community telephony. Currently, there are over 30 private telecommunications operators in Nigeria using variants of GSM and CDMA technologies and equipment from the U.S., Europe and Asia.

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The Nigerian Communications Commission (NCC) is the industry's regulator. NCC has approved more than 510 operating licenses and permits for various telecommunications services across the country, including over 50 Internet service providers. This has generated demand for telecommunications equipment, accessories, consulting and technical partnerships. The replacement of Nigeria's outdated telecommunications infrastructure through both multilateral and Nigerian funding is a priority program of the Nigerian government. For more information about NCC, refer to www.ncc.gov.ng

The market reforms that started in 1993 have unleashed private sector-led innovations that are generating demand for telecommunications equipment, accessories and services. Topping the list of equipment are digital and mobile phone sets; cellular, transmission and switching equipment; 220V PABX and voicemail facilities. Services such as Internet cafés, voicemail, and prepaid calling cards are exploding in Nigeria.

The best prospects in mobile telecommunications services include banking and financial service support technology and systems, value-added services such as equipment rentals, consulting services and training programs. Interested U.S. service providers should target wireless applications, rural and community telephony, local and wide area network design and management, spectrum management, transaction management using wireless applications, data network design and performance optimization, Internet and Intranet security services, electric and alternate power-supply services, and deployment and strategic marketing of wireless solutions. There are also opportunities in consulting services and training in project management and corporate leadership in this sector.

Nigeria is a strategic gateway to other West African markets and offers U.S. firms a tremendous growth opportunity that may be difficult to equal or exceed elsewhere. ECOWAS, the 16-member body of West African countries, recently adopted a common currency known as Eco and share a common tariff, moving to final stages of implementation. Interested U.S. firms should take advantage of CS Nigeria's Networking With the USA (NUSA) program and BuyUSA (www.buyusa.gov/nigeria) to enter this market – the largest and most robust in Sub-Saharan Africa.

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www.ncc.gov.ng, www.buyusa.gov/nigeria

www.Nig.org.ng

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Sector: Medical Equipment (ITA Code: MED)

	2006	2007	2008 (estimated)
Total Market Size	1123	1347.6	1684.5
Total Local Production	168.6	269.5	336.9
Total Exports	NA	NA	NA
Total Imports	954.4	1078.1	1347.6
Imports from the U.S.	286.32	323.43	404.28

Note: Figures in millions of dollars

Estimates from industry contacts

Exchange rate: 130 Naira to 1 USD

***Import Statistics:** Please note that Nigeria does not yet have a reliable source of trade and production statistics. Therefore, U.S. firms interested in this market are advised to pay more attention to market variables, including competition.

Nigeria's Health Minister, Professo Adenike Grang, is leading a new initiative to leverage public-private partnerships (PPP) to revamp the country's healthcare delivery system. Nigeria continues to import most of its medical equipment and pharmaceutical products. Local production is limited to peripheral items such as hospital beds and gurneys. The country lacks the necessary infrastructure and know-how to produce, especially precision medical equipment. However, over the past twelve months, Nigeria has been reforming healthcare policies and rebuilding tertiary healthcare institutions, such as teaching hospitals and primary healthcare centers. For more information about the Nigerian Medical Association (NMA), visit <http://www.nigeriannma.org/>

Telemedicine promises a lifeline for Nigeria's rural and semi-urban communities, which do not have access to any form of functional healthcare facilities. Currently, Nigeria is pursuing an agenda of universal access to both telecommunications and primary healthcare services. The expectation is that by 2015, every Nigerian, no matter his social status, will have access to a form of healthcare service within 15 kilometers. Associated with this national goal is the necessity for technology infrastructure development, capacity building and continuous training for healthcare personnel.

Telemedicine is almost unknown in Nigeria. This is not surprising considering that until recently, Nigeria did not have the appropriate technology and infrastructure base to venture into this specialized class of healthcare services. However, the Society for Telemedicine and eHealth in Nigeria (SFTeHIN), is pro-actively pursuing its development and massive adoption by leading hospitals, public agencies, and private healthcare operators including social entrepreneurs who work in rural communities. Most members of the association are professionals who were trained in America or Europe, or have relationships with users of telemedicine outside Nigeria.

The United States has a unique opportunity to leverage its bilateral relations to help Nigeria diffuse telemedical technology, install equipment and develop systems to revamp its moribund primary healthcare services nationwide.

In May 2007, the Nigerian Communications Commission (NCC) issued third generation (3G) licenses to four telecommunications companies. The expectation is that the license beneficiaries will pioneer the laying of the foundation for the high speed voice, data and

video transmission networks Nigeria needs to proactively lead the West African sub-region in telemedicine, tele-education and electronic business development.

The vision of Health for All by the Year 2015, will be advanced if Nigeria can leverage telemedicine to improve service delivery especially primary healthcare centers in rural and semi-urban communities. To improve performance standards, the country needs to train more personnel, reduce cost of services, and access expertise not readily available in the country. According to the President of Nigerian Medical Association (NMA), Doctor Dan Gana, primary healthcare system in Nigeria has since collapsed. Currently, the country boasts of 25,000 practicing doctors from an estimated 50,000. The remaining 25,000 have emigrated to Europe, America, or Middle East..

Medical experts have described the Nigerian healthcare system as a manmade disaster. The Government of Nigeria is currently reforming the industry sector starting with introduction of a National Health Insurance in 2005. According to industry sources, four teaching hospitals were transformed into centers of excellence for tertiary healthcare and four more will be completed in 2007. In 2006, 200 primary health centers were rehabilitated and equipped, while about 93 more have reached advanced stages of completion. In 2007, Nigeria established more HIV/AIDS testing and treatment centers.

The government insists it will not be solely responsible for primary healthcare services across the country. Instead, it will support the states in an effort to bring primary health care services to the people, especially in rural communities. The government also restated its commitment to the resuscitation of the healthcare delivery system through systematic funding and mobilization in line with the Bamako Initiative Program, a series of reforms in response to the deterioration of public health systems in developing countries. Despite these pronouncements, the government's budget allocation to health continues to be less than 10 per cent of the total national budget, which puts it far below the World Health Organization's minimum recommendation of 15% of the total annual allocation.

Until three years ago, healthcare in Nigeria was denied the critical attention it deserved for several decades. Successive governments neglected primary, secondary and tertiary health services in spite of the volume of information available to them on the state of healthcare at all levels. Several policies have been formulated without a corresponding infusion of funds.

Nigeria says it is committed to the Millennium Development Goals but the health sector has remained almost stagnant and old facilities are collapsing. The vision of Health for All by the Year 2015, therefore, may not be realized as there has been very little visible improvement in this sector. Perhaps the only visible program in the sector is the vigorous enforcement of regulation in food and drug administration by the leadership of the National Agency for Food and Drug Administration and Control (NAFDAC).

Nigeria continues to witness a massive import of food and drugs that have expired or are about to expire. Some of these imports come through the seaports, but large consignments reportedly are hauled overland through porous border routes. However, the leadership of NAFDAC has won praise for courage, thoroughness and integrity.

National Health Insurance Scheme (NHIS), introduced in 2006, appears to be going well. The NHIS was first proposed about 30 years ago, but due to inconsistencies in policy

implementation, the scheme was delayed for three decades. The NHIS is aimed at generating resources for healthcare delivery as well as providing access to quality healthcare delivery. Other categories of healthcare services that have been given high priority include the intensification of non-curative components of primary health care, such as sanitation health education, national preventive campaigns against childhood diseases and free compulsory immunization programs.

HIV/AIDS has been identified as a growing problem in Nigeria. The government has expressed concern about this looming menace as it could have a devastating impact on Nigeria's growth and poverty-alleviation efforts if unchecked. Officially, the rate of HIV infection in Nigeria is about 5.8 percent. It is estimated that the government would need about \$63 million to combat aids in Nigeria. This would include substantial purchases of drugs and HIV/AIDS-related test kits.

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Nigeria remains a major destination for global export of healthcare products and services. Speaking at an official event to mark the World Cancer Day in Nigeria, the Health Minister, Professor Adenike Grange said that Nigeria may record 500,000 cancer cases annually up from current level of 100,000 cases from the year 2010. To check this potential calamity, Nigeria needs to establish more centers to screen, treat and advise patients.

