Market Access Sectoral and Trade Barriers Database

-Nigeria-

last updated on 2004-01-21

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GENERAL FEATURES OF TRADE POLICY

Nigeria is Africa's most populous nation, endowed with abundant hydrocarbon resources and offering large potential opportunities for international trade and investment.
Crude petroleum represents over 95% of export receipts and over three quarters of government revenue.
The high level of external public debt and the continuing accumulation of arrears remain important obstacles to much needed foreign investment outside the oil sector, notably in infrastructure.
Since 1995, access to foreign exchange at close to market rates and the lifting of most restrictions on current and capital transfers have significantly improved the trade and investment environment.

Nigeria became a founding Member of the WTO on 1 January 1995, following ratification of the WTO Agreement on 6 December 1994 by the Head of State. Nigeria is one of the founding members of the Economic Community of West African States (ECOWAS).
Nigeria is also a member of the Organization of African Unity (OAU) and ratified the Treaty establishing the African Economic Community (AEC) at the OAU summit meeting in Abuja in June 1991.
Nigeria is a signatory to the Lomé Convention between the European Union and developing countries of sub-Saharan Africa, the Caribbean and the Pacific area. According to the Convention, Nigeria is granted duty-free access to the EU market for exports of all industrial products and agricultural products which are not subject to a common market organization in the framework of the EU's Common Agricultural Policy. Nigeria is the largest ACP exporter to the EU.
Nigeria also benefits from the Global System of Trade Preferences (GSTP).

Import liberalization undertaken in 1995 significantly reduced tariff rates and reliance on quantitative restrictions. Only ad valorem tariffs are used. Import duties consist of a basic rate of customs duty modified by an annually set rebate, plus a 7% surcharge.

Import duties are subject to annual changes. In 2002, import duties have been substantially increased for a list of products described as non-essential and non-basic products in order to protect domestic industries.
Predictability would be enhanced by a more comprehensive binding of Nigeria's tariff at rates closer to those applied.

The following table is an overview of the tradeflow between the European Union and Nigeria

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	38,773,380	92,514,600
	1997	43,419,040	104,309,750
	1998	49,504,290	134,564,890
	1999	46,753,220	157,081,620
	2000	67,078,060	202,601,570

	2001	63,965,610	293,853,820
	2002	57,757,900	297,569,760
	2003	52,967,810	317,614,660
Vegetable products	1996	17,331,930	3,623,510
	1997	12,826,710	5,830,580
	1998	11,569,360	12,873,930
	1999	8,147,600	17,459,630
	2000	10,582,640	18,996,850
	2001	9,886,130	40,213,670
	2002	9,159,740	43,218,080
	2003	12,361,730	49,570,370
Animal or vegetable fats	1996	10,578,090	5,669,410
	1997	35,453,720	3,662,260
	1998	8,612,950	7,311,880
	1999	3,355,480	13,364,510
	2000	4,020,220	16,476,090
	2001	1,272,680	11,344,340
	2002	581,540	14,745,980
	2003	4,641,350	15,750,300
Prepared foodstuffs	1996	167,029,290	55,286,450
	1997	160,598,010	98,694,320
	1998	219,831,500	122,666,820
	1999	205,730,940	126,586,580
	2000	131,843,610	212,987,690
	2001	224,936,950	282,618,430
	2002	286,370,590	259,305,780
	2003	399,793,460	227,188,370
Mineral products	1996	4,380,239,270	244,441,830
	1997	3,850,230,920	110,148,390
	1998	2,259,383,630	157,219,030
	1999	2,259,942,690	193,269,280
	2000	5,904,167,640	450,199,420
	2001	5,731,871,600	301,856,340
	2002	4,329,663,600	293,419,010
	2003	5,378,649,310	419,598,980
Chemical products	1996	9,696,600	275,607,110
	1997	7,770,250	313,227,060
	1998	11,609,410	341,821,220
	1999	3,945,650	367,207,160
	2000	781,780	436,270,300
	2001	378,040	507,172,600
	2002	474,170	518,783,500
	2003	2,844,580	468,230,180
Plastics & rubber	1996	109,352,940	111,734,840
	1997	92,719,450	127,757,520
	1998	48,642,120	122,003,640
	1999	14,295,130	126,742,940
	2000	12,647,870	145,047,350
	2001	9,227,480	180,735,580
	2002	11,660,290	178,190,180
	2003	15,308,060	171,251,010
Hides & skins	1996	113,036,180	1,695,820
	1997	133,936,210	2,343,590
	1998	111,377,610	4,265,110
	1999	81,934,180	2,576,910
	2000	88,380,200	3,489,340
	2001	141,960,680	5,670,680
	2002	152,867,340	4,075,500
	2003	132,863,610	3,904,880
	1996	23,724,970	3,203,820
	1997	25,240,090	3,747,620

