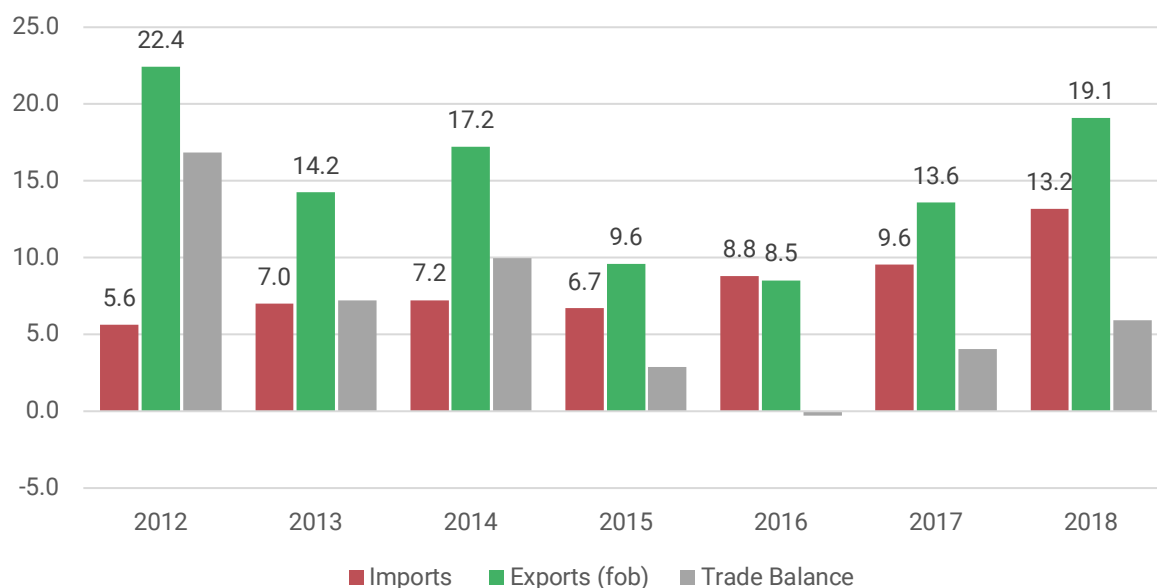


Nigeria records improved Trade figures, Crude Oil still dominates Exports

Nigeria recorded significant improvement in external trade as the value of Total Trade (Imports + Exports) increased by 39% from N23.2 trillion in 2017 to N32.3 trillion in 2018, according to data from the National Bureau of Statistics (NBS). Growth in Total Trade was driven Exports, which increased by 40.5% in 2018 to N19.1 trillion, accounting for 59% to Total Trade in the period. Imports, on the other hand, grew by 37.7% and was valued at N13.2 trillion in 2018. The improved performance of Exports vis-à-vis Imports led to the significant growth in Nigeria’s Trade Balance, which stood at N5.9 trillion, the highest since the recession in 2016.

Figure 1: Movement of Nigeria’s Imports, Exports Value and Trade Balance (Trillion Naira)



Source: National Bureau of Statistics

Non-Oil Exports grew significantly, Mineral Products Imports rose to N4 trillion

Like in previous years, Crude Oil continues to dominate Exports, accounting for 82% of total Exports in 2018. This implies that the Nigerian economy is still reliant on Crude Oil for foreign exchange earnings and by extension, government revenue. In addition to Crude, Other Oil products accounted for 11.8% of total Exports earnings in 2018. Although the value of Non-Oil Exports increased significantly by 89.2% to N1.2 trillion, its share in total Exports rose slightly to 6.2% from 4.6% in 2017, due to the larger weight of Crude Export on overall Export.

A further disaggregation of Non-Oil Export data show that Manufactured and Agricultural goods accounted for 54.2% and 25.4% of Non-Oil Export; 3% and 2% of total Exports in 2018, respectively.

