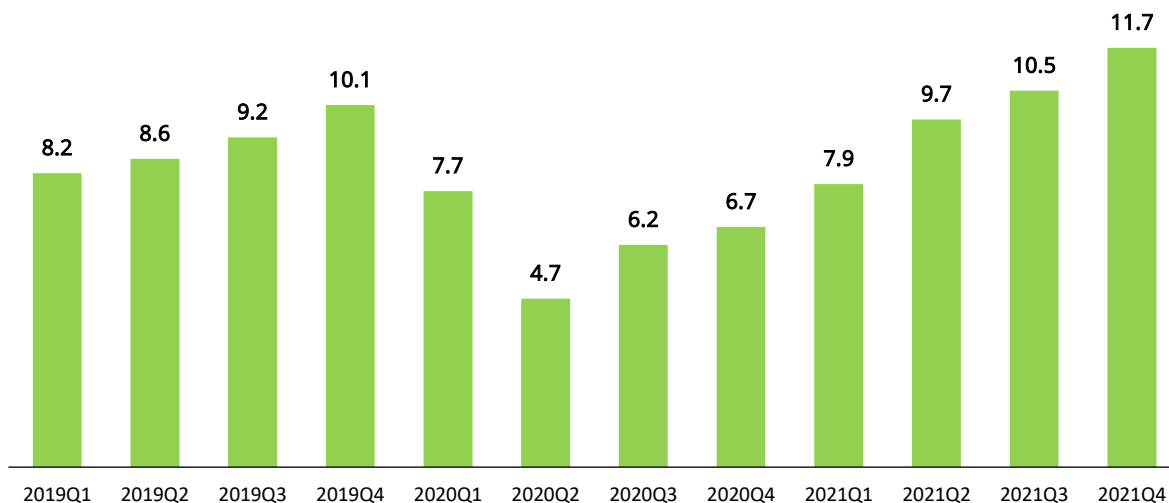


## External Trade in Goods rose more than 50% in 2021, as the COVID-19 effect subsides

Nigeria's external trade value increased sharply by 57.9% to N39.8 trillion in 2021 from N25.2 trillion in 2020. It also reflects an improvement in the value of external trade when compared with 2019 (N36.2 trillion) – a year before the global outbreak of the COVID-19 pandemic. On a quarterly basis, the value of external trade rose consistently across the four quarters of 2021 (see **Figure 1**). This suggests that the year 2021 witnessed a pick-up in trading activities across countries amid the waning effect of the pandemic.

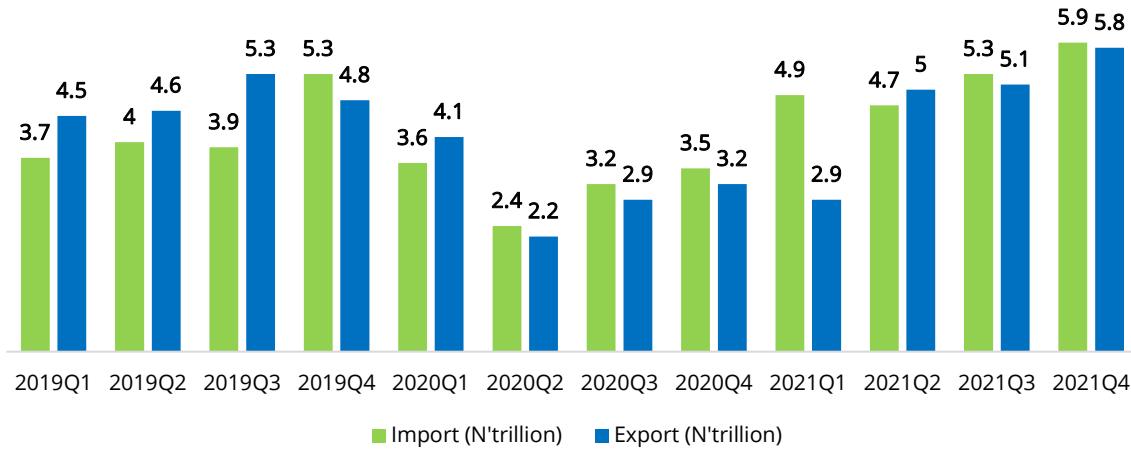
**Figure 1: Quarterly Value of External Trade from 2019 to 2021 (N'trillion)**