Wood & wood products	1998	32,812,190	5,418,100
	1999	42,579,380	8,388,470
	2000	50,418,410	2,263,030
	2001	35,869,360	5,068,830
	2002	23,729,960	4,657,470
	2003	25,074,530	5,508,160
Wood pulp products	1996	187,750	117,852,070
	1997	175,180	60,099,580
	1998	864,550	67,070,020
	1999	1,984,190	115,782,380
	2000	2,627,370	167,405,170
	2001	485,920	149,451,950
	2002	363,300	177,095,700
	2003	310,460	148,832,890
Textiles & textile articles	1996	21,155,940	43,370,810
	1997	32,145,980	51,996,350
	1998	24,002,690	60,873,670
	1999	18,561,300	68,543,850
	2000	26,453,270	93,719,660
	2001	23,259,110	108,178,990
	2002	16,296,390	101,094,880
	2003	20,537,420	114,064,890
Footwear, headgear	1996	362,530	11,483,610
	1997	529,780	13,173,580
	1998	168,380	18,641,070
	1999	12,440	15,417,370
	2000	61,150	19,012,260
	2001	74,910	25,407,600
	2002	60,100	22,689,030
	2003	112,240	25,634,750
Articles of stone, plaster, cement, asbestos	1996	16,670	25,934,840
	1997	11,280	31,944,390
	1998	70,760	47,538,940
	1999	18,340	42,601,450
	2000	36,500	51,937,440
	2001	16,220	70,204,440
	2002	66,800	57,068,100
	2003	52,750	58,828,350
Pearls, (semi-)precious stones, metals	1996	3,151,510	2,756,900
	1997	2,407,500	3,090,940
	1998	5,019,780	3,789,820
	1999	6,215,950	5,563,460
	2000	5,265,170	6,202,580
	2001	4,301,590	9,711,250
	2002	7,308,450	10,193,560
	2003	3,841,890	11,101,830
Base metals & articles thereof	1996	11,646,350	221,881,120
	1997	10,674,950	368,529,750
	1998	26,924,940	261,682,360
	1999	28,787,250	171,949,050
	2000	11,199,750	186,062,390
	2001	13,298,300	281,282,130
	2002	12,844,230	378,787,840
	2003	12,280,700	316,471,860
Machinery & mechanical applicances	1996	7,357,380	588,710,000
	1997	6,904,910	754,526,880
	1998	5,523,830	839,788,290
	1999	7,933,550	851,596,760
	2000	13,018,830	954,407,840
	2001	10,710,340	1,479,524,830
	2002	14,787,920	1,681,305,480

	2003	39,181,150	1,619,950,780
Transportation equipment	1996	89,690,950	252,736,460
	1997	70,462,580	272,966,540
	1998	6,520,890	255,183,040
	1999	2,710,200	299,162,290
	2000	6,421,560	385,000,950
	2001	2,148,460	665,097,860
	2002	3,426,450	479,993,790
	2003	5,979,020	397,481,510
Instruments - measuring, musical	1996	1,132,820	40,166,710
	1997	1,452,930	48,680,300
	1998	1,655,390	50,420,730
	1999	1,890,590	52,413,140
	2000	3,566,540	52,041,840
	2001	3,186,110	83,206,670
	2002	5,965,790	93,965,300
	2003	4,611,820	80,200,290
Arms & ammunition	1996	6,330	32,610
	1997	0	68,480
	1998	0	553,240
	1999	0	411,480
	2000	0	196,930
	2001	0	179,910
	2002	0	687,930
	2003	0	34,600
Miscellaneous	1996	446,510	18,503,970
	1997	374,890	28,882,520
	1998	714,140	34,602,670
	1999	108,980	34,379,330
	2000	213,070	36,492,570
	2001	126,770	44,489,020
	2002	256,020	44,260,040
	2003	1,066,200	53,115,130
Works of art	1996	79,260	227,460
	1997	72,020	487,810
	1998	27,530	312,870
	1999	16,150	107,000
	2000	188,860	3,178,900
	2001	14,530	451,030
	2002	12,160	26,230
	2003	55,290	201,370
Other	1996	2,395,210	39,214,420
	1997	2,062,370	24,528,140
	1998	5,670,080	26,589,360
	1999	1,438,970	22,215,340
	2000	4,061,120	19,140,900
	2001	3,929,720	34,688,620
	2002	4,138,960	30,145,170
	2003	5,844,440	17,614,990

Agriculture and Fisheries
last updated on 2003-12-17

Major objectives of Nigerian sectoral policies include self-sufficiency in agriculture and the development of industry, promoted by a wide range of import substitution measures.
Agriculture continues to play a central role in the economy. Growth in production of staple foods has exceeded population growth, a considerable achievement in view of the country's large and growing population and the relatively minor official support for such production. Although tariffs have generally been reduced on both raw and manufactured agricultural products, import prohibitions on several agricultural products have been replaced by high tariffs.
Local food processors have benefited from extra protection through increases in tariff escalation, and the removal of excise duties on domestic products.

Relatively little direct government assistance has been provided to agricultural production and exports. A variety of agricultural exports, of which Nigeria could become a significant exporter, have been or remain prohibited to encourage local processing or satisfy domestic demand.

Over 70% of employment is in agriculture. Climatic and soil conditions allow Nigeria to produce a wide variety of agricultural products, including many food and cash crops. Major products include cassava (manioc), of which Nigeria is the largest world producer, yam, sorghum, millet and maize, as well as horticulture and nuts, fisheries and forestry.
The Nigerian authorities have notified the WTO that agriculture is not being subsidized, and that Nigeria does not grant any export subsidies on agriculture.

Major agricultural exports consist of cocoa, rubber, and palm kernels. Main imported food products are rice, sugar, beef and milk powder.
The area currently under cultivation (an estimated 34 million hectares) constitutes less than half of the potential agricultural land, suggesting that the sector has a strong growth potential, and that past economic conditions have not favoured the agricultural sector.
Prices of agricultural commodities are generally not subject to price controls. Considerable seasonal price fluctuations are frequent, reflecting the problems of inadequate storage, processing, marketing, and distribution facilities.

The National Agricultural and Co-operative Bank (NACB) is the main institution providing financial support for the production, processing, and marketing of agricultural produce. NACB may invest in major agricultural and agro-allied industries and provide guarantees for agro-based ventures in order to facilitate the raising of funds from domestic and external sources. The agricultural credit facilities of NACB are extended to individual farmers (including small, medium-, and large-scale operators), cooperative organizations, limited liability companies, government parastatals, as well as state and local governments. The Bank finances all aspects of agricultural and agro-based ventures including arable and tree crops, horticulture, poultry, pigs, cattle, rabbits, fishery, and forestry. In addition, NACB finances agricultural processing and marketing as well as such services as tractor-hire, production, and marketing of improved farm inputs.
NACB is experiencing difficulties in sourcing funds. Most of the Bank's funds are obtained from international sources since soft loans from the Federal Government have dwindled sharply over the years. NACB has noted that the burden of servicing foreign loans, compounded by exchange rate depreciation, has not only made external borrowing very unattractive, but also an unacceptable option for financing agricultural development in Nigeria.