According to industry reports and market intelligence, malaria is one of the principal causes of illness and death in Nigeria. Current statistics indicate that nine out of ten deaths related to malaria that occur in Sub-Saharan Africa including Nigeria, is mostly among young children and pregnant women. In spite of its economic burden, about USD12 billion in Nigeria and other African countries, this problem makes the country a growth market for U.S. equipment for preventing and treating malaria cases.

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

Opportunities exist in Nigeria for professional training and environmental services in the healthcare sector. There is a dearth of specialist expertise in many specialized fields and a near absence of cutting-edge technology application in most healthcare institutions in Nigeria.

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www.nafdac.org.ng

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

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Sector: Automobiles (ITA Code: AUT)

Overview

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	2006	2007	2008(estimated)
Total Market Size	1100	1320	1500
Total Local Production	300	320	325
Total Exports	0	0	0
Total Imports	800	1000	1175
Imports from the U.S.	250	300	350

(Note: Figures in millions of dollars)

Estimates from industry contacts

Exchange rate: 118 naira to 1 USD

The Government of Nigeria has divested its stake in Peugeot Automobiles Nigeria (PAN) Limited, Anambra Motor Manufacturing Company (ANAMCO) and Steyr Nigeria Limited to private investors. Nevertheless, the future of domestic production after privatization remains uncertain. The size of the market does not justify the level of installed capacity. Nigerian car plants will need to generate interest from foreign partners to inject new capital and extend their reach to the rest of Africa.

Consequently, used vehicle imports, which currently account for nearly 80% of total imports, will sustain in 2008. Market share for the United States will record greater improvements because of the growing popularity of U.S.-made automobiles (usually referred to as "American Specs" in local parlance). Nigerians generally perceive these vehicles as being well built and having exceptional features. The widening exchange rate disparity between the dollar and the euro will significantly favor U.S. imports.

Best Products/Services

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- Used vehicles (cars and trucks) and spare parts.
- Car care products, such as car wax, carburetor/injector cleaners, fuel/oil treatments, polishes, body fillers, paints, grease removers, masking tape, transmission oils and radiator coolants.
- Modern vehicle service/repair shops.

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<http://www.businessmonitor.com/autos/nigeria.html>
<http://www.nac.gov.ng/>

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

Sector: Construction Equipment (ITA Code: CON)

Overview

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	2006	2007	2008 (estimated)
Total Market Size	550	600	700
Total Local Production	180	200	250
Total Exports	20	20	20
Total Imports	300	400	430
Imports from the U.S.	200	200	250

Note: Figures in millions of dollars
Estimates from industry contacts.
Exchange rate: 118 Naira to 1 USD

The construction sector will continue experiencing growth in 2008 with the Federal government of Nigeria embarking on renovating existing dilapidating infrastructure such as roads, airports, seaports, and office buildings. The Transportation Ministry is looking to identify U.S. engineering services firms which can propose solutions to quickly upgrade and extend road networks across Nigeria's various geophysical regions. To fulfill their campaign promises, state governments also plan to build homes for their teeming masses that are living in sub-standard homes. New mortgage banks have sprang up with attractive schemes to assist homeowners to finance the construction of their homes. Recapitalization of the banking sector has meant the availability of funds for prospective homeowners to secure loans for new buildings and homes. Plans are also in the pipeline for construction of new roads and expanding existing ones to facilitate movement of goods and people in Nigeria. The Federal Government of Nigeria is also reviewing plans to replace rail lines to facilitate movement of people, goods and services. It is also expected that emphasis will be placed on provision of affordable homes for the teeming Nigerian population.

Best Products/Services

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There was a noticeable increase in imports of construction equipment, especially for serviceable machinery for road construction during 2007/2008 caused 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 and road and home construction. U.S. manufacturers of heavy construction equipment such as dredges, excavators, swamp buggies will find the Nigerian construction equipment market (especially for used ones) very lucrative and attractive.

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

Agricultural Sector

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Despite the rapid growth of Nigeria's oil industry since the 1970's, Nigeria is still predominantly agrarian, with approximately 70 percent of the populace engaged in agricultural production, largely at subsistence level. The major crops are sorghum, millet, corn, soybeans, peanuts, cotton, yam, palm products, rice, rubber, cassava and cocoa. The sector accounted for about 51 percent of Nigeria's total gross domestic product in 2006. Click on the following link for more information on the agricultural sector. <http://www.nigeriabusinessinfo.com/agric.htm>

Nigeria's total food and agricultural imports in 2007 are valued at approximately \$3 billion. Major agricultural imports are rice, wheat, sugar, milk powder, tallow, tobacco and consumer-ready food products. Wheat is the leading U.S. agricultural export commodity to Nigeria. Of the approximately \$693 million indicated as total official U.S. agricultural exports in 2007, wheat accounted for about \$626 million. Other important U.S. agricultural exports to Nigeria include tallow, soybean meal, fish and seafood products, tobacco, and consumer-ready products.

Sector: Wheat

Overview

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	2006	2007	2008 (estimated)
Total Market Size	700	738	758
Total Local Production	20	18	18
Total Exports	0	0	0
Total Imports	680	720	730
Imports from the U.S.	457	626	630

Note: Figures in millions of dollars
Estimates from industry contacts
Exchange rate: 118 naira to 1 USD

Despite record high wheat prices, Nigeria is currently the second largest overseas market for U.S. wheat in 2007/08. In the first five months of 2007/08, wheat imports from the U.S. increased by 7.4 percent in quantity compared to the corresponding period a year ago. The U.S. is the dominant supplier to the Nigerian market.

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Federal Ministry of Agriculture:
http://www.nopa.net/Agriculture_and_Rural_Development/ ,
http://www.nigeriaembassyusa.org/fed_ministers.shtml

Foreign Agricultural Service
U.S. Department of Agriculture (USDA)

Office of Agricultural Affairs
U.S. Consulate, Lagos-Nigeria
Email: Aqlagos@usda.gov
Website: http://nigeria.usembassy.gov/foreign_agric_service.html
http://www.fas.usda.gov/scripts/fasfield/ovs_directory_result.asp

Sector: Dairy Products

Overview

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	2006	2007	2008 (estimated)
Total Market Size	276.3	301.5	362.5
Total Local Production	1.3	1.5	2.5
Total Exports	0	0	0
Total Imports	275	300	360
Imports from the U.S.	6.2	8.5	12.0

Note: Figures in millions of dollars and only include formally marketed products
Estimates from industry contacts
Exchange rate: 118 naira to 1 USD

Nigeria is a potential market for 1.3 million tons of milk valued about \$3 billion (Industry source). Of Nigeria's estimated 1.3 billion liters of total domestic fluid milk production in 2006, only a very small amount entered formal marketing channels. Dairy imports are large and were valued at about \$275 million in 2006. Nigeria's dairy processors (including ice cream, chocolate milk, yoghurt, and long-life milk producers) rely on combining and reconstituting milk powder imported mostly from the European Union (Netherlands, Denmark). Processed infant formula, cheese, butter, as well as high-end ice cream, are also imported. U.S. market share for dairy products remains small although processed dairy products from the U.S. are perceived as higher quality products. Freight costs from the U.S. are well above those from the European Union.

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Federal Ministry of Agriculture:
http://www.nopa.net/Agriculture_and_Rural_Development/ ,
http://www.nigeriaembassyusa.org/fed_ministers.shtml

Foreign Agricultural Service
U.S. Department of Agriculture (USDA)
Office of Agricultural Affairs
U.S. Consulate, Lagos-Nigeria
Email: Aqlagos@usda.gov
Website: http://nigeria.usembassy.gov/foreign_agric_service.html
http://www.fas.usda.gov/scripts/fasfield/ovs_directory_result.asp

Sector: Rice

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	2006	2007	2008 (estimated)
Total Market Size	1280	1320	1345
Total Local Production	720	760	780
Total Exports	0	0	0
Total Imports	560	560	565
Imports from the U.S.	0.92	0.13	0.14

Note: Figures in millions of dollars
Estimates from industry contacts
Exchange rate: 118 naira to 1 USD

Rice is a basic staple of the masses in Nigeria. Nigeria's rice production is increasing but continues to lag behind demand by about 2 million tons and Nigeria is one of the world's largest importers. The bulk of the country's rice imports come from Thailand and India. Currently, American milled parboiled rice can only compete for a share of the top niche segment of the Nigerian market. U.S. rice exporters are encouraged to collaborate with leading Nigerian importers to boost sales. The Nigerian government's prohibitive duty of 109 percent continues to encourage large-scale cross border smuggling of the product.