Figure 2: Breakdown of Exports by Goods Category

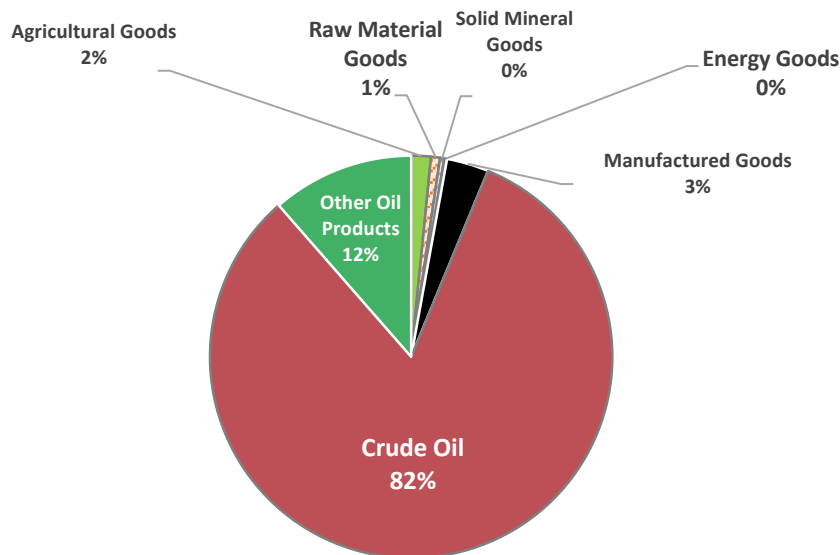


Table 1: Top 5 Exports from Nigeria by Section (Billion Naira)

| | 2017 | 2018 | |
|---|--------|--------|---|
| <i>Mineral products</i> | 13,179 | 18,012 | ↑ |
| <i>Vehicles, aircraft & parts thereof; vessels etc.</i> | 82.3 | 464.8 | ↑ |
| <i>Prepared foodstuffs; beverages, spirits & vinegar; tobacco</i> | 140.7 | 180.3 | ↑ |
| <i>Vegetable products</i> | 91.4 | 176.3 | ↑ |
| <i>Products of the chemical and allied industries</i> | 61.1 | 75.3 | ↑ |

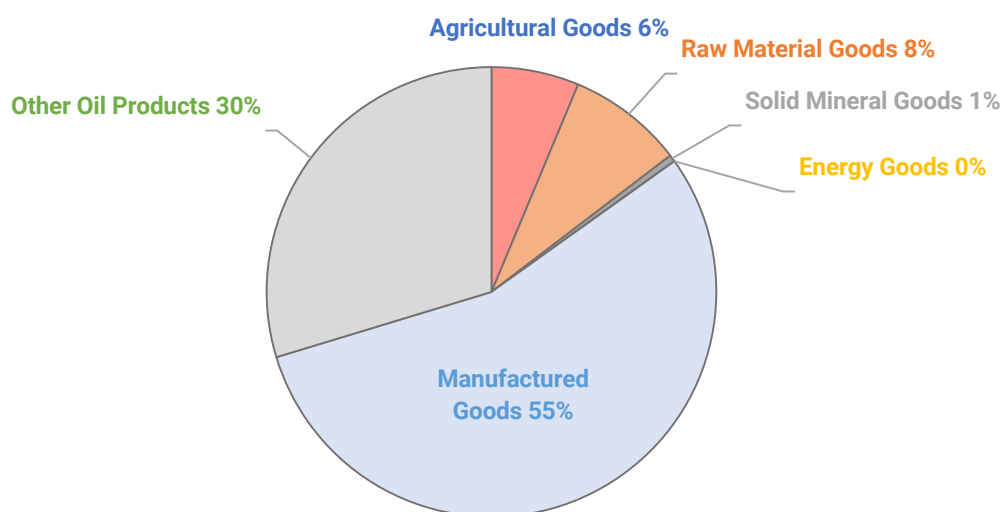
Source: National Bureau of Statistics

For Imports by Goods category, Manufactured goods had the highest share of 55.2% with a value of N7.5 trillion. This was followed by Other Oil Products (30%), Raw Material (8.3%) and Agricultural goods (6.3%). Solid Minerals and Energy goods were insignificant, accounting for 0.5% and 0% of total Imports respectively (See figure 3). For Imports by Section, Importation of Mineral Products, which include petroleum products, increased significantly by 100% to N4 trillion in 2018, representing 30% of total Imports (See Table 2).