Only 10% of agricultural production is further processed industrially in Nigeria. Infrastructural factors, including energy and water shortages, credit constraints, poor knowledge of potential markets, transport and telecommunications problems are important impediments to increasing this shane. These problems affect most sectors in Nigeria.
Nigerian fisheries export shrimps, crabs, oysters, periwinkles and shark fins.

Automotive
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Motor vehicles, spare parts and passenger cars constitute major import items. Vehicle assembly plants are heavily dependent on imported inputs.

Nigeria's vehicle assembly plants are joint ventures between the private sector and the Government. These plants include Anambra Motors Manufacturing Company (ANAMCO), Leyland Nigeria, Nigeria Truck Manufacturing Company, Peugeot Automobile of Nigeria (PAN), Steyr Nigeria, and Volkswagen of Nigeria (VON).

Vehicles over 8 years old from the year of manufacture shall not be allowed into the country. Also importation of vehicles irrespective of age through land borders shall not be allowed.

Chemicals last updated on 2004-01-21

Petroleum and natural gas
Trade and investment measures affecting the petroleum and natural gas sector include membership in OPEC and related production quotas, restrictions on foreign direct investment, and the use of countertrade. Measures affecting the downstream sector include state trading, import licensing, exclusive import rights and administered pricing, as well as restrictions on foreign commercial presence, and sizeable producer and consumer subsidies.

The country is the world's 11th largest oil producer with 3.3% of world oil output. Production is mostly carried out under joint-venture arrangements with multinational companies. Nigeria is well located to supply oil markets in North America and Western Europe, with the United States accounting for nearly half of Nigerian crude oil exports. The Nigerian National Petroleum Company (NNPC) has indicated the existence of significant exports on a countertrade basis, notably with Venezuela and Brazil, where Nigeria ships light crudes in exchange for heavy industrial products.

Natural gas
Nigeria has proven natural gas reserves of over 3 trillion standard cubic metres (m3), the world's eighth largest with 2.3% of all proven reserves.
Nigeria is the highest gas-flaring nation, accounting for about a quarter of the gas flared and vented worldwide. Reasons for flaring include production and transportation difficulties, insufficient infrastructure and limited industrial demand. Nigeria's gas policy offers incentives to eliminate associated gas flaring, as well as encourage utilization of, and investment in, natural gas.
Gas production in Nigeria is mostly undertaken by the same companies involved in oil production, under the same system of joint-ventures with NNPC.
The producing companies supply gas to the Nigerian Gas Company (NGC), a subsidiary of NNPC that has a monopoly to supply natural gas in the domestic market. NGC's mandate is to promote commercial uses of Nigeria's natural gas resources. It operates a 1,000 km gas gathering, transmission and distribution pipeline network with an average designed capacity of about 2 billion cubic feet per day.
To encourage the economic use of natural gas, the Government introduced, in the 1997 and 1998 Budgets, incentives in the form of duty-free imports of machinery and equipment imported by industrial establishments using gas; VAT-free purchase of plant, machinery and equipment acquired for gas utilisation in the downstream petroleum sector; total corporate income tax exemption for up to seven years for activities using gas; no royalty or Petroleum Profit Tax on oil extracted in association with gas when such gas is used, tax deductible interest on loans for gas projects, investment capital allowances and tax free dividends, each for a period of five years.

The Government regulates petroleum product prices, taxation and industry margin at all levels of the production and distribution chain. Prices of Nigerian refined products remain particularly low, both by international standards and with respect to production costs.

Refined petroleum is exported exclusively by the NNPC or under permits issued by NNPC. Certain industrial core projects, entirely or partially public, are permitted to export part of their production of oil products and petrochemicals, including condensates, benzene and other products. Given the current production problems, few exports actually take place formally. However, consumer price subsidies have encouraged cross-border smuggling on a large scale to Benin, Niger, Chad and Cameroon. Nigeria is believed to supply most of the import demand for petroleum products in West Africa through smuggling. There are also reports of illegal sea lifting of fuel oil and automotive gas oil from Nigeria to Europe.

Imports of petroleum products are not subject to preshipment inspection. They are not subject to technical inspection by the Standards Organization of Nigeria, or by NAFDAC (which has the mandate to inspect imports of chemical products). There have been reports of imports of sub-standard petroleum motor spirit causing widespread pollution in major cities.

Rubber and plastic products

Nigeria is a major producer of natural rubber. The local rubber and plastics industries depend significantly on imported inputs. Despite the sizable production of natural rubber, Nigeria has been a net importer both of rubber materials and manufactured rubber products such as tyres.

There are many private small and medium-sized companies producing rubber and plastic products in Nigeria. Two large multinational companies (Michelin and Dunlop) dominate the rubber products sector, producing mainly tyres as well as carpets, floor tiles, and adhesives.

Iron, Steel and Non-Ferrous Metals
last updated on 2003-12-17

The National Iron Ore Mining Project (NIOMP), Itakpe, has an extraction capacity of over 6 million tonnes of ore that it can process into 2.2 million tonnes of concentrate iron and 550,000 tonnes of super-concentrate iron per annum.

The Nigerian Government continues to support various projects begun in the 1970s to achieve self-sufficiency in steel production. The public sector iron and steel complex is regulated by the Federal Ministry of Power and Steel. There is no private sector production of iron or steel.

More than 60% of the raw materials for Nigerian steel production are imported. These imports include iron ore, although this material is also domestically produced. Coking coal is mostly imported as Nigeria lacks high quality coking coal.

Tariffs applied to iron and steel products are not bound. A 5% excise duty applied to bars and rods of iron and steel, and some articles of iron or steel, was abolished in 1998 to provide relief to users of such products.

Mining
last updated on 2003-12-17

According to official estimates, there are over 600 million tonnes of proven reserves of coal in Nigeria. The authorities pointed out that Nigerian coal has a low sulphur and ash content, and is therefore environment-friendly. Most production is carried out by the Nigerian Coal Corporation.

