June 2025

NESG 2025Q1 Foreign Trade Alert

Nigeria's External Trade Surplus expanded in 2025Q1

Key Messages

- **Nigeria's external trade expanded by 6.2 percent year-on-year (y/y) in 2025Q1.**
- **Notably, merchandise imports increased to N15.4 trillion in 2025Q1, buoyed by a rise in all tradable goods except PMS imports, which plunged by 53 percent (year-on-year).**
- **The Nigerian government should leverage non-oil exports to diversify the country's exports away from crude oil, explore new market opportunities, and unlock multiple foreign exchange sources.**

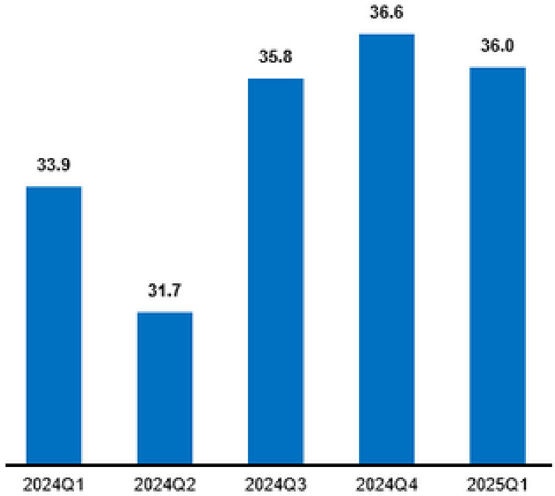
A. EXTERNAL TRADE IN GOODS PERFORMANCE IN 2025Q1

External trade in goods expanded in 2025Q1 (y/y). The value of Nigeria's external trade in goods increased to N36.0 trillion in 2025Q1 from N33.9 trillion in the corresponding period of 2024. This is partly due to the devaluation of the Naira, which weakened from N1,309.9/US$ in 2024Q1 to N1,521.1/US$ in 2025Q1. However, on a quarterly basis, the external trade value fell slightly from N36.6 trillion recorded in 2024Q4. This performance indicates that the devaluation effect is waning, as the exchange rate was relatively stable in the range of 1,477.7/US$-1,551.4/US$ in 2025Q1. Moreover, the growth of exports outpaced that of imports, resulting in a trade surplus of N5.2 trillion, marking the tenth consecutive quarter of a favourable trade balance position in Nigeria.

Export earnings received a boost from an increase in non-oil exports in 2025Q1. Merchandise exports rose to N20.6 trillion in 2025Q1 from N19.2 trillion in 2024Q1 and N20.0 trillion in 2024Q4. Oil exports, which represented a substantial 84.6 percent of total goods export earnings, increased slightly (0.2 percent y/y) to N17.4 trillion in 2025Q1. This slow growth persisted despite an increase in average domestic crude oil production from 1.3 million barrels per day (mbpd) in 2024Q1 to 1.5 mbpd in 2025Q1. However, on a quarterly basis, oil exports rose by 1.5 percent from N17.2 trillion in 2024Q4.

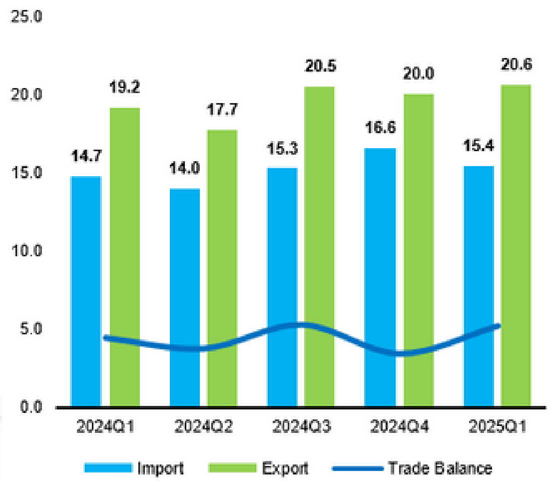
On the other hand, non-oil exports jumped to N3.2 trillion in 2025Q1 from N1.8 trillion in 2024Q1 and N2.8 trillion in 2024Q4. This surge in non-oil exports was driven by a significant improvement in agricultural and raw material exports, which accounted for 53.8 percent and 33.0 percent of the total non-oil exports, respectively, in the quarter.