Table 2: Top 5 Imports into Nigeria by Section (Trillion Naira)

| | 2017 | 2018 | |
|---|------|------|---|
| <i>Mineral products</i> | 2.0 | 4.0 | ↑ |
| <i>Boilers, machinery and appliances; parts thereof</i> | 1.88 | 2.60 | ↑ |
| <i>Vehicles, aircraft and parts thereof; vessels etc.</i> | 0.56 | 2.09 | ↑ |
| <i>Products of the chemical and allied industries</i> | 0.91 | 0.99 | ↑ |
| <i>Base metals and articles of base metals</i> | 0.52 | 0.64 | ↑ |

Figure 3: Breakdown of Imports by Goods Category

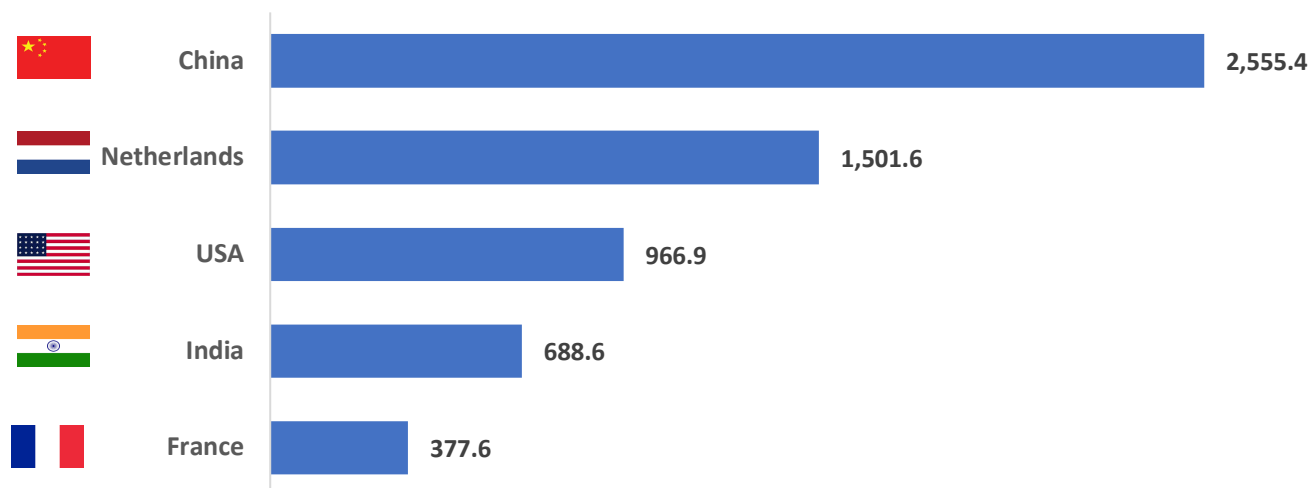


Source: National Bureau of Statistics

China tops Importing Countries' list; India accounts for the largest share of Nigeria's Exports

Examining Imports data by Regions, imports from Asia were the highest, valued at N5.8 trillion and accounting for 44% of total Imports in 2018. Import from this Continent was led by China and India, which were among the top five countries that exported to Nigeria. Europe followed Asia with a share of 41% while America (led by USA) accounted for 10.6% of total Imports. Nigeria's Import from Africa was valued at N420 billion, representing 3.6% of total Imports.

Figure 4: Value of Nigeria’s Imports by Top 5 Countries (Billion Naira)



Source: National Bureau of Statistics

In terms of exports, Europe accounted for 44% of total Exports from Nigeria, valued at N8.4 trillion. The Netherland, Spain and France were leading countries from the Continent. While Asia had a share of 28%, primarily led by India, America accounted for 14% of total Exports. Export to other African Countries stood at N2.53 trillion with a share of 13%.