The Nigerian Government is reportedly carrying out investigations to quantify, total reserves of rock salt, indicated to reach 1.5 billion tonnes. The authorities are seeking foreign investment in this sector, pointing out that most of the domestic demand, estimated at over 1 million tonnes and covering table salt, caustic soda, chlorine, sodium bicarbonate, sodium hypochloric acid and hydrogen peroxide, is imported.

Important gypsum deposits are spread across Nigeria. Gypsum imports are subject to import prohibition. The Government has called for large-scale investments in gypsum mining to supply the cement industry.

Nigerian Telecommunications Limited (NITEL) was the sole provider of telecommunications services in Nigeria until 1992. It shared a duopoly in most telecommunications services with the state-owned mobile phone company M-TEL until the end of 1997. Currently, both companies enjoy a dominant market position, although newly licensed private operators started to offer services in 1997.
Several projects completed since 1991 including a satellite earth station (Lagos and Enugu), an International Switching Centre and a Computer Oriented Switch for Electronic and Data Transmission (COSIT). Fibre optic technology is now employed in the national network.
Recent efforts have not sufficed to check problems affecting Nigerian telecommunications services. Many of the existing telephone lines do not work.

The Federal Government has announced in 1994 an investment programme for NITEL to upgrade services, including the provision of 30,000 cellular phones and 10,000 payphones. However, the authorities have noted that recent efforts to introduce cellular telephones have improved communication services among the high income groups, to the neglect of a general improvement in conventional telephone network. Private-sector attempts have also been made to meet the demand for reliable telecommunications services. For example, several operators have started since 1992 to offer mobile telecommunications services using various technologies including Very Small Aperture Terminal satellite (VSAT). Problems occurred when the operators began using their own operating hubs, some of which were outside Nigeria, thus violating NITEL's position as exclusive supplier of Intelsat satellite services. Payphone operators have expressed concern over the difficulty in obtaining lines from NITEL. M-tel competes with the private sector in the provision of cellular telecommunications services.

Current regulatory environment
The principal legislation governing the telecommunications sector is the Nigerian Communications Commission Decree 75 of 1992, which entered into force in 1993. The Decree liberalized the following activities:
-installation of terminal or other equipment;
-provision and operation of public payphones;
-provision and operation of private network links employing cable, radio communication or satellite, exclusively within Nigeria;
-provision and operation of public mobile communication (GSM standard);
-provision of community telephones;
-provision and operation of value-added network services;
-repair and maintenance of telecommunications facilities; and
-cabling.

The Decree also established the Nigerian Communications Commission (NCC) as a government agency under the supervision of the Federal Ministry of Communications. The objectives of the NCC include the creation of a proper regulatory environment for the supply of telecommunication services and facilities, the promotion of fair competition, the establishment of technical standards and the promotion of Nigerian telecommunications. The Commission is empowered to licence private-sector operators, draw up technical standards and rules and approve rates charged by operators. The NCC accredits foreign testing bodies and provides type approval for telecommunications equipment and facilities prior to their use in Nigeria. There are no restrictions on imports of telecommunications equipment.

All operators except NITEL were subject to licensing by the NCC. The licence duration depends on the service, but generally varies between five and ten years. A fixed licence fee is levied for each type of service; in addition, an operational fee of 2.5% is collected on turnover less costs. According to the NCC, licence terms contain provisions to curb anti-competitive practices, including prohibitions on cross-subsidies, linked sales, and a prohibition on undue preference and undue discrimination. These provisions do not, however, apply to NITEL.

Frequency allocation is the responsibility of the Federal Ministry of Communications, which also establishes numbering plans and interconnection rates. NITEL is in charge of the technical management of frequencies. Private operators may not connect to the national network before they have signed an inter-connectivity agreement with NITEL.

According to information supplied by the NCC in the context of this review, there are no limitations on private investment in the telecommunications industry except in certain specific areas considered germane to national security. Under its Memorandum of Association, NITEL has enjoyed a monopoly in basic telecommunications services; the 1998 Budget announced that the Memorandum would be amended to reflect the opening of basic telecommunication services to competition. In particular, private companies may provide domestic satellite services, and must no longer use NITEL's Intelsat facilities for international connections. More generally, NITEL retains no longer the monopoly of international connections.

Although the telecommunications sector was, according to the Government, undergoing an "irreversible" transition towards deregulation and private sector participation, the precise nature of the Government's plans to improve the supply of telecommunications services in Nigeria remain to be specified. Several legal and regulatory amendments are required to attract sufficient private investment to address the country's needs for telecommunications services. Such amendments are necessary to provide potential investors with clear rules and regulations, in particular the specific nature of the privileges retained by the public-sector operator, NITEL.

Services - Energy
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Electricity generation and distribution is undertaken by a state-owned company, the National Electric Power Authority (NEPA). Electricity rates are set by the Utilities Charges Commission of the Presidency. According to the Ministry of Power and Steel, current electricity rates are not adequate and among the lowest in Africa.
Thermal power represented nearly two thirds of the electricity generated, and hydro-electric supply made up the balance.

Services - Financial
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Nigeria has made an ambitious offer in the WTO Negotiations on Financial Services, subjecting its financial services industry to liberal commitments based on the Understanding on Commitments in Financial Services. Given that most of the 31 countries basing their commitments on the Understanding are OECD Members, Nigeria's decision to adopt this approach is outstanding in the developing world. However, such ambitions need to be accompanied by efforts to strengthen prudential regulation and supervisory mechanisms, as witnessed by the financial legislation adopted since 1994.

Banking
Nigeria's financial services industry is gradually emerging from a crisis characterized by widespread insolvency and bankruptcy in the banking sector.
Although the Banks and Other Financial Institutions Decree of 1991 sought "to strengthen the foundation for a more stable, efficient and sound financial environment", the banking sector remained an instrument for excessive government borrowing as well as general policy intervention through measures such as mandatory sectoral credit allocation and interest rates caps. The authorities noted that in 1994, many banks survived essentially from dealings in foreign exchange. As a result of the exchange control policy re-introduced during that year, many banks were reportedly engaged in "malpractices in foreign exchange transactions, including recycling of officially sourced foreign exchange to the parallel market".