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Federal Ministry of Agriculture:

http://www.nopa.net/Agriculture_and_Rural_Development/,
http://www.nigeriaembassyusa.org/fed_ministers.shtml

Foreign Agricultural Service

U.S. Department of Agriculture (USDA)

Office of Agricultural Affairs

U.S. Consulate, Lagos-Nigeria

Email: AqLagos@usda.gov

Websites: http://nigeria.usembassy.gov/foreign_agric_service.html;

http://www.fas.usda.gov/scripts/w/fasfield/ovs_directory_result.asp

Sector: Seafood

Overview

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	2006	2007	2008 (Estimated)
Total Market Size	1430	1660	1700
Total Local Production	430	500	400
Total Exports	--	N/A	N/A
Total Imports	1000	1160	1300
Imports from the U.S.	8.0	0.001	5.0

Note: Figures in millions of dollars
Estimates from industry contacts
Exchange rate: 120 naira to 1 USD

Nigeria imports the majority of its seafood, and imports are projected to increase to 1.3 million tons in 2008, up from approximately one million tons in 2007. Export sales of U.S. seafood (especially frozen mackerel, herring and croaker) to Nigeria dropped in 2007 and the scarcity and high price of Atlantic species resulted in a noticeable shift in the Nigerian market towards more imports from South America, especially Chile. High energy cost translating to higher U.S. freight charges as well as the hitherto one-way seafood trade contributed to this. In 2007, the U.S. recertified Nigeria for shrimp exports to the United States. This is expected to promote a two-way seafood trade between the countries thus potentially increasing U.S. seafood exports to Nigeria. U.S. dollar devaluation will also make seafood export prices attractive to local buyers.

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Federal Ministry of Agriculture:
[http://www.nopa.net/Agriculture and Rural Development/](http://www.nopa.net/Agriculture_and_Rural_Development/) ,
http://www.nigeriaembassyusa.org/fed_ministers.shtml

Foreign Agricultural Service
U.S. Department of Agriculture (USDA)
Office of Agricultural Affairs
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Website: http://nigeria.usembassy.gov/foreign_agric_service.html;
http://www.fas.usda.gov/scriptsw/fasfield/ovs_directory_result.asp

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Chapter 5: Trade Regulations and Standards

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- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
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Import Tariffs

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The government of Nigeria began implementing the Economic Community of West African States (ECOWAS) Common External Tariff (CET) on October 1, 2005. The CET places imports into one of five tariff bands, namely, zero duty on capital goods, machinery and essential drugs not produced locally; 5-percent duty on raw materials; 10-percent duty on intermediate goods; 20-percent duty on finished goods; and 50-percent duty on goods in the industries that the government would like to protect. Some items banned for importation were converted to the 50-percent duty category in January 2007. The expected CET negotiations were not concluded at the end of 2007 as earlier planned. In fact, the Minister of Finance announced on December 14, 2007 that Nigeria had suspended the implementation of the CET system it had been experimenting over the past two years. The Minister attributed the suspension to a deadlock in negotiations between Nigeria and other ECOWAS member countries over the Type B exception list as well as the 50 percent list. The exception list consists of items whose duty rates are at variance with the ECOWAS CET such as steel, petroleum, pharmaceuticals, rice, and tobacco, while the 50 percent list covers luxury goods

Trade Barriers

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The government continues to impose trade barriers against foreign competition. Click on the following link to read the United States Trade Representative (USTR) office report.

http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_NTE_Report/asset_upload_file618_9195.pdf

Import Requirements and Documentation

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The Nigerian government commenced the implementation of a "Destination Inspection" plan on January 1, 2006. Under the destination inspection scheme, goods destined for Nigeria's ports would be inspected at the point of entry rather than at the point of shipment, which was hitherto the practice. Three companies, namely, Cotecna; SGS;

and Global Scan, have been awarded a seven-year contract to act as inspection agents at Nigeria's seaports, border posts, and airports. Click on the following links for further information. <http://www.nigerianembassy.nl/Imports.htm> or http://www.cotecna.com/gov/gov_nigeria_datasheet.asp#9

U.S. Export Controls

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At present, there is no export tax in Nigeria. However, the Nigerian government prohibits the exportation of items listed in the following link <http://www.otal.com/nigeria/nigeriaimports.htm#exports>

Temporary Entry

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

Labeling and Marking Requirements

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

The Nigerian government requires that products entering the country must carry such information as: name of product, country of origin, specifications, date of manufacture, batch or lot number, standards to which they were produced (e.g. BS, DIN, ISO/IEC, NIS, etc) and in the case of items such as soap, food and drinks and related products, they should carry the expiration date or the shelf life, as well as active ingredient(s), where applicable. Also, all items entering the country must be labeled in metric terms exclusively. Products with dual or multi-markings will be confiscated or refused entry. For more information please visit www.fas.usda.gov/gainfiles/200508/146130444.doc and http://www.sononline-ng.org/portal/alias_Sononline-ng.org/lang_en/tabID_94/DesktopDefault.aspx

Prohibited and Restricted Imports

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Though the government continues to prohibit the importation of certain items, some items that were on the 2004 import prohibition list were removed from the revised list of 2005, and the government rescinded some import bans in January 2007. As of early February 2008, the GON was reviewing its tariffs and bans. On January 14, the Government announced it was allowing more bulk cement imports by local cement

bagging companies and local cement manufacturers aimed at reducing the domestic price of cement. <http://www.otal.com/nigeria/nigeriaimports.htm>

Customs Regulation and Contact Information

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

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

The Nigerian Customs Service is located at :
3 - 7 Abidjan Street, off Sultan Abubakar Way, Wuse Zone 3
PMB 26, Garki, Abuja, Nigeria
Tel: 234-9-5234680, 5236394: Fax: 234-9-5236394, 5234690

Standards

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- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)

Overview

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

Standards Organizations

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Standards Organization of Nigeria (SON)

www.sononline-ng.org

National Agency for Food and Drugs Administration and Control (NAFDAC)

www.nafdacnigeria.org

Conformity Assessment

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The SON and NAFDAC have some information regarding conformity assessment available on the Standards Organization of Nigeria (SON) Website: www.sononline-ng.org and National Agency for Food and Drugs Administration and Control (NAFDAC) Website: www.nafdacnigeria.org.

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

Product Certification

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The SON and NAFDAC have some information regarding product certification available on the Standards Organization of Nigeria (SON) website: www.sononline-ng.org and National Agency for Food and Drugs Administration and Control (NAFDAC) website: www.nafdacnigeria.org.

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

Accreditation

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The SON and NAFDAC have little information regarding accreditation available on the Standards Organization of Nigeria (SON) Website: www.sononline-ng.org and National Agency for Food and Drugs Administration and Control (NAFDAC) website: www.nafdacnigeria.org.

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

Publication of Technical Regulations

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

The SON and NAFDAC contact information can be found on their websites:
Standards Organization of Nigeria (SON): www.sononline-ng.org
National Agency for Food and Drugs Administration and Control (NAFDAC):
www.nafdacnigeria.org

Labeling and Marking

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The SON and NAFDAC have little information regarding labeling and marking available on the Standards Organization of Nigeria (SON) Website: www.sononline-ng.org and National Agency for Food and Drugs Administration and Control (NAFDAC) website: www.nafdacnigeria.org.

