

**High Commission of India  
Abuja**

**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.

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 2023, India figured amongst the top 5 trading partners of Nigeria preceded only by China and Netherlands. The Bilateral trade volume between Nigeria and India has fallen from US\$ 14.95 billion in 2021-22 to US\$ 7.89 billion in 2023-24, the lowest in past decade. This is mainly because of decrease in the volume of oil purchased from Nigeria. The bilateral trade figures are (in US\$ million):

<b>India's</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Exports</b>	3,005.71	3,609.91	3,134.89	4,663.17	5,159.44	3,663.49
<b>Imports</b>	10,884.71	10,213.61	5,672.38	10,291.58	6,692.65	4,229.81
<b>Trade</b>	13,889.92	13,823.52	8,807.27	14,954.75	11,852.09	7,893.30

Over 200 companies in Nigeria are owned and/or operated by Indians or Persons-of-Indian Origin. It is estimated that Indian companies have invested around US\$ 27 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 June 2024 are estimated at US\$ 16.51 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, Double Taxation Avoidance Agreement (DTAA) and Bilateral Investment Treaty (BIT) are under negotiation. 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 first Joint Trade Commission (JTC) meeting in December 2019 in New Delhi and the second in Abuja on 29 April 2024.

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 second meeting took place in New Delhi on 06 September 2023 and the third in Abuja on 23 January 2024. 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) assist and 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. Nigeria has an estimated 37.1 billion barrels of proven light and sweet (low Sulphur) crude oil reserves (January 2023), 09<sup>th</sup> largest natural gas reserve globally with about 209.5 trillion cubic feet of proven gas reserves (PWC:2020). 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 Petrol from 29 May 2023 and decontrol of multiple currency rate regime from 14 June 2023 are the two major reforms initiated by the incumbent Nigerian government to reform the economy.

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 small holdings dominate, the contribution of agricultural sector to GDP is 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.

There are sectoral measures being put in place by Nigeria which amount to non-trade barriers. Nigeria had 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. In July 2024, the Nigerian government removed duty on import of foodgrains till 31 December 2024 to alleviate food scarcity.

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 peaked at 34.19% in June 2024 (50.02% increase YoY). While the minimum wages have been revised to Naira 70,000 per month (~ US\$ 43), the currency has devalued by over 250%. The rate of unemployment has risen from 4.1% in Q1 of 2023 to 5.3% in Q1 of 2024 (29.27% increase YoY). Debt Management Office's (DMO) Report, as on 31 March 2024, shows that the total public debt of Nigeria consists of external debt of US\$ 42.12 billion and domestic debt of Naira 61.58 trillion. IMF data released in April 2024 indicates that Nigeria's Debt to GDP ratio, which stood at 37.4% at the end of 2021, had climbed to 46.3% at the end of 2023 and is projected to remain within the band of 46~47% till the end of 2029. World Bank has predicted that the proportion of government's revenue going into debt servicing would continue to rise and reach up to 160% per cent in 2027 and has recommended certain reforms.

Besides offering scholarships under the ITEC Program, India offers development assistance to Nigeria in the form of Lines of Credit. Two Projects under 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 equipment for Nigerian police forces. The agreement is yet to be signed.

At the ministerial level, Dr S Jaishankar, External Affairs Minister, visited Abuja from 21-23 January 2024 to co-chair the 06<sup>th</sup> Joint Commission Meeting (JCM), 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 07<sup>th</sup> 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 17<sup>th</sup> Edition of the CII Exim Bank Conclave from 19-20 July 2022 in New Delhi.

During 2023-24, the High Commission organized and/or participated in 18 physical events (CII, FIEO, ODOP, FAO, Defense, Pharmexcil et al) and held 19 meetings with policy makers. 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 reports on solid minerals and mining opportunities, oil sector and theft, inflation, devaluation of currency, trade frauds, NTBs imposed, CBN's forex ban list, Monetary Policy Committee meetings, NAFDAC advisories and alerts, IMF's economic outlook, quarterly trade data analysis, recommendations regarding the India Nigeria trade, inputs for measures and strategies to boost exports from India and inputs regarding the export target for FY 2024-25.

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

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