The Nigeria Deposit Insurance Corporation (NDIC), whose purpose is to protect depositors in the event of bank failure, has also been placed under the supervision of the Federal Ministry of Finance. The NDIC has also been granted discretion on whether and when to insure deposits.

Insurance

The country is an important importer of insurance services; most exports are on an f.o.b. basis, while imports are mostly paid c.i.f..

The market is dominated by two state-owned companies. The National Insurance Corporation (NICON) has the sole right to insure government properties. These comprise all oil and gas concerns including refineries, as well as steel mills, the aluminium plant and other state-owned companies. This measure may raise the cost of insurance operations.

The Nigeria Re-insurance Corporation (NIGERIARE) was established to provide re-insurance cover for insurance companies.

The main legislation affecting the provision of insurance services in Nigeria is the Insurance Decree of 1 January 1997.

The National Insurance Commission Decree, which entered into force on 1 January 1997, establishes the National Insurance Commission. The functions of the Commission are inter alia to establish standards for the conduct of insurance business in Nigeria, to regulate transactions between insurers and re-insurers in and outside Nigeria, to act as adviser to the Government on all insurance-related matters and to protect insurance policyholders, beneficiaries and third parties to insurance contracts. The Commission, under the authority of the Federal Ministry of Finance, is the supervisory body for all insurance companies. In case of failure, the Commission, with prior approval of the Federal Minister of Finance, may request that an insurer or any person connected thereto be prosecuted under the Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Decree.

Under the Insurance Decree, insurance companies must invest and hold in Nigeria assets at least equivalent to the amount of insurance business transacted in Nigeria.

Nigeria has included all insurance sub-sectors in the coverage its WTO Financial Services Schedule, fully binding commercial presence in both life and non-life insurance services, thereby allowing foreign direct investment in the sector.

Services - Tourism and Travel
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Tourism in Nigeria does not yet attract large numbers of visitors or receipts.

In order to develop this sector, the authorities have developed a new tourism policy and put in place a package of incentives to attract private sector investment in tourism development. Centres of attraction for tourism have been identified. Organizations have been established for the planning, development, promotion and marketing of tourism in Nigeria. Functions have been defined at the three tiers of government for the physical planning and promotion of such centres.

The Federal Ministry of Commerce and Tourism (FMCT) has responsibility for policy formulation and monitoring and maintains links with state governments on all tourism matters. The Ministry is also responsible for planning and funding nationally-oriented tourism infrastructure, and represents the country in international tourism organizations. State ministries implement policies and directives from the FMCT and initiate projects, control land allocation and development of tourism in the states. They regulate the operations of hotels and catering institutions in line with federal government policy. State governments may take equity interest in tourism projects as an encouragement to private investors.

The National Council on Commerce and Tourism coordinates the planning and development of tourism in the Federation. The Council comprises the Minister of Commerce and Tourism as Chairman, the Commissioners in charge of Commerce and Tourism matters in each State, representatives of travel agents, hoteliers and catering associations, tour operators and boards of airlines.

Services - Transport
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Nigeria's transport sector is operated to a large extend by the private sector, without major restrictions on foreign participation. However, the virtual absence of inter-modal coordination remains a major problem. The different modes of transport are regulated by different Ministries and administrative divisions.

Land transport
Private sector participation in road transport is dominant, ranging from company-operated fleets to one-man operations. Government investment in road transportation has been largely confined to the Urban Mass Transit Scheme, designed to ease serious transport problems.

Maritime transport
Of the three main water transport categories - inland waterways, coastal shipping and ocean shipping - only ocean shipping is now significant in Nigeria, accounting for 90% of cargo traffic in and out of the country. Foreign shipping lines supply most shipping services in Nigeria. The main agencies regulating maritime transport are the Federal Ministry of Transport; the National Maritime Authority (NMA); the Nigerian Ports Plc; and the Nigerian Shippers' Council. The NMA is in charge of allocating cargo to shipping companies.

Air transport
The Nigerian Airways Corporation, a governmental agency, is the national carrier and operates both domestic and international flights. The services of Nigeria Airways have deteriorated over time owing to problems such as excessive debt, depletion of aircraft and competition from other domestic airlines.

Textiles and Leather
last updated on 2003-12-17

The textiles and clothing sector is one of the few industrial activities in Nigeria dominated by private companies. Several large textile companies have been set up, mostly by foreign investors (mainly from Asia), seeking to establish a textile production and export base in West Africa. Products include duck fabric, fabric of special weave, sheeting, poplin and broadcloth, printcloth and twills.

Nigeria was not a signatory to the Multifibre Arrangement, but became a member of the WTO Agreement on Textiles and Clothing as a result of the Uruguay Round Single Undertaking. In accordance with Article 6.1 of that Agreement, Nigeria notified its intention to retain the right to use the provisions of the transitional safeguard mechanism; this has not been used so far. However, Nigeria has not carried out its programme for the integration of textile and clothing products into GATT (Article 2.6-2.8).

Domestic producers have traditionally faced strong competition from informal imports. The Nigerian Textile Manufacturers Association has called on the Federal Government to ban the transit through Nigerian ports of foreign textile fabrics destined for neighbouring countries, because "evidence has shown that such fabrics do not leave Nigeria in the absence of any mechanism to ensure that they get to their countries of destination". The authorities noted that Nigeria Customs Service escorts such goods to their destinations to ensure that they are not sold in the local market.

Wood, Paper and Pulp
last updated on 2003-12-17

Forestry and wood production
The forestry sector mostly produces roundwood. Wood-based industries produce mainly sawn wood, wood-based panels and furniture, as well as paper and paper boards. Forestry resources are exploited intensively, with major environmental consequences.

Tariffs are designed to promote processing in the country.

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TARIFFS AND DUTIES

Within the framework of the Uruguay Round, Nigeria undertook bindings for all agricultural products at ceiling rate of 150%, plus a maximum 80% for other duties and charges. Few industrial tariffs are bound (6.5% of the total), also at high ceiling rates.