Figure 5: Share of Nigeria’s total Exports by Regions

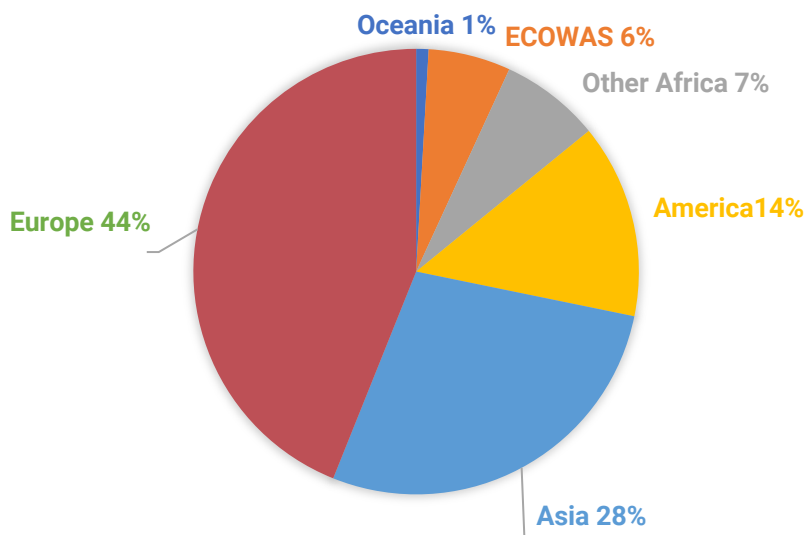
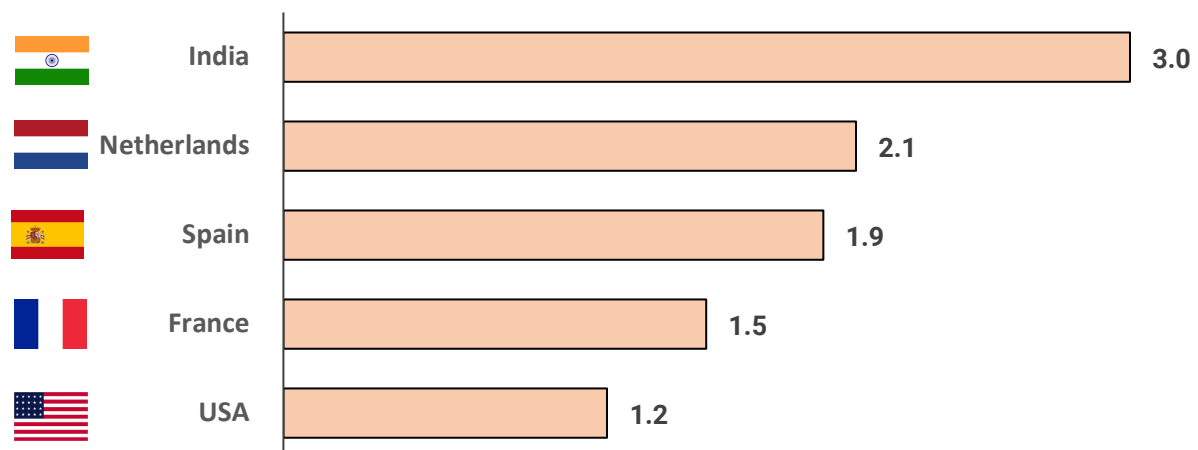


Figure 6: Value of Nigeria's Exports by Top 5 Countries (Trillion Naira)



Source: National Bureau of Statistics

Conclusion

- **The significant growth in Nigeria's Total Trade and Trade Balance in 2018 buttresses the fact that the economy is on the recovery path from the recession in 2016 as confirmed by GDP growth figures.** Also positive is the growth of Non-Oil Exports to N1.2 trillion, which increased by more than three times its value in 2016 (N344 billion).
- **Despite these positives, Nigeria's economy is still heavily reliant on Crude Oil, which ultimately shapes the performance of total Exports in Nigeria.** For instance, the increase in Non-Oil Export did not significantly increase its share in overall Exports due to larger weight of crude oil in total Exports earnings. It implies therefore that the Nigerian economy is highly vulnerable to external shocks and a fall in crude oil price or output would have severe implications on key macroeconomic indicators such as exchange rate, inflation, external reserves, among others. The government therefore must intensify efforts to significantly stimulate Non-Oil Export over a long period.
- **Manufactured goods accounted for 3.4% of total Exports in 2018 in Nigeria, one of the lowest among peer countries.** The weak contribution of manufactured goods to total Exports as well as high share of manufactured goods in Imports (55%) signals the poor state of Nigeria's manufacturing sector. With manufactured goods accounting for just 3.4% of total Exports in Nigeria, comparable data from other fast developing countries show how badly Nigeria performs (Malaysia- 68%, Indonesia- 44% and South Africa- 47%). It also shows the weak capacity of Nigeria to generate foreign exchange and revenue from other trade sectors/commodities besides crude oil.

- **NESG Research notes that one way to attain economic growth that is inclusive is to prioritise the development of the manufacturing sector**, with emphasis on export-oriented policies and reforms. The development of key manufacturing sub-sectors needs to happen at a rapid pace and within a broader framework of a long-term national development plan.
- **Nigeria's Trade with ECOWAS and "Other Africa" remains low.** Besides Oceania, Nigeria's trade (exports) with Africa was the least in terms of value, accounting for 13% of total Exports in 2018. Exports to ECOWAS was 6% of total Exports. Being the largest economy in Africa, Nigeria needs to strengthen trade relations/agreements with other African countries and leverage opportunities that exist across its borders.

NESG is a not-for profit/non-partisan/apolitical organisation, committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought to explore, discover and support initiatives directed at improving Nigeria's economic policies, institutions, and management.

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