THE ROLE OF NIGERIA EXPORT PROMOTION COUNCIL (NEPC) AND SOME FINANCIAL INSTITUTIONS IN NON-OIL EXPORT PROMOTION

BY

ABUBAKAR A. MUSAJO

1992

D E C L A R A T I O N

I hereby declare that this project is a record of my own research efforts. It has been composed by me and all sources of information have been duly acknowledged by means of references.

ABUBAKAR A. MUSAJO
1992.

D E C L A R A T I O N

I hereby declare that this project is a record of my own research efforts. It has been composed by me and all sources of information have been duly acknowledged by means of references.

ABUBAKAR A. MUSAJO
1992.

C E R T I F I C A T I O N

This project is entitled **THE ROLE OF NIGERIA EXPORT PROMOTION COUNCIL AND SOME FINANCIAL INSTITUTIONS IN NON-OIL EXPORT PROMOTION** by **ABUBAKAR A. MUSAJO** meets the regulations governing the award of the degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for it's contribution to knowledge and literary presentation.

B U Kurfi — CHAIRMAN SUPERVISORY COMMITTEE — DATE

MEMBER SUPERVISORY COMMITTEE — DATE

EXTERNAL EXAMINTER — DATE

DEPT. OF BUSINESS ADMIN. INSTITUTE OF ADMIN. A.B.U. ZARIA

HEAD OF DEPARTMENT — 5/11/97 — DATE

DEAN, POST GRADUATE SCHOOL — 2/11/98 — DATE.

D E D I C A T I O N

To the Evergreen memory of my Father Late Alhaji Musajo Abubakar

AND

My Mother Hajara, my Wife Aishatu and my Son Amir.

A C K N O W L E D G E M E N T

Writing this project wouldn't have been possible outside the will of God and some people who have been very helpful to me while undertaking the study. I first have to mention my gratitude to God who save me through this programme. It was indeed, through His Will that I was able to finish the programme.

I also owe it a responsibility to thank my Supervisor Mallam Bashir Usman Kurfi for his untiring efforts in advising and putting me on course throughout the period of writing this study. Mallam Kurfi did eveything possible to assist me in bringing this study to what it is despite of his engagements. I can only pray may God reward him for his contribution towards my success.

I should also acknowledge the supportive role and understanding I received from my parents Late Alhaji Musajo Abubakar (who died before the study was finally produced) and Hajiyu Hajara Musajo during my study. Along with my parents I have to mention the similar supportive role, understanding and encouragement I received from my guardian Alhaji Buba Turaki and my father-in-law Alh. Maigari Abubakar.

To my wife Aishatu and my little son Amir I have to express my sincere and utmost appreciation for bearing with my absence, the support and encouragement I received from them for the period of my study.

To Mr. Babatunde St. Matthew Daniel and Dr. S. A. Ingawa Executive Director and Director Project and Marketing Department NEPC respectively I say a Big thank you for giving audience to discuss the subject 'Export Promotion of Non-Oil Products with them.

I sincerely thank my employers Savannah Bank of Nigeria Plc for sponsoring me to undertake this programme. It was a golden opportunity I will live to rememeber.

Last but by no means the least I acknowledge the Co-operation and support I received from my classmates and Lecturers in the department of Business Administration. To Lamido Abubakar Yuguda and Mohammed A. Manga(Wakili) I will say may God bless for all the assistance I received from them while writing this project.

A B S T R A C T

"The sharp decline in Nigerian's non-oil exports since independence in 1960 has been identified as one of the structural deficiencies hampering the nations economic growth" 1992
Harry Olufunwa, staff reporter Financial Guardian.

In the 1960s, the sale of agricultural products beyond the Nigeria's borders formed the main-stay of it's foreign exchange earnings. However, the emergency of crude petroleum inforce in the early 70s turned the course of events. Oil became the dominant export commodity that constituted over 90% of the country's forex earnings. The traditional exportable agricultural raw materials were neglected and efforts to manufacture for exports were not made. The adverse effects of these developments later became obvious with fluctuations in demand and price in international oil market. The situation was made worse by the resklessness with which the country's forex was mismanaged. Thus, the country was trapped in a dual economic problems of both the internal and external sectors. Internally the problems of unemployment, low capacity utilisation etc manifested themselves while externally balance of payment problems and in debtedness worsened. It therefore, became obvious that bold steps were necessary to salvage the economy. The situation therefore, demanded for deliberate and proposedful policies to address the socio-economic problems mounting over the years and the redirection of the country toward productive economic activities that would provide for growth in the short-run, sustain it and ensure long-term develpment.

The foundation of this bold attempt was laid down when in 1986 the Federal Government introduced a collection of programmes and measures, aimed at the promotion and development of export business in Nigeria. Emphasis was on diversification of the country's export base through non-oil exports. Since the inception of the new export policy, non-oil exports have been on the increase.