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

Trade Agreements

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In 2000, Nigeria and the United States signed a Trade and Investment Framework Agreement (TIFA). Though a bilateral investment treaty (BIT) is not in place between Nigeria and the U.S., the President of Nigeria has recently expressed interest in negotiating a BIT with the U.S. To view the TIFA document, please click on http://www.ustr.gov/assets/Trade_Agreements/TIFA/asset_upload_file172_7727.pdf

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www.sononline-ng.org

www.nafdacnigeria.org.

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

<http://www.otal.com/nigeria/nigeriaimports.htm>,

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Chapter 6: Investment Climate

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- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
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Openness to Foreign Investment

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With an estimated population of 140 million, Nigeria is Africa's most populous nation. It offers investors a low-cost labor pool, abundant natural resources, and potentially the largest domestic market in sub-Saharan Africa. Unfortunately, much of that market potential is unrealized. Impediments to investment include inadequate infrastructure, corruption, an inefficient system of registering property, an inconsistent regulatory environment, restrictive trade policies, and slow and ineffective courts and dispute resolution mechanisms.

To succeed, investors must understand the Nigerian business environment and engage in problem solving with local staff, Nigerian partners and officials. Potential investors must cope with poorly maintained infrastructure and arbitrary policy changes. Security is of special concern. There are repeated cases of hostage taking and attacks on oil installations in the oil-rich Niger Delta region. Inadequate law enforcement compounds the country's high crime rate, and sporadic outbreaks of communal violence continue.

Military rule ended with the inauguration of a civilian administration in May 1999. Nigeria conducted its third general elections in April 2007 resulting in a civilian-to-civilian hand over of power from former President Olusegun Obasanjo to President Umar Musa Yar'adua. The elections were however, characterized by gross irregularities. A large number of the electoral victories in the April general elections are currently being challenged in various electoral tribunals in the country, including the presidential election results. The courts have upturned some of the results, including some governorship results. The affected governors have appealed the electoral tribunal decisions.

The government of Nigeria (GON) embarked on a reform program in late 2003 christened the National Economic Empowerment and Development Strategy (NEEDS).

The present administration of President Yar'adua has assured that the economic reforms will be sustained. Freedom of expression and of the press is observed, and human rights violations have been reduced from the time of military rule, although the country's human rights record remains poor. Controls over foreign investment have been loosened, and earlier decrees inhibiting competition or conferring monopoly powers on public enterprises have been repealed or amended. Despite these actions, policymakers' protectionist bent remains evident. Trade policy is inconsistent, and the GON prohibits the importation of many goods, ostensibly to foster domestic production.

The Government of Nigeria (GON) continues to solicit for foreign investment and has implemented various reforms towards attracting foreign investment.

Legal Framework: With a few exceptions, the Nigerian Investment Promotion Commission (NIPC) Decree of 1995 allows 100 percent foreign ownership of firms outside the petroleum sector, where investment is limited to existing joint ventures or new production-sharing agreements. Industries considered crucial to national security, such as firearms, ammunition, and military and paramilitary apparel, are reserved for domestic investors. Foreign investors must register with the NIPC after incorporation under the Companies and Allied Matters Decree of 1990. The decree prohibits the nationalization or expropriation of foreign enterprises except in cases of national interest.

Nigerian laws apply equally to domestic and foreign investors. These include the Securities and Exchange Act of 1999, the Foreign Exchange Act of 1995, the Money Laundering Act of 2003, the Banking and Other Financial Institutions Act of 1991, and the National Office of Technology Acquisition and Promotion Act of 1979.

Privatization: The Privatization and Commercialization Act of 1999 established the National Council on Privatization, the policymaking body overseeing the privatization of state-owned enterprises, and the Bureau of Public Enterprises (BPE), to implement the program. The privatization of key sectors, including telecommunications and power, calls for core investors to acquire controlling shares in formerly state-owned enterprises. The GON repealed or amended decrees that inhibited competition or conferred monopoly powers on parastatal firms. Since 1999, the BPE has raised over \$4 billion by privatizing and concessioning more than 140 enterprises, including cement manufacturing firms, banks, hotels, and vehicle assembly plants.

With the passage of the Power Sector Reform Bill in 2005, a power sector regulator, the Nigerian Electricity Regulatory Commission (NERC) was created with responsibility for tariff regulation and economic and technical regulation of the electricity supply industry. Since its inception, the NERC has issued twenty two licenses to independent power producers in the electricity industry.

The privatization of Nigeria's Power Holding Company of Nigeria (PHCN -- formerly the National Electric Power Authority or NEPA) has moved slowly. Given the complex nature of the sale and the entity's poor financial condition, privatization will likely be difficult. PHCN is moving slowly to restructure its services into autonomous firms encompassing power generation, transmission, distribution, and billing.

The GON has substantially opened Nigeria's telecommunications sector. The Telecommunications Act of 2001 authorizes the Nigerian Communications Commission (NCC) to issue licenses to existing and prospective service providers. Four enterprises,

including NITEL, have licenses. Globacom won mobile, fixed, and international gateway licenses as Nigeria's second national operator in mid-2002. According to the NCC, the estimated total number of phone lines (both mobile and fixed line) in Nigeria at the end of September 2007 was 46.23 million and teledensity of 27.42. This is an improvement from the December 2006 figure of 34.01 million lines and teledensity of 24.29. In July 2007, three carriers in the 800MHz spectrum band were awarded to Visafone communications in a competitive auction process that included three other companies namely GiCell Wireless Limited, Multilinks Telecommunication Limited, and TC Africa Telecoms Network Limited. Also in March 2007, four licenses for a 10MHz lot in the 2GHz spectrum were issued to Alheri Engineering Co. Limited, Celtel Nigeria Limited, Globacom Limited, and MTN Nigeria Communications Limited.

The NCC commenced the unified licensing regime in May 2006, awarding the first batch of unified licenses to four telecommunication service providers. The unified license permits telecommunications companies to offer services across the board in telecommunications, including fixed line, wireless, data services, etc. This marks the end of the five-year exclusivity incentive granted the mobile telephone licensees in 2001.

Telecommunications deregulation has led to the issuance of licenses for fixed wireless networks, internet services, and VSAT (very small aperture terminal) satellite telecommunications equipment services. However, the GON's hefty fees and opaque contract bidding procedures tend to slow the spread of these technologies.

Conversion and Transfer Policies

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The Foreign Exchange Monitoring Decree of 1995 opened Nigeria's foreign exchange market. In February 2006, in accordance with its plan to liberalize the foreign exchange market, Nigeria adopted a Wholesale Dutch Auction System (W-DAS) which gives banks more control of the foreign exchange market, though the Central Bank still retains its supervisory role over the market.

Foreign companies and individuals can hold domiciliary accounts in banks. Account holders have unlimited use of their funds, and foreign investors are allowed unfettered entry and exit of capital. There is a \$4,000 quarterly Personal Travel Allowance for foreign exchange and a \$5,000 quarterly Business Travel Allowance per individual. Foreign exchange for travel is usually issued in travelers checks by commercial banks while some authorized dealers also issue pre-paid cards that can be used on Visa machines worldwide. Persons may obtain less foreign exchange in a single transaction and travelers checks from registered bureau de change.

The NIPC guarantees investors unrestricted transfer of dividends (net a 10 percent withholding tax). Companies must provide evidence of income earned and taxes paid before making remittances. Money transfers usually take less than two weeks. All transfers are required by law to be made through banks, because banks are the only licensed foreign exchange agents.

Expropriation and Compensation

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The GON has not expropriated or nationalized foreign assets since the late 1970s.

Investment Disputes: Nigeria's civil courts handle disputes between corporate bodies and the GON as well as between Nigerian businesses and foreign investors. 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.

Legal System: Nigeria has a complex three-tiered legal system composed of English common law, Islamic law, and Nigerian customary law. Most business transactions are governed by "common law" as modified by statutes to meet local demands and conditions. At the pinnacle of the judicial system is the Supreme Court, which 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. Debtors and creditors rarely have recourse to Nigeria's pre-independence bankruptcy law. In the Nigerian business culture, businessmen generally do not seek bankruptcy protection. Even in cases where creditors obtain a judgment against defendants, claims often go unpaid.