Fig. 1: Nigeria's Quarterly External Trade (N'Trillion)



Data: National Bureau of Statistics (NBS); Chart: NESG Research

Fig. 2: Imports, Exports and Trade Balance (N'Trillion)



Data: National Bureau of Statistics (NBS); Chart: NESG Research

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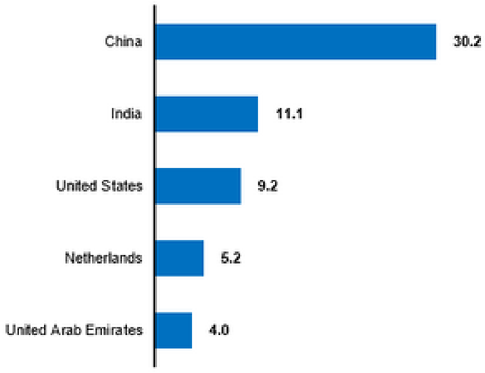
Imports jumped by 4.8 percent y/y in 2025Q1, driven by all tradable items except mineral fuel. The value of merchandise imports stood at N15.4 trillion in 2025Q1, rising from N14.7 trillion in 2024Q1. This increase was supported by large increases in the import bills on chemical products, manufactured goods, and machinery and equipment. Meanwhile, the import bill on mineral fuels, including refined petroleum products, declined during the review period. Notably, petrol imports reduced by 52.6 percent y/y to N1.8 trillion in 2025Q1. This highlights the improvement in the country's oil refining output, supported by Dangote and state-owned refineries.

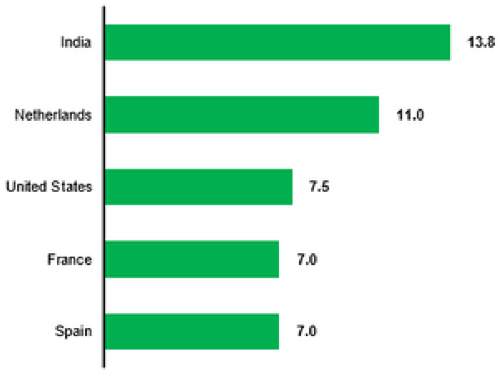
Despite the trade tensions recently triggered by the United States (U.S.), the U.S. emerged as one of Nigeria's largest trading partners in 2025Q1. Accounting for 30.2 percent of total merchandise imports, China remained Nigeria’s largest import source, followed by India, the U.S., the Netherlands, and the United Arab Emirates (UAE). The most traded import items in Q1’2025 were refined petroleum products, sugar cane, and wheat. Conversely, India emerged as Nigeria's largest export market, followed by the Netherlands, the U.S., France, and Spain. The most prominent exported commodities were crude oil and natural gas, urea, and cocoa. Remarkably, Nigeria maintained a trade surplus with three of its top trading partners - India, the United States, and the Netherlands, in the quarter.

Fig. 3: Nigeria's Top 5 Import Partners in 2025Q1 (% Share of Total Imports)



Data: National Bureau of Statistics (NBS); Chart: NESG Research

Fig. 4: Nigeria's Top 5 Export Partners in 2025Q1 (% Share of Total Exports)



Data: National Bureau of Statistics (NBS); Chart: NESG Research

B. ACTION POINTS TO SUSTAIN FAVOURABLE EXTERNAL TRADE POSITION

Nigeria needs to leverage non-oil exports as a low-hanging fruit. From the 2025Q1 trade numbers, the marginal contribution of oil and gas exports to total exports appears to be declining, partly reflecting the impact of the global energy transition towards renewable energy products. Meanwhile, the impressive performance of non-oil exports in Q1'2025 suggests the need to improve productivity in key non-oil sector activities, especially agro-processing and light manufacturing. This would help diversify the country's exports away from crude oil and unlock new sources of foreign exchange. Also, there is a need to enhance market access and improve trade facilitation for local non-oil exporters.

The US-China trade war is subsiding gradually. However, the Nigerian government should deepen diplomatic ties to avoid losing larger markets. The U.S. and China have recently reached a trade deal, reducing the tariffs placed on each other's products. Meanwhile, the 14 percent tariffs that the U.S. government recently imposed on all Nigerian goods, except crude oil and natural gas, entering the U.S. market, are likely to have some impact on Nigeria's total trade with the U.S. To this end, the Nigerian government should negotiate new trade terms and adopt selective tariffs to safeguard the interests of local industries, particularly those with high import exposure.

The sharp drop in import bills on PMS is a welcome development. However, efforts should be geared towards sustaining the performance of the oil refining sub-sector. The Port Harcourt refinery complex was shut down in May 2025 due to maintenance reasons. This suggests that Dangote Refinery will temporarily become the sole producer of fuel products in the country. However, the refinery largely relies on crude oil imports due to NNPC's inability to fulfil its crude oil supply obligations and the uncertainty surrounding the sustainability of the Naira-for-crude policy. In a swift reaction, Dangote Refinery announced a temporary suspension of petroleum product sales in Naira in March 2025. If this trend continues, the country will have to rely largely on petroleum imports or face the option of buying PMS from Dangote Refinery at higher prices, which could inflate petrol and overall imports.

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