

NIGERIA

Business Conditions Snapshot

- As the largest economy in Africa, Nigeria boasts one of the world's largest youth populations and has significant potential as a consumer market.
- Nigeria is projected to be the third most populous country in the world by 2050. It is the largest oil exporter in Africa and has the largest natural gas reserves on the continent, in addition to an abundance of untapped mineral wealth.
- By virtue of its large population and economic clout, Nigeria has considerable influence in West Africa, and on the African continent as a whole.
- The Nigerian economy is heavily reliant on oil and is exposed to price shocks. The Nigerian Government has set an economic diversification agenda and has designated agriculture and mining as two priority sectors for development. The government is also eager to improve conditions to attract more foreign investment. Nigeria has moved up 15 places to 132nd in the World Bank's 2020 Ease of Doing Business Index.
- While Nigeria remains a challenging market, there are significant opportunities for Australian companies with an appetite for risk and a willingness to navigate the regulatory system.
- Two key factors drive economic and commercial opportunities.
 - The Nigerian Government's focus on diversifying the economy and providing incentives for investors in priority sectors such as mining and agriculture. This includes tax holidays of three to five years.
 - Rapid population growth which is projected to be 264 million by 2030. About 20.4 per cent of the population aged between 15 and 24.

Key facts and figures

- Population: 195.9 million (2018)
- GDP growth: 2.3 per cent (2019)
- GDP per capita: US\$6,054
- Political system: Federal Presidential Republic
- Two-way trade: A\$800 million (2018-19)
- Key goods and services traded: Wheat, crude oil
- Two-way investment: A\$136 million (2018)

Trade and Investment Opportunities

- Australia's principal merchandise exports to Nigeria are food products, especially wheat.
 - Nigeria maintains restrictions on the import of some food items (notably meat products). However, with a rapidly growing consumer market, there are



MARKET INSIGHTS

CONNECTING AUSTRALIAN BUSINESS TO THE WORLD

opportunities for Australian exporters of food and beverages, complementary medicines and healthcare products.

- Australian companies are early operators in Nigeria's under-developed but high-potential mining sector, with iron ore, lead-zinc, nickel and gold the focus of operations.
 - Geological data on Nigeria is improving with the National Integrated Mineral Exploration Project (NIMEP) compiling data on Nigeria's mineral resources.
 - The Nigerian Mining Act is modelled on Western Australian mining legislation and is familiar to Australian companies.
 - The Nigerian Government offers tax incentives for companies involved in mining and processing lead, zinc, iron ore and gold, including company tax holidays of three to five years.
- Nigeria has significant potential as a market for international students.
 - Nigerian student enrolments in Australia increased from 1,821 in 2015 to 2,561 in 2019 (an increase of 41 per cent). There are also opportunities to provide quality online education in Nigeria.
 - Strong growth in Nigeria's tertiary-aged population is expected to increase the number of Nigerians studying overseas, with the top four destinations currently the UK, USA, Ghana and Canada.
 - Australian universities seek education marketing opportunities to target international students in West Africa.
- The agricultural sector accounts for around 25 per cent of Nigeria's GDP and is the focus of the Nigerian Government's efforts to diversify the economy.
 - The sector is gradually shifting from subsistence farming to commercial, mechanised operations.
 - As the sector develops, additional processing equipment, packaging, logistics solutions and expertise will need to be sourced from overseas.
 - The Nigerian Government offers incentives for investors in the agricultural sector, including company tax holidays of three to five years and no import duty tariffs on equipment.
- Nigeria has significant gaps in energy and transportation infrastructure.
 - There are opportunities in technologies related to gas-fired power plants, and there is also growth in renewable power generation, including solar and wind.
 - There is a continued need for major infrastructure development, particularly road and rail.
- Key trade events in Nigeria include:



Australian Government

Department of Foreign Affairs and Trade

MARKET INSIGHTS

CONNECTING AUSTRALIAN BUSINESS TO THE WORLD

- Nigeria Mining Week (usually October).
- Australian Education Exhibition (usually September/October).
- Nigerian investment in Australia is currently low at around \$4 million.

Trade Policy Focus

- Nigeria is a member of the Economic Community of West African States (ECOWAS) and has signed and ratified the African Continental Free Trade Agreement (AfCFTA).
- Trading is due to commence under AfCFTA on 1 January 2021.
- Nigeria is also a party to the US African Growth and Opportunity Act.
- Nigeria is a member of the African Union and the Commonwealth.
- Australia and Nigeria are both strong supporters of the World Trade Organisation (WTO).

Disclaimer

The Department of Foreign Affairs and Trade (DFAT) has taken great care to ensure the information contained in this publication is correct and accurate.

DFAT does not guarantee, and accepts no legal liability arising from or connected to the accuracy, reliability, currency or completeness of any material contained in this publication.

Readers should exercise their own skill and care in using the material contained in this publication and carefully evaluate the accuracy, currency, completeness and relevance of the material for their purposes.

Insight current as at December 2020.



Australian Government

Department of Foreign Affairs and Trade