The public increasingly resorts to the court system and is more willing to litigate and seek redress. However, use of the courts does not automatically imply fair or impartial judgments. In the World Bank's publication, Doing Business 2008, which surveyed 178 countries including Nigeria, concluded GON efforts have led to improvements in the way business is conducted, but was not among the top ten reformers, a position it occupied in the last publication. Regarding the enforcement of contracts Nigeria was ranked 93 out of 178 countries surveyed. Though it was ranked 66 out of 175 countries surveyed in 2006 it is an improvement compared with the 2005 survey where it was classified as the eighth slowest country to enforce contracts, out of 145 countries surveyed. In addition, the report revealed that contract enforcement required 39 procedures and 457 days, the cost of which averaged 32 percent of the value of the contract. A substantial improvement from its 2005 position of 23 procedures, 730 days, and a cost of 37.2 percent of the value of the contract. The Nigerian court system has too few court facilities, lacks computerized document processing systems, and poorly remunerates judges and other court officials, all of which encourages corruption and undermines enforcement.

Alternative Dispute Resolution: The Arbitration and Conciliation Act of 1988 (the Arbitration Act) provides for a unified and straightforward legal framework for the fair and efficient settlement of commercial disputes by arbitration and conciliation. The Act established internationally competitive arbitration mechanisms, fixed proceeding schedules, provided for the application of the UNCITRAL (United Nations Commission on International Trade Law) arbitration rules or any other international arbitration rule acceptable to the parties, and made the Convention on the Recognition and Enforcement of Arbitral Awards (New York Convention) applicable to contract enforcement, based on reciprocity. The Act allows parties to challenge arbitrators and provides that an arbitration tribunal shall ensure that the parties are accorded equal treatment, and that each party has full opportunity to present its case.

Investment Disputes: Nigeria's civil courts handle disputes between corporate bodies and the GON as well as between Nigerian businesses and foreign investors. 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.

Legal System: Nigeria has a complex three-tiered legal system composed of English common law, Islamic law, and Nigerian customary law. Most business transactions are governed by "common law" as modified by statutes to meet local demands and conditions. At the pinnacle of the judicial system is the Supreme Court, which 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. Debtors and creditors rarely have recourse to Nigeria's pre-independence bankruptcy law. In the Nigerian business culture, businessmen generally do not seek bankruptcy protection. Even in cases where creditors obtain a judgment against defendants, claims often go unpaid.

The public increasingly resorts to the court system and is more willing to litigate and seek redress. However, use of the courts does not automatically imply fair or impartial judgments. In the World Bank's publication, Doing Business 2008, which surveyed 178 countries including Nigeria, concluded GON efforts have led to improvements in the way business is conducted, but was not among the top ten reformers, a position it occupied in the last publication. Regarding the enforcement of contracts Nigeria was ranked 93 out of 178 countries surveyed. Though it was ranked 66 out of 175 countries surveyed in 2006 it is an improvement compared with the 2005 survey where it was classified as the eighth slowest country to enforce contracts, out of 145 countries surveyed. In addition, the report revealed that contract enforcement required 39 procedures and 457 days, the cost of which averaged 32 percent of the value of the contract. A substantial improvement from its 2005 position of 23 procedures, 730 days, and a cost of 37.2 percent of the value of the contract. The Nigerian court system has too few court facilities, lacks computerized document processing systems, and poorly remunerates judges and other court officials, all of which encourages corruption and undermines enforcement.

Alternative Dispute Resolution: The Arbitration and Conciliation Act of 1988 (the Arbitration Act) provides for a unified and straightforward legal framework for the fair and efficient settlement of commercial disputes by arbitration and conciliation. The Act established internationally competitive arbitration mechanisms, fixed proceeding schedules, provided for the application of the UNCITRAL (United Nations Commission on International Trade Law) arbitration rules or any other international arbitration rule acceptable to the parties, and made the Convention on the Recognition and Enforcement of Arbitral Awards (New York Convention) applicable to contract enforcement, based on reciprocity. The Act allows parties to challenge arbitrators and provides that an arbitration tribunal shall ensure that the parties are accorded equal treatment, and that each party has full opportunity to present its case.

Nigeria regulates investment in line with the World Trade Organization's Trade-Related Investment Measures (TRIMS) Agreement. Foreign companies operate successfully in Nigeria's service sector, including telecommunications, accounting, insurance, banking, and advertising. The Securities and Exchange Act of 1988, amended in 1999 and renamed the Investment and Securities Act, forbids monopolies, insider trading, and unfair practices in securities dealings.

To meet performance requirements, foreign investors must register with the Nigerian Investment Promotion Commission, incorporate as a limited liability company (private or public) with the Corporate Affairs Commission, procure appropriate business permits, and (when applicable) register with the Securities and Exchange Commission. Manufacturing companies are sometimes required to meet local content requirements. Expatriate personnel do not require work permits, but they are subject to "needs quotas" requiring them to obtain residence permits that allow salary remittances abroad. Larger quotas are allowed for professions deemed in short supply, such as deepwater oilfield divers. U.S. companies often report problems obtaining quota permits.

The GON maintains many different and overlapping incentive schemes. The Industrial Development/Income Tax Relief Act No. 22 of 1971, amended in 1988, provides incentives to pioneer industries deemed beneficial to Nigeria's economic development and to labor-intensive industries, such as apparel. Companies that receive pioneer status may benefit from a nonrenewable 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 local raw materials 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 incentives exist for the natural gas sector, including allowances for capital investments and tax-deductible interest on loans. The GON encourages foreign investment in agriculture, mining and mineral extraction (non-oil), oil and gas, and the export sector. In practice, these incentive programs meet with varying degrees of success.

Technology Transfer Requirements: The National Office of Industrial Property Act of 1979 established the National Office of Technology Acquisition and Promotion (NOTAP) to facilitate the acquisition, development, and promotion of foreign and indigenous technologies. NOTAP registers commercial contracts and agreements dealing with the transfer of foreign technology and ensures that investors possess licenses to use trademarks and patented inventions and meet other requirements before sending remittances abroad. With the Ministry of Finance, NOTAP administers 120 percent tax deductions for research and development expenses if carried out in Nigeria and 140 percent deductions for research and development using local raw materials.

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

Import Policies: Tariffs provide the GON its (distant) second largest source of revenue after oil exports. Frequent policy changes and uneven duty collection make importing difficult and expensive and create severe bottlenecks. Nigeria's dependence on imports

aggravates the situation. In October 2005, the GON announced that it was implementing the ECOWAS Common Economic Tariff (CET) regime, which will place all items in one of five tariff bands.

Bans prohibit the import of various goods including meat, fresh fruit, cassava, pasta, fruit juice in retail packs, toothpicks, soaps and detergents, biscuits, corn, pork products, vegetable oil, sorghum, millet, beer and non-alcoholic beverages and sugar confectionaries, textiles, plastics, and barite. In 2006, the GON removed some textiles from its list of prohibited imports. The GON had announced in late 2004 that it will phase out the bans by January 2008 in line with the conclusion of negotiations with its West African neighbors under the ECOWAS CET. Unfortunately, the expected CET negotiations are unlikely to conclude by January 2008. In fact, the Minister of Finance announced on December 14, 2007 that Nigeria had suspended implementation of the CET system it had been experimenting with over the past two years. The Minister attributed the suspension to a deadlock between Nigeria and other ECOWAS member countries over the Type B exception list as well as the 50 percent list. The exception list, consisting of items whose duty rates are at variance with the ECOWAS CET, typically includes basic items like steel, petroleum, pharmaceuticals, rice, and tobacco, while the 50 percent list covers luxury goods. In December 2007 there were reportedly 308 tariff lines on Nigeria's Type B exception list. As of early January 2008, the GON was reviewing its tariffs and bans. The President cancelled the ban on import of cement on January 14.

The Nigerian Customs Service (NCS) and the Nigerian Ports Authority (NPA) have exclusive jurisdiction over customs services and port operations. Nigerian law allows importers to clear goods on their own, but most importers employ clearing and forwarding agents.