All excise duties levied on domestically produced goods were abolished in January 1998; their removal, without a similar adjustment to the tariffs levied on competing imports, substantially increased the level of effective protection on those goods. Since 1994, a 5% value-added tax has been levied on most domestically produced and imported goods and services. This tax provided 6% of government revenue in 1998. Nearly two thirds of VAT revenue is collected on imports.

The multiplicity of import documents and of agencies involved has been recognized as an unnecessary complication for importers. Several agencies operating at the ports also appear to impede trade flows: the authorities estimate that illegal discharging levies increase the cost of imports by up to 45%. As a result, large volumes of trade are being diverted to neighbouring ports and a significant share of Nigeria's regional trade takes place on an informal basis. Reforms to address these problems have begun in areas such as customs and port clearance.
Following complaints from the private sector of inefficiency, the Government has reduced the number of countries for which preshipment inspection (PSI) of imports is required. Until PSI is eliminated for imports from all countries, however, import conditions will differ across trading partners. Elimination of PSI may reduce paperwork and import costs. More importantly, however, it will reinforce the importance of an accountable customs administration. In this regard, customs procedures are being computerized and the authorities announced in early 1998 the introduction of UNCTAD's Automatic System for Customs Data Entry (ASYCUDA).

Import procedures
Registration and documentation
Importers do not need to be registered as such to import goods. However, under the Companies and Allied Decree of 1990, all companies must be registered by the Corporate Affairs Commission.
Documents required for imports include the bill of entry, the bill of lading, the signed and attested invoices, the certificate of origin, the Certificate of Value (declaration by the importer of the true value of goods), the packing list, a Clean Report of Findings, the Import Duty Report, the customs duty bank receipt, the insurance certificate and the registered Modified Form M. Additional documents are required for clearance of food, beverages, tobacco, drugs, chemicals, cosmetics and medical devices that are subject to specific technical regulations for health, safety, sanitary or phytosanitary purposes. Temporary imports and imports of samples and advertising materials are also subject to specific documentary requirements, as is the case for goods entered for transshipment or transit. The abundance/profusion of documents is an obstacle that the authorities are trying to reduce through the further streamlining and modernization of administrative procedures.
Import procedures are initiated by the filing of a Modified Form M. This form is available from inspection agents, Nigerian embassies, Nigerian banks locally and overseas and their correspondents banks. In practice, Modified Form M is generally approved by a bank on the basis of the invoice obtained from the foreign supplier, specifying whether foreign exchange is required or whether the imports are funded externally. The bank can issue a letter of credit to the exporter's bank only once Modified Form M has been allocated by the Central Bank of Nigeria (CBN).
Customs valuation
Customs valuation is to a large extent the responsibility of the preshipment inspection companies. According to the authorities, all imports by private or commercialized companies are valued using the market-determined exchange rate, while official imports are valued at the official exchange rate. This valuation technique considerably reduces the local currency expenditure on official imports.
Customs valuation is in principle carried out according to the Brussels Definition of Value.

Tariff Levels

020067-*High tariff levels for various productsi* [2002-06-12]

There is a significant customs rate increases which applies to a wide range of items from EU including foodstuffs, beverages, tobacco products and cosmetics as they now attract 100% duty. Such a level seriously affects the European exports to the Federal Republic of Nigeria. It should be noted that duties have also been increased for textiles from 45% to 75%. The customs rate increases are detailed in the enclosed circular BD 12337/S.366 from page 2 to page 11.
These customs rate increases have been taken on the grounds of encouraging the local industrial development.

- The Commission services have already taken a number of actions in order to solve the problems, such as letters from Commissioner Lamy in 2002, 2003 and 2004 and several meetings between him and Ministers Bello/Ngelale/Waziri.
  Recently, Nigeria made a commitment to implement a new tariff regime harmonized with the Economic Community Of West African States in 2005.

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TRADE DEFENCE INSTRUMENTS

Anti-dumping and countervailing duty actions

No anti-dumping actions have been initiated since 1991.

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NON TARIFF BARRIERS

Quantitative restriction and related measures

Import prohibitions continue to distort trade patterns and stimulate smuggling activities, whilst depriving the Government of tariff revenue. The Import Prohibition List includes inter alia textiles and clothing, furniture, poultry, certain beverages and motor vehicles; and are subject to continuous changes. In addition, an Absolute Prohibition list covers weapons, certain spirits, obscene articles and second-hand clothing. According to the Federal Ministry of Agriculture, imports of all types of meat are also banned for health reasons.

Standards and other technical requirements

Nigeria was not a party to the GATT Committee on Technical Barriers to Trade, but as part of the Uruguay Round's Single Undertaking became a member of the Agreement on Technical Barriers to Trade. All standards and other technical regulations that have a bearing on health and safety and environmental protection are mandatory.

The National Agency for Food and Drug Administration and Control (NAFDAC) and the Standards Organisation of Nigeria (SON) are the enquiry point notified to the WTO regarding standards and technical regulations. Notices of technical regulations, standards and certification systems adopted by the Nigerian Government are published in the Official Gazette. Texts of technical regulations are published and made available by the regulatory agencies concerned.

Standards

Nigeria is a member of the International Organization for Standardization, represented by the Standards Organisation of Nigeria. The latter is governed by the Nigerian Standards Council which, through the Minister of Industries, issues official standards covering manufactured goods. Standards for processed food, beverages, medical devices, drugs and other chemicals (including raw materials) are set in conjunction with NAFDAC, which is responsible for the control and regulation of these products.

Nigerian standards specify production process, quality characteristics or mandatory testing procedures. Both the SON and NAFDAC are mandated, inter alia, to secure uniformity in standards specifications through cooperation with national and international organizations. Other functions include investigations into the quality of both domestically produced and imported products. Both the SON and NAFDAC are empowered to seize, confiscate and destroy sub-standard, fake or defective goods and to close factories producing those products.