Source: Data: NBS; Chart: NESG Research

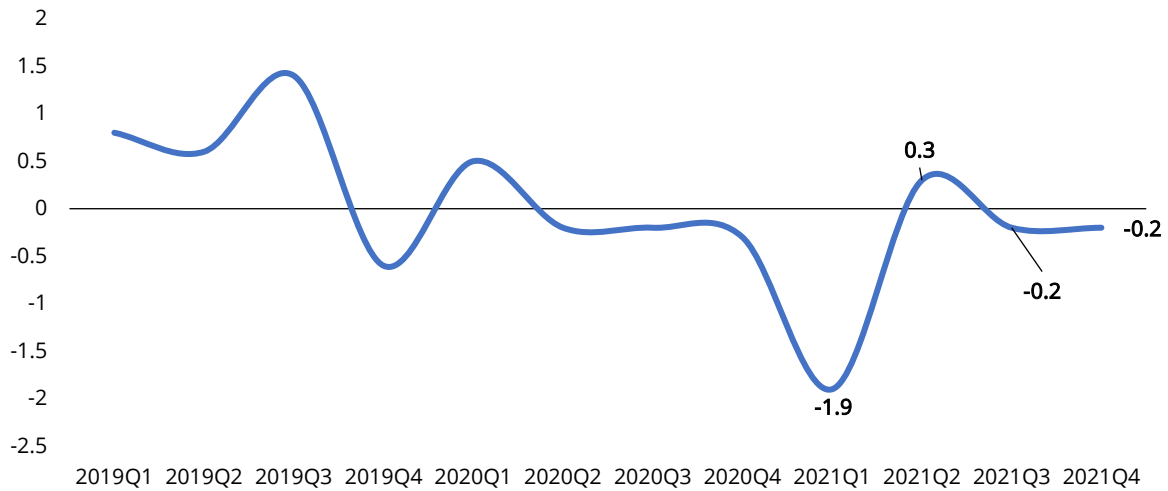
Despite the persistent rise in global oil prices, growth in Nigeria's imports outpaced the growth in its exports across the four quarters of 2021 (see **Figure 2**). Despite the record of a trade surplus of N327 billion in the second quarter of 2021, Nigeria's trade balance maintained an overall deficit of N1.9 trillion in 2021 (see **Figure 3**). This represents a deterioration of the trade balance when compared with a deficit of N178.3 billion and a surplus of N2.2 trillion reported in 2019 and 2020, respectively.

Figure 2: Quarterly Value of Import & Export Trade from 2019 to 2021 (N'trillion)



Source: Data: NBS; Chart: NESG Research

Figure 3: Quarterly Trade Balance from 2019 to 2021 (N'trillion)



Source: Data: NBS; Chart: NESG Research

### Oil and Non-Oil Export Earnings spiked in 2021

The total value of goods exported rose sharply by 51.2% to N18.9 trillion in 2021 from N12.5 trillion in 2020. This was driven by higher oil and non-oil export earnings. Oil exports – which accounted for 89% of total export earnings in 2021 – jumped by 51.4% to N16.8 trillion in 2021 from N11.1 trillion in 2020. This is mainly attributable to a significant improvement in the average crude oil price which increased to US\$71.1 per barrel in 2021 from US\$42.1 per barrel in 2020. However, the reduction of average domestic crude oil production from 1.8 million barrels per day in 2020 to 1.6 million barrels per day in 2021 could be said to have capped the gains from the oil price increase. Similarly, non-oil exports – which accounted for 11% of total export earnings in 2021 - rose from N1.4 trillion in 2020 to N2.1 trillion in 2021.

Moreover, the increase in non-oil exports – which exclude petrochemicals and oil-related items – was largely driven by a rise in the earnings from all categories of export commodities, with the largest increase recorded in favour of raw materials. While the nominal value of manufactured exports increased in 2021, their share in the overall non-oil exports declined from 67% in 2020 to 46% in 2021 (see **Table 1**).