Many importers under-invoice shipments and engage in currency arbitrage to minimize tariffs and lower their landed costs. Others ship their goods to ports in neighboring countries, after which they are transported overland. The GON began a destination inspection regime in January 2006, which had earlier been shelved on four different occasions since 2002. Under the destination inspection scheme, goods destined for Nigeria's ports would be inspected at the point of entry rather than at the point of shipment. Guidelines for the new scheme were announced, and three companies were awarded a seven-year contract to act as inspection agents at Nigeria's seaports, border posts, and airports. The companies are Cotecna, SGS, and Global Scan. The exclusive contract will expire by 2012, if Nigerian Customs officials have completed training on the new scheme and on the handling of the scanning machines, which would be handed over to the NCS at the expiration of the contract.

Shippers report that efforts to modernize and professionalize the NCS and the NPA have reduced port congestion and clearance times, particularly at Lagos' Apapa Port, which handles over 40 percent of Nigeria's trade. This is particularly the case for container traffic. Nevertheless, bribery of customs and port officials remains commonplace, and smuggled goods routinely enter Nigeria's seaports and cross its land borders. There are ongoing reforms to further reduce the time for clearing goods from the current 2 weeks to 48 hours.

Export Incentives: Most export incentives were recently abolished, though the government is reviewing reinstating some selected incentives.

Although highly underused, the Nigerian Export-Import Bank provides commercial bank guarantees and direct lending to facilitate export sector growth. The bank'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 meant to promote industrial exports, remain burdened by uneven management, vaguely defined policy guidelines, and corruption. Nigeria's high production costs because of inadequate infrastructure also leave Nigerian exporters at a disadvantage.

Government Procurement: The GON awards contracts under an open-tender system, advertising tenders in Nigerian newspapers and opening them to domestic and foreign companies. Procurement has become slightly more transparent, but corruption persists.

Procurement for capital projects is often subject to over-invoicing, which permits improper payments to private and public sector officials. Many U.S. companies claim they are disadvantaged in obtaining GON contracts, even when they appear to have the best bids in technical and financial terms. Unsuccessful U.S. bidders sometimes allege collusion between foreign competitors and key GON officials.

The Bureau of Public Procurement, the successor agency to the Budget Monitoring and Price Intelligence Unit (BMPIU) after the enactment of the public procurement legislation in May 2007 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 N50 million (about \$380,000) are subject to full "due process," as the process is called. It is expected that the public procurement legislation would also be passed at the lower tiers of government.

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 Nigerian Investment Promotion Commission, and request residency permits from the Nigerian Immigration Service. Investors report that this cumbersome process can take from two to 24 months and cost from \$1,000 to \$3,000 in facilitation fees.

Right to Private Ownership and Establishment

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

Protection of Property Rights

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The GON recognizes secured interests in property, such as mortgages. The recording of security instruments and their enforcement are subject to the same inefficiencies as

those in the judicial system. The World Bank's publication, *Doing Business 2008*, Nigeria was ranked 51 of the 178 countries surveyed for registering property, requiring 14 procedures and 82 days at a cost of 22.2 percent of the property value. In the *Doing Business 2007* publication Nigeria was ranked as having the sixth least efficient system for registering property of the 175 countries surveyed, requiring 16 procedures and 80 days, at a cost of 21.2 percent of the property value. In 2005, Nigeria was classified as the least efficient of 145 countries surveyed, requiring 21 procedures and 274 days, at a cost of 27.2 percent of the property value.

Fee simple property rights are rare. Most property is long-term leases with certificates of occupancy acting as title deeds. Transfers are complex and must usually go through state governor's offices. In the capital; of Abuja, the Federal Capital Territory cancelled and began a process of reregistering all property allotments, refusing to renew those it deemed not in accordance with the city master plan. Buildings on these properties have frequently been demolished, even in the face of court injunctions. Therefore acquiring and maintaining rights to real property are a major challenge.

Nigeria is a member of the World Intellectual Property Organization (WIPO) and a signatory to the Universal Copyright Convention, the Berne Convention, and the Paris Convention (Lisbon text). The Patents and Design Decree of 1970 governs the registration of patents, and the Standards Organization of Nigeria is responsible for issuing patents, trademarks, and copyrights. Once conferred, a patent conveys an exclusive right to make, import, sell, or use a product or apply a process. The Trademarks Act of 1965 gives trademark holders exclusive rights to use registered trademarks for a specific product or class of products. The Copyright Decree of 1988, based on WIPO standards and U.S. copyright law, makes it a crime to export, import, reproduce, exhibit, perform, or sell any work without the permission of the copyright owner. Nigeria's copyright statutes also include the National Film and Video Censors Board Act and the Nigerian Film Policy Law of 1993.

In 1999 amendments to the Copyright Decree incorporate trade-related aspects of intellectual property rights (TRIPS) protection for copyrights, except provisions to protect geographical indications and undisclosed business information. Four TRIPS-related bills and amendments have been forwarded to the National Assembly. An amendment to the Copyright Act is also expected to be forwarded to the National Assembly during the first quarter of 2007. The bills would establish an Intellectual Property Commission, amend the Patents and Design Decree to make comprehensive provisions for the registration and proprietorship of patents and designs, amend the Trademarks Act to improve existing legislation relating to the recording, publishing, and enforcement of trademarks, and provide protection for plant varieties (including biotechnology) and animal breeds.

The GON has signed the WIPO Internet treaties but has yet to ratify them. The NCC claims, however, that it is already implementing the terms of the treaties.

Patent and trademark enforcement remains weak, and judicial procedures are slow and subject to corruption. Relevant Nigerian institutions suffer from low morale, poor training, and limited resources. A key deficiency is inadequate appreciation of the benefits of IPR protection among regulatory officials, distributor networks, and consumers. The over-stretched and under-trained Nigerian police have little understanding of intellectual property rights. The Nigerian Customs Service has

received some WIPO-sponsored training, but officers who identify pirated imports are not allowed to impound offending materials unless the copyright owner has filed a complaint against a particular shipment, which happens rarely.

Companies do not often seek trademark or patent protection, the enforcement mechanisms of which they consider ineffective. Nonetheless, recent efforts to curtail abuse have yielded results. The Nigerian police and the NCC in conjunction with the Economic and Financial Crimes Commission have raided compact disc replicating plants, enterprises producing and selling pirated software and videos, and a number of businesses have filed high-profile charges against IPR violators.

Most raids involving copyright, patent, or trademark infringement appear to target small rather than large and well-connected pirates. Very few cases have been successfully prosecuted. Most cases are settled out of court, if at all. Primarily, the Federal High Court, whose judges are generally broadly familiar with intellectual property rights law, handles those adjudicated in court.

Transparency of Regulatory System

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Nigeria's legal, accounting, and regulatory systems are consistent with international norms, but enforcement is uneven. There are sometimes opportunities for public comment and input into proposed regulations.

Professional organizations set standards for the provision of professional services: e.g., accounting, law, medicine, engineering, and advertising. These standards are usually consistent with international norms. No legal barriers prevent entry into business.

Taxation: In general, Nigeria's tax laws do not impede investment, but the imposition and administration of taxes is highly uneven and lacks transparency. Tax evasion is common, and individuals and businesses often collude with relevant officials to avoid paying taxes. Nigeria has signed double taxation agreements with several countries, including Great Britain, France, the Philippines and Japan. The GON imposes a 7.5 percent tax rate on dividends, interest, rent, and royalties when paid to a bona-fide beneficiary under a tax treaty.

Multiple taxes are a problem for businesses at state and local levels. Companies within concurrent state and local jurisdictions may be expected to pay several taxes and levies.

Efficient Capital Markets and Portfolio Investment

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

Trading on the NSE remained buoyant in 2006. The exchange operates nine branches nationwide, and the volume of shares traded and market capitalization continues to rise.

The introduction of the contributory pension system in late 2005, GON's divestment of equity in parastatal companies as well as initial public offerings (IPOs) and issuances of additional shares by listed companies have contributed to the exchange's growth. The NSE continues to expand its membership and investor pool. Currently, 210 equities are listed on the exchange.