Registration, inspection, testing and certification

Under the Drugs and Related Products Decree of 1993, the manufacture, import, export, sale, distribution and advertising of regulated products is subject to registration with NAFDAC. Regulated products comprise all processed food, beverages, tobacco, cosmetics, drugs, drug products and chemicals (including both raw materials and finished products such as pesticides). The List of Registered Products is published in the Official Gazette and specifies the name of the products, the address of the company or applicant, the licence registration number and the dates of approval and expiry. This registration system has been designed to protect and promote public health.

Applications for product registration must be made by the manufacturer or by a registered company representing a foreign manufacturer. The company must file a notarized power of attorney from the foreign manufacturer, and be in the position to effect a recall of the product when necessary. This creates, in effect, a system of exclusive importers, as only one applicant holds the power of attorney for each brand of product. Evidence of registration of imported products by the competent health authority in the country of manufacture must be provided in the form of a Certificate of Analysis. The foreign manufacturer must be licensed to manufacture the regulated product for sale in the country of origin, and the licence must be authenticated by the Nigerian diplomatic mission in that country, which delivers a Manufacturer's Certificate and a Free Sale Certificate.

In the case of used motor vehicles, imports must be accompanied by a certificate of roadworthiness delivered by the preshipment inspection company.

Marking, labelling, packaging

All manufactured products are required to bear manufacturers' names or identification marks. For products regulated by NAFDAC, minimum package labelling requirements are specified in order to obtain registration. In particular, information carried on packages and leaflet inserts of imported drugs products must not differ from that in the product's country of origin.

All items entering the country must be labelled in metric terms exclusively. However, special labelling requirements are in effect for factors such as weights and measures of certain packaged products including flour, salt, soap, candles, sugar, crochet cotton and yarns.

Sanitary and phytosanitary measures

Under the Uruguay Round's Single Undertaking, Nigeria became a member of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. The authorities have indicated that imports of live animals and birds and animal products are subject to permits delivered by the veterinary authorities. The Federal Ministry of Agriculture has indicated that, since 1993, and following the outbreak of Bovine Spongiform Encephalopathy, imports of all types of meat are banned although no decree has been established to that effect.

Fresh plants and plant products require certificates issued by the authorities of exporting countries as well as a phytosanitary certificate issued by Nigeria's National Plant Quarantine Service. Imports of fish require certificates issued by the Federal Department of Fisheries. Imports of used merchandise requires import permits issued by the Ministry of Health.

government procurement

Public procurement is of great importance both for trading partners and for the Nigerian economy, as about half of all public expenditure on goods and services is sourced in foreign markets.

Quantitative Restrictions and Related Measures

020038-*Ban on the import of certain products from EU* [2005-01-19]

There is a ban affecting the importation of the following products:
- Vehicles over 8 years old from the year of manufacture,
- Vehicles irrespective of age through land borders,
- Used refrigerators HS Code 8418.2100, air conditioners HS Code 8415.1000 and compressors HS Code 8414.8000 and 8415.3000.
- Textiles containing hazardous chemicals such as chloride.

The legal basis of these effectively enforced bans is the enclosed circular BD 12237/S.366 by the Budget Office of the Federation, Federal Ministry of Finance, pages 11 and 12.

- The Commission services have already taken a number of actions in order to solve the problems, such as letters from Pascal Lamy in 2002, 2003 and 2004 and several meetings between him and Ministers Bello/Ngelale/Waziri. These letters and meetings didn't allow to solve the problems bilaterally so far. The latest meeting with the Nigerian authorities took place in December 2004.

Registration, Documentation, Customs Procedures

030014-*delay and high costs in the registr procedures by NAFDAC* [2003-02-03]

The procedure for NAFDAC approval for a new product is the following:
In earlier days, it was sufficient to present 2 cartons of samples with the actual packaging, accompanied by the necessary documents and statements (internationally recognized certificates).
After a relatively long period (usually some months) during which the product was tested and analysed, NAFDAC approval would eventually be given, provided the product met the required standards.
Since end 2002 however, the situation changed. Besides the above described procedure, now NAFDAC deems it necessary to physically inspect all production facilities where a new product will be made.

This means that NAFDAC sends representatives, travelling from Nigeria to every factory where a product (applying for NAFDAC approval) is produced. It is obvious this causes much delay and high costs.

- The Commission services have already taken a number of actions in order to solve the problems, such as letters from Pascal Lamy in 2002, 2003 and 2004 and several meetings between him and Ministers Bello/Ngelale/Waziri. These letters and meetings didn't allow to solve the problems bilaterally so far.

Quantitative Restrictions and Related Measures

030041-*New ban on the importation of products* [2003-08-14]

There is a new ban affecting the importation of the following products as specified in circular Ref BD 12237/S.25/V/156 of 19th June 2003 from the Federal Ministry of Finance:
- Exercise books and envelopes
- Toilet rolls
- Sugar confectionery (i.e sweets and chocolate)
- Both bottled and canned beer

The Federal Government of Nigeria has also placed a ban on the importation of Barytes and Bentonite as specified in circular N° 28/2003 of June 2003.

030034-*ban on the import of products from EU* [2003-04-01]

There is a new ban affecting the importation of the following products as specified in circular 10/2203 from the Nigerian Customs since 3 March 2003 :
- Tooth picks in any form
- Table drinking water (spring or sparkling)
- All types of biscuits
- Spaghetti and noodles

040001-*2004 ban on the import of products from EU* [2004-01-26]

The Federal Executive Council on 7 January 2004 approved the following list of banned import goods in Nigeria:
*Corrugated boards and curtains
*Textile
*Men's footwear and bags (leather and plastics)
*Soap and detergents
*Furniture
*Bicycles (assembled)
*Flowers (fresh and plastic)
*Fresh food
*Cutlasses and associated products
*Toothpaste
*Pencils and ball point pens
*Plastic Products
*Barite and bentonite
*Vegetable oil
*Meat products

Agriculture and Fisheries

Quantitative Restrictions and Related Measures

020105-*ban on importation of frozen poultry meat* [2002-11-29]

There is a ban affecting the importation of frozen poultry meat.
Nigeria is actually an important market for UK old hens. The market for old hens in UK has collapsed and UK producers now have to pay to have their old hens removed from their farms.

