

**High Commission of India
Abuja**

Brief on India-Nigeria Bilateral Economic & Commercial Relations

India and Nigeria enjoy warm, friendly, and deep-rooted bilateral relations. India established its Diplomatic House in Lagos in November 1958, two years before Nigeria gained its independence on 01 October 1960. Historically, both countries have been at the forefront of the international anti-colonial and anti-apartheid struggle and have closely collaborated in various international fora. Given the importance that India attaches to the relationship, Nigeria was invited as a guest country (first time for Nigeria to be part of G20 proceedings) under the Indian Presidency. President Bola Ahmed Tinubu attended the G20 Summit in New Delhi from 09-10 September 2023, accompanied by five Ministers and a business delegation consisting of leading business houses of Nigeria.

The presence of a large Indian expatriate community of about 50000, the largest in West Africa, adds value to the importance of our long-standing relationship. An entire generation of Nigerians from Northern and Eastern Nigeria were taught by Indian teachers, were treated by Indian doctors and grew up wearing Indian clothing and watching Indian movies in the 1970s to 1990s. The enormous goodwill earned by Indians can invariably be felt in interactions with government and civil society.

Government of Nigeria intends to diversify the economy with focus on power, transportation, infrastructure, maritime, agro-processing, mining, manufacturing, petrochemicals, food-processing and textiles sectors. Nigeria has recently signed the African Continental Free Trade Area (AfCFTA) Agreement which was postponed due to the COVID-19 Pandemic. Despite the downturn in trade due to the coronavirus, the overall India-Nigeria trade and commercial relations remain buoyant and steady.

In 2022, India figured amongst the top 5 trading partners of Nigeria preceded only by China (US\$ 36.12 billion) and Netherlands (US\$ 16.07 billion). The Bilateral trade volume between Nigeria and India has fallen from US\$ 14.95 billion in 2021-22 to US\$ 11.8 billion in 2022-23. This is mainly because of decrease in the volume of oil purchased from Nigeria. The fall in quantum of oil purchase is also attributable to non-nomination of cargo from Nigerian National Petroleum Corporation (NNPC) which had signed a G2G term contract for supply with Indian Oil Corporation Limited (IOCL). The exports from India, however, continue to increase. The bilateral trade figures for India and Nigeria are (in US\$ million):

India's	2018-19	2019-20	2020-21	2021-22	2022-23
Exports	3,005.71	3,609.91	3,134.89	4,663.17	5,159.44
Imports	10,884.71	10,213.61	5,672.38	10,291.58	6,692.65
Trade	13,889.92	13,823.52	8,807.27	14,954.75	11,852.09

Over 150 companies in Nigeria are owned and/or operated by Indians or Persons-of-Indian Origin. Indian companies are estimated to have invested around US\$ 26 billion in Nigeria and are active in the sectors of pharmaceuticals, power and

transmission, manufacturing and retailing of consumer goods, constructions, and air services. Indian owned and/or operated companies are estimated to be the second largest employer in Nigeria after the Federal Government of Nigeria. FDI inflows from Nigeria to India between April 2000 and December 2022 are estimated at US\$ 15.89 million with the investment being made in construction, textiles, hotel & tourism, and drugs & pharmaceutical sectors.

In 1983, a Trade Agreement was signed between India and Nigeria. An updated draft of the Economic Cooperation Agreement (ECA) for providing additional trade facilitation measures is under discussion. In 2017 India and Nigeria agreed to establish a Joint Trade Committee (JTC) at the level of Commerce Secretary from Indian side and Permanent Secretary (Trade) from Nigerian side to review the ongoing bilateral trade and commercial relations. The Nigerian delegation participated in the first Joint Trade Commission (JTC) meeting in December 2019 in New Delhi.

After inauguration of the Nigeria-India Business Council (NIBC) in New Delhi on 28 April 2022, the meeting took place in Abuja on 22-23 August 2022. The next meeting is scheduled to be held in New Delhi on 06 September 2023. The Nigerian Chapter of ASSOCHAM was launched in Abuja on 28 June 2016. Besides, the Nigeria India Chamber of Commerce & Industry (NICCI), Indian Professionals Forum (IPF) and Indian Pharmaceutical Manufacturers and Importers Association of Nigeria (IPMIN) facilitate Indian businesses in Nigeria. The High Commission regularly interacts and partners with NICCI, NIBC, IPF, IPMIN and ASSOCHAM's Nigeria Chapter for redressal of grievances of Indian companies as well as for organizing business events and participating in trade fairs in Nigeria.

Nigeria is a crude-oil based economy with about 90% of the revenue being generated from petroleum and related products. The oil and gas production has been hampered due to attack on oil and gas infrastructure by militants which has resulted in asset divestment by International Oil Companies (IOCs). However, the upstream segment in the market is expected to witness significant growth owing to the increasing offshore exploration and production activities. The removal of subsidy on Premium Motor Spirit (Petrol) from 29 May 2023 is expected to result in substantial savings which, in turn, are likely to be ploughed back into infrastructure development.