Government debt instruments are available. Since the inception of the civilian government in 1999, the federal government has issued bonds of various maturities ranging from 2 to 10 years aimed at restructuring its domestic debt portfolio from short-term to medium and long-term instruments. State governments have also availed themselves of opportunities on the Nigerian capital market. About five state governments issued bonds to finance development projects. The Nigerian Securities and Exchange Commission (SEC) has issued stringent guidelines for states that wish to raise funds on capital markets, such as a credit assessment conducted by a recognized credit rating agency. The credit rating agencies recognized by the SEC are Augusto and Co., and Global Credit Rating (GCR) of South Africa.

Banking System: As of December 2007, twenty-four commercial banks were operating in Nigeria. In 2007, Standard Bank of South Africa, through its Nigerian subsidiary, Stanbic Bank, acquired majority interest in IBTC Chartered Bank. This led to the merger of both Stanbic Bank and IBTC Chartered Bank.

Health of the Banking System: A recent assessment of the banking sector by the Central Bank of Nigeria revealed that as at end-June 2007, six banks were rated sound, sixteen were satisfactory, and three banks were rated marginal.

Political Violence

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Social unrest, religious and ethnic strife, and crime affect many parts of Nigeria. In the oil-rich Niger Delta region, decades of official neglect, persistent poverty, as well as dislocations and environmental damage caused by energy projects, have aggravated socioeconomic unrest. Sabotage and vandalism of pipelines and other installations and kidnapping of Nigerian and expatriate oil workers are regular occurrences. Many of these criminal activities are designed to extort cash from foreign operators.

The Niger Delta Development Commission (NDDC) has a mandate to implement social and economic development projects in the Delta region, but the NDDC has been ineffective. State and local governments offer few social services and Niger Delta residents continue to seek direct payments and other assistance from oil companies. Some have implemented their own socioeconomic development programs to assist local communities, but many communities consider the company programs inadequate.

In February 2006, riots in response to the Danish cartoon publication took place in the north-eastern city of Maiduguri with reprisal attacks in the south-eastern city of Onitsha. The violence led to the death of over thirty people. Vigilante groups in various parts of the country have exacerbated violence.

Corruption

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Domestic and foreign observers recognize corruption as a serious obstacle to economic growth and poverty reduction. Nigeria was eighteenth in Transparency International's 2007 Corruption Perceptions Index, an improvement from its fifth position in the 2006 Corruption Perceptions Index.

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 accused of corruption. Over 19 offenses are punishable under the Act, including accepting or giving gratification, fraudulent acquisition of property, and concealment of fraud. Nigerian law stipulates that giving and receiving bribes are criminal offenses and, as such, are not tax deductible. Despite the new legislation, few people have been indicted, and corruption remains endemic.

The Economic and Financial Crimes Commission (EFCC) was established to prosecute individuals involved in financial crimes and other acts of economic sabotage. The EFCC has been successful in obtaining some high profile convictions such as the prosecution of the former governor of Bayelsa State, the former Inspector General of Police, and it is presently pursuing a case against six former governors in the law courts. In May 2007, Nigeria was admitted into the Egmont Group of Financial Intelligence Units (FIUs). The Paris-based Financial Action Task Force removed Nigeria from its list of Non-Cooperative Countries and Territories in June 2006. Nigeria is a pilot participant in the Extractive Industry Transparency Initiative, which seeks to ensure audits of Nigeria's oil accounts. Nigeria is a signatory to the UN Anticorruption Convention, but has yet to ratify it.

Bilateral Investment Agreements

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Investment Agreements: While a Trade and Investment Framework Agreement (TIFA) has been signed with the United States, a bilateral investment treaty (BIT) is not in place. The President of Nigeria, however, has recently expressed interest in negotiating a BIT with the U.S. Nigeria has bilateral investment agreements with the United Kingdom, Germany, Belgium, South Africa, Italy, Argentina, Egypt, South Korea, China, Jamaica, Sweden, Switzerland, Turkey, Uganda, France, Taiwan, Netherlands and Romania.

OPIC and Other Investment Insurance Programs

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

Over the past decade, Nigeria's skilled labor pool has declined as vocational and university educational standards have plummeted, mainly because of poor funding. Given the low employment capacity of Nigeria's formal sector, over half of all Nigerians work in the informal sector and agriculture. In the formal sector, companies involved in businesses such as banking and insurance possess an adequately skilled workforce (often trained abroad, in private institutions, or at the better-funded universities). In the manufacturing sector, workers often require additional training and supervision, but there are too few supervisory personnel to ensure that this is done well. Labor-management relations in some sectors, especially in the country's profitable oil and gas industries, are strained.

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. Since the establishment of the single trade federation system in 1978, non-management senior staff has been prohibited from joining government-recognized trade unions. Although the Trade Union Congress and the Congress of Free Trade Unions are regarded as influential labor federations, the two senior staff associations are denied seats on Nigeria's National Labor Advisory Council (NLAC). A bill to amend the law is working its way through the National Assembly.

Nigeria's single central labor federation, the Nigeria Labour Congress (NLC), comprises twenty-nine industrial unions. According to figures provided by the NLC, total union membership at the end of 2002 was about 4 million. Less than 10 percent of the total work force is unionized, and except for a few workers engaged in commercial food processing, those in the agricultural sector, which employs the bulk of the work force, are not organized. **Collective Bargaining:** Collective bargaining occurred throughout the public sector and the organized private sector in 2002 and 2003, but public sector employees have become increasingly concerned about the GON's commitment to the collective bargaining process in resolving conflicts. According to the NLC, the GON's failure to implement agreements threatens to "devalue the enviable record of dialogue, consultation, and mutual trust that has characterized the relationship between the GON and the NLC since 1999."

Collective bargaining in the petroleum industry is relatively efficient compared to other sectors. Except for a longstanding unresolved dispute over the industry's use of contract labor, issues pertaining to salaries, benefits, health and safety, and working conditions tend generally to be resolved quickly through negotiations. Organized labor's efforts to address broad political issues, however, have resulted in industrial actions, such as general strikes over fuel prices that continue to affect industry productivity.

Workers under collective bargaining agreements cannot participate in strikes unless their unions comply with the requirements of the law, which includes provisions for mandatory mediation and referral of disputes to the GON. The law provides the GON the option of referring matters to a labor conciliator, an arbitration panel, a board of inquiry, or the National Industrial Court (NIC). Although the law forbids employers from granting

general wage increases to workers without prior government approval, the law is not often enforced. Strikes in both the private and public sectors occur frequently.

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

Child Labor: Nigeria has ratified the International Labor Organization (ILO) convention on the elimination of the worst forms of child labor. The 1974 Labor Decree and the 1979 Constitution prohibit forced or compulsory labor and restrict the employment of children under the age of 15 to home-based agricultural or domestic work for no more than eight hours per day. The Decree allows the apprenticeship of youths as of the age of 13 under specific conditions.

Despite this, Nigeria's weak economy has forced many children into commercial activities to enhance family income. The ILO estimates that about 12 million children between the ages of 10 and 14 (25 percent of all Nigerian children) were employed in some capacity in 2002, often as beggars, hawkers, or domestic servants.

Acceptable Conditions of Work: Nigeria's 1974 Labor Decree provides for a 40-hour workweek, two to four weeks of annual leave, and overtime and holiday pay for all workers except agricultural and domestic. No law prohibits compulsory overtime. The Decree establishes general health and safety provisions, some of which are specific to young or female workers, and requires the factory division of the Ministry of Labor and Employment to inspect factories for compliance with health and safety standards. Under-funding and limited resources undermine the agency's oversight capacity, and construction sites and other non-factory work sites are often ignored. Nigeria's labor law requires employers to compensate injured workers and dependent survivors of laborers killed in industrial accidents, but the Labor Ministry has been ineffective in identifying violators and has failed to implement ILO recommendations to update its inspection program and reporting of accidents.

Foreign-Trade Zones/Free Ports

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To attract export-oriented investment, the GON established the Nigerian Export Processing Zone Authority (NEPZA) in 1992. NEPZA allows duty-free import of all equipment and raw materials into its 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.