- The Commission services have already taken a number of actions in order to solve the problems, such as letters from Commissioner Lamy in 2002, 2003 and 2004 and several meetings between him and Ministers Bello/Ngelale/Waziri. These letters and meetings did not solve the problems so far.

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RESTRICTIVE EXPORT MEASURES

Exporters remain handicapped by cumbersome administrative procedures designed more to ensure the repatriation of export proceeds than to encourage export expansion. Most measures established in the late 1980s to promote export diversification appear to have produced few results; improvements in infrastructure would probably constitute a better means of fostering Nigeria's exports.

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IPR

Protection of intellectual property rights
Nigeria is a signatory to the Universal Copyright Convention, the Berne Convention, and the Paris Convention, and became a member of the World Intellectual Property Organization in 1995.

Three institutions are involved in the protection and administration of IPRs and the technological information derived from them:
-The Trademarks, Patents and Designs Registry at the Federal Ministry of Commerce and Tourism is responsible for industrial property matters; this Registry is also responsible for receiving patent applications for inventions in the field of pharmaceutical and agricultural products.
-The Nigerian Copyright Commission at the Federal Ministry of Information is responsible for all matters affecting copyright and neighbouring rights in Nigeria. In February 1996, the National Copyright Institute was established between the Government of Nigeria and the WIPO. The Federal High Court has jurisdiction in industrial property and copyright.
-The National Office for Technology Acquisition and Promotion (NOTAP) at the Ministry of Science and Technology is responsible for acquiring foreign technology considered crucial for industrial and economic development. NOTAP has the Patent Information and Documentation Centre where industrial and project profiles are stored for dissemination to public and private sector investors and entrepreneurs for utilization in the promotion of industrial activity and services.

Under the Counterfeit and Fake Drugs Act of 1990, the import, manufacture, distribution or sale of counterfeit, adulterated or sub-standard drugs is subject to imprisonment and fines. In 1992, the Decree was amended to cover fake and expired drugs. Provisions of the Act are enforced by the Federal Task Force on Counterfeit and Fake Drugs, run by NAFDAC, and by similar task forces at state level.

Patents
The Patent and Design Act of 1990, and the Patent Rules of 1971 govern patent protection for inventions that meet the requirements of novelty, inventive activity and industrial application for all areas of technology.
Exceptions to this are: (i) plant or animal varieties, or essentially biological processes for the production of plants and animals (other than microbiological processes and their products); and (ii) inventions the publication or exploitation of which would be contrary to public order or morality. The authorities have indicated that Nigeria intends to accede to the Convention for the Protection of New Varieties and Plants.

Any inventor, whether Nigerian or a foreign national, may file a patent application, although foreign applicants must file through a resident agent. If the required documents are complete and in order, the Registrar (at the Patents and Design Registry) issues a patent and is responsible for publication. The law does not require the Registrar to carry out a substantive examination of patent applications. Interested parties may, however, challenge the validity of a patent already granted by applying to the Federal High Court for its cancellation. Once conferred, a patent gives the patentee the exclusive right to make, import, sell, or use the patented products or apply the patented process. Patents are valid for a maximum of 20 years from the date of filing the relevant patent application, subject to the payment of an annual maintenance fee.

Industrial designs

The Patent and Design Act of 1990 provides for protection of industrial designs that meet the requirements that a design is novel and is not contrary to public order or morality. When all the necessary formal conditions have been fulfilled, the industrial design is registered and a certificate of registration issued. The owner of a registered design has the exclusive right to prevent third parties from holding, reproducing, importing and selling the design or using it for commercial purpose. Protection is granted for a term of five years, renewable for two consecutive periods of five years each.

Trade marks

The Trade Marks Act of 1990 provides for the registration and protection of trade marks with respect to a particular good or class of goods. In order to ensure conformity with the TRIPS Agreement, the coverage of the Act must be extended to include service marks. The registration of collective marks and certification marks is possible. A registered trade mark is assignable and transferable in connection with the goodwill of a business.

Copyrights

The Copyright Act of 1988, as amended by the Copyright (Amendment) Decree No. 96 of 1992, provides an improved copyright regime based on the WIPO standards. As a signatory of the Universal Copyright Convention, Nigeria provides national treatment for the holders of copyrights of all other signatories of the Convention. The Government of Nigeria is also in the process of reviewing adhesion to the Bern Convention.

Under this Act, works eligible for copyright include literary, musical and artistic works, cinematograph films, sound recordings and broadcasts. However, the Act does not specifically cover computer programmes and databases, which are to be protected as literary works under the TRIPS Agreement. Exclusive rights of reproduction, publication, performance, translation, distribution (including rental), broadcasting and adoption are granted to copyright owners. The Act, however, does not contain a provision on "moral rights".

Transfer of technology

The National Office for Technology Acquisition and Promotion Act requires that all existing and new technology agreements or contracts be registered. Its purpose is wholly or partly related to: (1) the use of trademarks; (2) the right to use patented inventions; (3) the supply of technical expertise in the form of the preparation of plans, diagrams, operating manuals or any other form of technical assistance of any description; (4) the supply of basic or detailed engineering; and (5) the supply of machinery and plant. The provision of technology transfer agreements should be made within six months of the signing of the agreement.

Enforcement

Nigeria has a common law legal system. Thus, matters relating to evidence, injunctions, damages and other remedies, including provisional measures, are dealt with under the general law of civil procedure for all civil wrongs. Action for infringement is also available to the owner of a patent, design or copyright, as in respect of other proprietary rights under both the copyright and patent legislation.

It has nevertheless been reported that enforcement of existing laws remains weak, particularly in the patent and trade mark areas. Few companies have secured trade mark or patent protection in Nigeria because it is generally considered ineffective. Production and sales of pirated tapes, videos, computer software, and books remains widespread in Nigeria, which has been described as Africa's largest market for pirated products from third countries.