Nigeria is a natural location for a variety of industrial activities due to the plentiful availability of natural resources, affordable labor and large market. With a contribution of about 23% of GDP, the major industrial sectoral contributors are oil & gas, manufacturing and construction. Nigerian government has launched the Economic Recovery & Growth Plan for diversifying the economy. Though dominated by subsistence farming, the contribution of agricultural sector to GDP clocks to about 23%. This is due to availability of large tracts of arable land which makes this an important sector with high potential for employment generation, food security and poverty reduction.

In the agricultural sector, Nigeria banned import of rice through the land borders w.e.f. 25 March 2016 with rice being allowed through sea ports on payment of 70% import duty. Later, w.e.f. 20 January 2022 Nigeria banned import of parboiled rice through seaports too. This was done with the intention to boost local rice production. Import of fish, dairy products, sugar, tomato paste too is

controlled by the government where quota of import is allocated to select companies.

Amongst other areas of importance, Nigeria has 23 power generation plants with total installed capacity of about 16,000 MW which accounts for about 30% of the current requirement. Of this, the distribution system is able to offtake only about 40% of the installed capacity thereby making the industrial and domestic consumers dependent on alternative supplementary sources of power based on fossil fuel powered generators. The Nigerian healthcare system is characterized by outbound medical tourism due to an insufficient medical infrastructure. This is compounded by surge in migration of skilled healthcare workers to greener pastures. Nigeria has a large population inhabiting rural spaces which are not serviced by modern amenities and infrastructure. The economy is largely based on cash transactions with 85% of the cash circulating outside the banking system. It is estimated that over 55% of the Nigerian population is still out of the banking system.

Inflation in Nigeria has been on the higher side and rising steadily with the rate of inflation in August being 25.80% (Year on Year). At the same time, minimum wages have remained stagnant at Naira 30,000 per month (~ US\$ 38). Coupled with devaluation of currency @ 70% and rise in Petrol price @ 300% and inflation projected to be @ 30% and high rate of unemployment (KPMG has projected that rate of unemployment in Nigeria is likely to grow to 40.6% in 2023 as compared to 37.7% in 2022) the stagflation in Nigeria is here to stay in the foreseeable future. Nigeria's debt servicing is also high. In the first four months of 2023, the debt service to income ratio was over 100% for Nigeria.

Besides offering scholarships under the ITEC Program, India offers development assistance to Nigeria in the form of Lines of Credit. Two agreements for extension of Lines of Credit @ US\$ 30 million for a gas fired turbine electricity generation station in Cross River State of Nigeria and @ US\$ 31.05 million for 3 sub-projects including 2x60 MVA transmission substation, solar-powered streetlights and 50kVA mini-grids in Kaduna State of Nigeria are under implementation. Another offer for Line of Credit of US\$ 38.95 million has been re-purposed for defense purposes. The agreement is yet to be signed. Decision on offers of LoCs worth US\$ 295.44, extended validities of which are set to expire on 31 December 2023, are yet to be received.

At the ministerial level, Shri V Muraleedharan, Minister of State (MoS) for External Affairs participated in the NIBC meeting in Abuja from 22 -23 August 2022. Shri Rajnath Singh, Minister of Defence, attended President Tinubu's swearing in on 29 May 2023. From the Nigerian side, Mr Geoffrey Onyeama, then Minister for Foreign Affairs, participated in the 07th edition of Raisina Dialogue and NIBC on 28 April 2022. Mr Otunba Adeniyi Adebayo, then Minister for Industry Trade and Investment, and Mr Gbemisola Ruqayyah Saraki, then Minister of State for Mines and Steel Development participated in the 17th Edition of the CII Exim Bank Conclave from 19-20 July 2022 in New Delhi.

During 2022-23, the High Commission participated in 14 online events (UPEPC, APEDA, FIEO, HEPC, SEPC, Plexconcil et al) and 21 physical events (TPCI, PHDCCI, Pharmexcil, Powerelec, Trade Fairs et al). Besides, the High Commission has been regularly providing in-depth sectoral analysis of economic and industrial data of

Nigeria to provide an edge to policymakers and companies for making judicious business decisions and enhancing of exports to Nigeria. These include report on export performance of plastics to Nigeria, report on meeting with then Minister of Health of Nigeria, report and inputs regarding sharing the best practices of GoI in the pharmaceutical sector and promotion of Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP), report on power sector of Nigeria, comprehensive quarterly trade data analysis of Nigeria and recommendations regarding the India Nigeria Trade, inputs for measures and strategies to boost exports from India, report regarding forex situation in Nigeria, inputs regarding the export target for 2023-24 and a detailed report on 3Ts Dashboard Data for FY 2022-23.

A host of policy changes have been initiated by the incumbent government in the sectors of power, transportation, infrastructure, maritime, agro-processing, mining, manufacturing, petrochemicals, food-processing and textiles sectors, which are likely to have a lasting impact on the trade and commerce.

As on 12 October 2023