**Table 1: Performance of Non-Oil Exports and Components in 2020 and 2021**

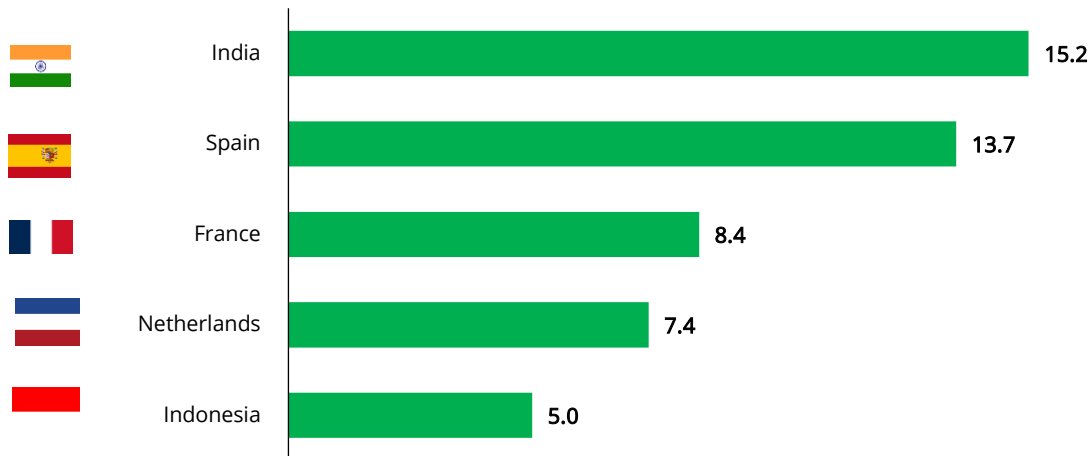
Period	Non-oil exports (N'trillion)	Share of Non-oil commodities in Non-oil exports (%)				
		Agric products	Raw materials	Solid minerals	Energy goods	Manufactured goods
2020	1.4 ↑	22.4 ↑	8.3 ↑	0.9 ↑	1.3 ↑	67.0 ↓
2021	2.1 ↑	23.6 ↑	23.6 ↑	2.6 ↑	4.2 ↑	46.0 ↓

Data: NBS

### Europe remained Nigeria's largest export trading partner in 2021

Europe maintained its position as Nigeria's largest export market accounting for 39.5% of total export earnings in 2021, followed closely by Asia which accounted for a share of 33.8%. On a country level, Nigeria's top five export trading partners, led by India, accounted for 49.7% of total merchandise exports in the fourth quarter of 2021 (see **Figure 4**). The bulk of goods exported from Nigeria to India is attributed to crude oil. Relative to the fourth quarter of 2019, the United States of America dropped from the top 5 Nigeria's export destinations in the fourth quarter of 2021.

**Figure 4: Major Export Trading Partners in 2021Q4 – Share of Export (%)**



Source: Data: NBS; Chart: NESG Research

### Overall imports surged to N20.8 trillion in 2021

The value of imported commodities rose sharply by 63.8% to N20.8 trillion in 2021 from N12.7 trillion in 2020 (see **Table 2**). The increase in overall imports was driven by higher bills on all categories of import items, with the largest increase recorded in favour of mineral fuel, as well as, machinery and transport equipment. The surge in global energy prices is ultimately reflected in the huge bill spent on imported mineral fuel products in 2021.

**Table 2: Performance of Merchandize Imports and Components in 2020 and 2021**

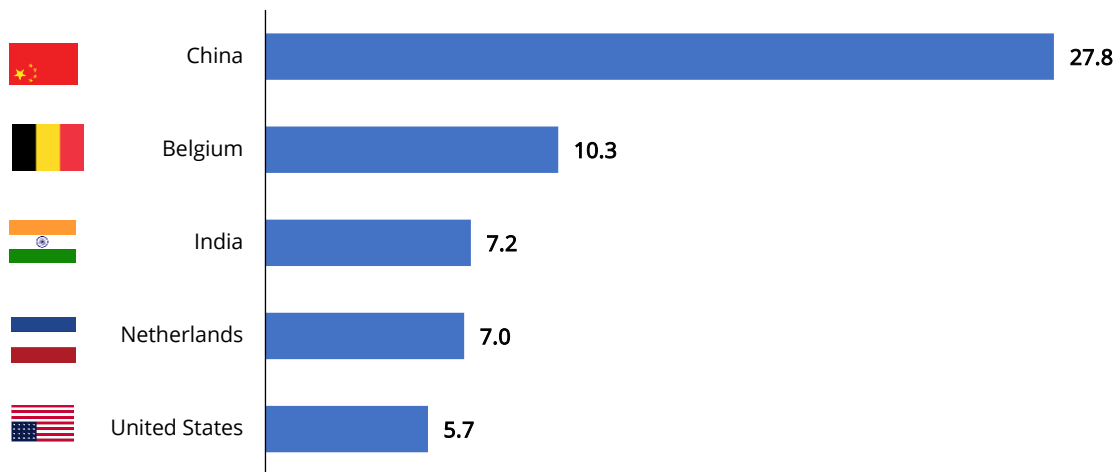
Period	Total Imports (N'trillion)	Share of Total Imports (%)					
		Food & Live Animals	Mineral Fuel	Chemicals	Manufactured goods	Machinery & Transport Equipment	Others
2020	12.7	13.3	22.8	15.9	8.8	32.7	6.5
2021	20.8	12.7	31.0	13.7	8.4	27.5	6.6