Of the five export processing zones established under NEPZA, just two, in Calabar and Onne, function properly. In 2001, both were converted into free trade zones, thereby freeing them from the export requirement. As a result, investment is quickly moving into Calabar, almost exclusively in industries that add value to imports. Another free trade zone, the Tinapa Free Trade Zone owned by the Cross River state government was commissioned during the first quarter of 2007, but has not experienced any activity as yet. Oil and gas companies use the Onne free port zone as a bonded warehouse for

supplies and equipment and for the export of liquefied natural gas. Recently, the Government has encouraged private sector participation and partnership with the Federal Government and state and local governments under the Free Zones scheme. This has resulted in the establishment of specialized Zones like Lekki and Olokola which are not yet operational.

Foreign Direct Investment Statistics

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According to data from the United Nations World Investment Report of 2007, in 2006 the stock of foreign direct investment (FDI) in Nigeria was estimated at \$40.25 billion, which accounted for about 35 percent of GDP. Total FDI Inflow was \$5.4 billion in 2006 and accounted for 75 percent of gross fixed capital formation. The \$5.4 billion FDI inflow is mostly concentrated in the oil industry and mostly from China. This figure represents 80 percent of total FDI in West Africa and places Nigeria in second position after Egypt as one of the top recipients of FDI in Africa. Some FDI is channeled into telecommunications and manufacturing, but the total remains small relative to oil sector investment.

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www.nipc-nigeria.org

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Methods of payment include either confirmed irrevocable letters of credit, bills for collection, open account or any other internationally-accepted mode of payment. Whatever the mode adopted, the proceeds must be repatriated within 90 days from the date of shipment of the consignment. U.S. exporters are advised to ship goods only on sighting confirmed and irrevocable letters of credit. The preferred method of quoting is "CIF."

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

How the Banking System Operates

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The Nigerian banking system consists of 24 commercial banks, over 800 micro-finance banks, 5 discount houses, and 3 development banks. The Central Bank of Nigeria (CBN) regulates and supervises the activities of these institutions. The CBN is primarily responsible for formulating policies and monitoring 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. However, since the adoption of universal banking in December 2000, commercial banks offer diverse forms of financial services including, clearinghouse activities, money or capital market activities, insurance services or a combination of the activities mentioned.

Foreign-Exchange Controls

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Consistent with the objectives of enhancing efficiency in the foreign exchange (FOREX) market through market-based determination of the Naira exchange rate, the Central Bank in July 2002, adopted the Dutch Auction System (DAS) to replace the Inter-bank Foreign Exchange (IFEM). However on February 20, 2006, it further liberalized the market by introducing the Wholesale Dutch Auction System, in which it sells currencies to commercial banks and oil-producing companies only. These in turn serve individual

users. This reform has continued to impact positively on the FOREX market by bringing about an unprecedented stability in the following ways:

- Unification of exchange rates between the official and inter-bank markets and resolution of the multiple currency problems.
- Facilitation of greater market determination of exchange rates for the Naira vis-à-vis other currencies.

In addition to the commercial banks dealing in foreign exchange, there are Bureaux de Change (BDC) from where foreign currencies in notes can be traded. The rate at which currencies are traded at the bureaux is slightly higher than what obtains at the official market. However, the currencies required are made available expeditiously and conveniently. The BDCs were recently given approval to sell Travellers' Cheques; the modalities are being worked out.

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

U.S. Banks and Local Correspondent Banks

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Citibank is the only U.S. bank that has presence in Nigeria. However, United Bank of Africa (UBA), a local commercial bank, operates a branch in New York. Most Nigerian banks have correspondent relationships with U.S. banks.

Citibank
Commerce House
1, Idowu Taylor Street
Victoria Island, Lagos
P.O. Box 6391, Lagos
Tel: (234-1) 262-2000-9; 262-2024-32
Fax: (234-1) 261-8916
U.S. Affiliate: Citibank

United Bank for Africa
UBA HOUSE
57 Marina, Lagos
P.O. Box 2406, Lagos
Tel: (2341)2644651-700
Telex: Nos. 28493, 28496, 28489 and 28490
Website: www.ubagroup.com
E-mail : info@ubagroup.com
U.S. Affiliate: UBA, New York

Project Financing

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Local funding can be obtained through any Nigerian bank. To a limited extent, insurance companies, building and property development companies, pension fund companies and other institutional investors can also provide financing. The Small and Medium Industries Equity Investment Scheme (SMIEIS) is another available option. The SMIEIS program is a collective initiative of Nigerian commercial banks, which obligates each bank to set aside 10% of its profit before tax for investment (as equity) in small and medium enterprises.

With the return of democracy to Nigeria, there are a number of U.S. government agencies that provide financing for feasibility studies (TDA – Trade and Development Agency); financing for importing American products and services (EXIM BANK – Export-Import Bank); and investment funding (OPIC – Overseas Private Investment Corporation). The African Development Bank (AfDB) also grants export stimulation loans to finance certain operations of exporting companies. The AfDB channels these loans through the CBN to the Nigerian Export-Import Bank (NEXIM), Bank of Industry (BOI), and licensed export financing banks.

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Central Bank of Nigeria: <http://www.cenbank.org/default.asp>

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

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

OPIC: <http://www.opic.gov>

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

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

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

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

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

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Chapter 8: Business Travel

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Business Customs

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

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

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

Travel Advisory

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Please click on the following link to read State Department's travel advisory on Nigeria. http://travel.state.gov/travel/cis_pa_tw/tw/tw_928.html

Visa Requirements

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Visitors to Nigeria will require a valid passport and visa. This requirement does not apply to those who are citizens of member states of ECOWAS. General visa requirements for entering the country can be found at the following links.

<http://www.nigeriabusinessinfo.com/visas.htm> , http://www.nipc-nigeria.org/ord_visas.htm

It is advisable for U.S. travelers to make specific visa enquiries at Nigerian Embassies and Consulates. U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Consular section, U.S. Embassy Nigeria <http://abuja.usembassy.gov/wwwhcons.html>

Telecommunications

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Full 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 providers covering Nigeria. There are also a number of private telecommunication networks located in major cities like Lagos, Abuja, Port Harcourt Kaduna and Kano. Internet cafes also exist in major cities.

Transportation

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Taxi service is available in Lagos and most other urban areas, but cabs are not recommended, as they are old, often unreliable, and can be unsafe. If taxis are used, 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 highly recommended alternative to taxis. Congested airport facilities in Lagos often lead to long delays, and airline reservations may not be honored due to overbooking, especially on domestic flights. Domestic airline schedules are reasonably reliable, but sometimes can fuel substantial delays. Lack of aviation fuel can cause delays or result in cancellation of flights. Travelers on international flights should arrive at the airport at least two hours before scheduled departure. Air accidents in recent years have increased concern about maintenance standards on domestic airlines.

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

A number of infectious diseases are prevalent in Nigeria. Untreated water, ice and peeled 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 malaria suppressants is strongly recommended. 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.

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. 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:

New Year's Day	January 1
Eid-El-Fitri*	
Good Friday	March 21
Easter Monday	March 24
Workers Day	May 1
Democracy Day	May 29
Eid-El-Kabir*	
Eid-El-Malud*	
Nigerian National Day	October 1
Christmas Day	December 25
Boxing Day	December 26

Temporary Entry of Materials and Personal Belongings

In addition to other personal belongings, tourists and temporary visitors can bring in any item, except hard drugs, ammunition, pornographic materials and banned drugs such as cannabis, hashish, psychotheraphic drugs. Visitors are allowed to bring in bottled water, biscuits, soft drinks and alcoholic drinks for personal consumption. Customs duties will be charged on items of commercial quantities. Currency declaration is required on arrival.

<http://www.nigeriabusinessinfo.com/general-info.htm>

<http://www.wordtravels.com/Travelguide/Countries/Nigeria/Basics>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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Nigerian Federal Ministries: <http://www.nigeria.gov.ng/ministries.aspx>
<http://www.nigeria.gov.ng/>
http://en.wikipedia.org/Federal_Ministries_of_Nigeria

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

Nigerian Computer Society: <http://www.nigeriancomputersociety.com/>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov>. Click on "Market Research Library" and search by country.

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

Trade Events

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

<http://www.export.gov/tradeevents.html>

<http://www.buyusa.gov/nigeria/en/66.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/nigeria/en/7.html>

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