**Data: NBS; Note:** The category "others" include beverages & tobacco; crude inedible materials; oil, fats & waxes; miscellaneous manufactured commodities and articles.

### Asia maintained its position as Nigeria's largest import trading partner

The Asian region was the largest source of Nigeria's imports, accounting for 46.5% of total imports, followed by Europe with a share of 40.1%. On a country level, China was Nigeria's largest import trading partner with a share of 27.8% in total imports in the fourth quarter of 2021 (see **Figure 5**). Other top import trading partners in 2021Q4 were Belgium (10.3%), India (7.2%), Netherlands (7.0%) and the United States (5.7%).

Figure 5: Major Import Trading Partners in Q4'2021 – Share of Imports (%)



Source: Data: NBS; Chart: NESG Research

## Conclusion

- *The Russia-Ukraine geopolitical crisis highlights both positive and negative effects on the Nigerian economy*

The geopolitical tensions have sent global oil prices rising to a three-digit number more recently in the year 2022. This is good news for major oil-exporting countries including Nigeria in terms of higher oil export earnings. However, these gains will be lost to huge import bills on refined fuel products and the extra fiscal burden arising from higher subsidy costs in Nigeria. Ukraine being part of Nigeria's top 10 import locations in the fourth quarter of 2021 suggests that the war between Russia and Ukraine could induce supply chain disruptions and negatively affect import supplies to Nigeria until a truce is reached by both countries.

- *Improvement in earnings from non-oil exports suggests the urgent need for massive support of agro-allied products and light manufacturing*

While the non-oil sector accounts for over 90% of Nigeria's gross domestic product, the export revenue potential of the sector has not been maximally harnessed as reflected in its 11% contribution to the overall exports in 2021. Nigeria could explore its comparative advantage in the areas of agro-allied and light manufacturing products. The promotion of value chain development could also improve Nigeria's unfavourable terms of trade position as a result of her huge dependence on primary product exports. This will also help the country to diversify its revenue base and export markets.

- *The implementation of the Petroleum Industry Act (PIA) is key to attracting investments into the oil and gas sector*

The PIA, when implemented, presents a unique opportunity for Nigeria to stimulate investment inflows into the upstream segment of the oil and gas sector, as the sector's growth remains in the contraction territory. It will also incentivise renewed investments in the downstream segment which includes the resuscitation of the existing refineries and the construction of new ones. The upcoming Dangote Refinery is an instance. Improved local production of refined petroleum products would boost foreign exchange savings and reduce the intense pressure on the external reserves in Nigeria.

## About NESG

The NESG is an independent, non-partisan, non-sectarian organization, committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought so as to explore, discover and support initiatives directed at improving Nigeria's economic policies, institutions, and management.

[www.nesgroup.org](http://www.nesgroup.org) | [Info@nesgroup.org](mailto:Info@nesgroup.org)

### THE SUMMIT HOUSE

6, Oba Elegushi Street, Ikoyi, Lagos. P.M.B 71347, Victoria Island, Lagos.  
ABUJA LIAISON OFFICE: 3rd Floor, Right Wing, Unity Bank Tower, Plot 785,  
Herbert Macaulay Way, Abuja

     [officialNESG](#)

## Contact

For more information about the content of this report and other research services, please contact:

NESG Research Team

Email: [research@nesgroup.org](mailto:research@nesgroup.org)

Tel:

+234-01-295 2849

+234-01-295 2003