This indicates that the objective of reducing the country's dependence on the oil sector is being achieved gradually, thus demonstrating the efficacy of the export promotion drive. While the growth of non-oil exports, on aggregate, seem encouraging, it is observed that the country has not yet achieved a broad-based and sustainable degree of export trade. Beside the attained growth is not that significant. Records show that of the total non-oil export receipts in most of the years after 1986 agricultural commodities constitute about 80%. This is because of naira depreciation, which has given a boost to agriculturaal commodity prices. This situation cannot be sustained for long as we are aware that agricultural exports are vulnerable to price fluctuations in the international commodity markets. In addition, primary products are facing serious barriers in the consumer countries, due to the development of suitable substitutes. It is therefore, imperative that if non-oil export is to contribute to the economic recovery programme, efforts must be intensified to promote the growth of processed agricultural products and other manufactured goods in which the country has comparative advantage.

It is against this background that this study examined the role of the NEPC and some financial institutions in the promotion of non-oil exports making particular reference to SBN Plc and NEXIM. The NEPC and the financial institutions are the most important establishments through which export of non-oil can be boosted. While the former was established purposely to use its powers and advance the promotion of export trade with emphasis to non-oil the latter were expected as part of their functions to assist exporters in financing and advising exporters of non-oil exports. On their own part the exporters have been availed with good incentives by the government to enable them carry out the export business without much problems.

But, it was discovered that despite all the powers and incentives given to the NEPC and the financial institutions and the exporters much has not been done to deserve a cudo. It was however, observed that there are some fundamental problems which poses obstacles to full realisation of the objectives of the government on non-oil export driver. In the same vein the study attempted to provide useful recommendations that can go a long way in revitalising the NEPC,

the financial institutions and the exporters towards a greater export of non-oil commodities.

T A B L E OF C O N T E N T S

Declaration i
Certification ii
Dediction iii
Acknowledgement iv
Abstract vi
Table of contents ix
List of Tables xi
List of figures xii
List of Appendixes xiii

CHAPTER ONE

1.1 Introduction i
1.2 Problem statement 6
1.3 Purpose and objectives of the study 8
1.4. Significance of the study 9
1.5 Scope and limitation of the study 10
1.6 Methodology 11
1.7 Definition of terms 12

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction 15
2.2 Conceptual issues in International Trade. 19
2.3 Nigeria in International Economy 38
2.4 Nigeria Export Promotion Policies and Incentives 51
Appendixes 61

CHAPTER THREE

THE STRUCTURE AND FUNCTIONS OF NEPC

3.1 Introduction 79
3.2 Aims and objectives of the NEPC 79
3.3 Functions of NEPC 80
3.4 Powers of NEPC 81
3.5 Developments in the activities of NEPC 81

CHAPTER FOUR

THE ROLE OF FINANCIAL INSTITIONS IN NON-OIL EXPORT PROMOTION

- THE CASE OF SAVANNAH BANK AND THE NIGERIAN EXPORT/ IMPORT BANK (NEXIM).

4.1 Introduction 90
4.2 Savannah Bank - an overview 91
4.3 Savan - Export scheme 92
4.4 Export Procedures and Decumentation 96
4.5 Export financing 100
4.6 The Establishment and statutory Mandate of NEXIM 102
4.7 The Profile of NEXIM facilities 103
Appendixes 109

CHAPTER FIVE

5.1 Problems and prospects in non-oil Export promotion in Nigeria 149
5.2 Recommendations 153
5.3 Conclusion 155
Bibliography 157

L I S T O F T A B L E S

1.	Nigeria: Export structure 1950 - 1991 selected years	4
2.	World Exports (FOB)	17
3.	The World Trade Matrix	18
4.	Domestic Capital and Labour Requirements per million Dollars of U.S export and of competitive Import replacements of Average 1947 composition	28
5.	Nigeria Export Trade 1960 - 1991	40
6.	Nigeria Non-oil major Exports 1960 - 1990	41
7.	Nigeria's Trade with ECOWAS countries 1977 - 1987 ..	47
8.	List of companies and their products participating in TLS	50
9.	Disbursement of EEG	87
10.	Disbursement of DD	87
11.	Monthly disbursement under RRF in 1991	104

LIST OF FIGURES

1. Price determination of a closed economy..... 26

2. Areas and Instruments of foreign Economic policy...35

L I S T O F A P P E N D I X E S

1. Nigeria Export Promotion Council Decree No.41(1988)... 61

2. Nigeria Export Promotion Council Decree No.64(1992)... 68

3. Export (Incentives and Miscellaneous Provisions) Decree No.18(1986) 73

4. Export (Incentives and Miscellaneous Provisions) Amendment Decree NO.65(1992) 76

5. Diagramatic sequence of Nigerian Export Trade Procedures and Documentation.

6. Annex of Export Documents..... 107

CHAPTER ONE

1.1 INTRODUCTION

Nigeria like any other country has known that foreign trade can play a crucial role in a country's development process by extending that country's potential market beyond it's borders, increasing capital inflow and accelerating the process of technology transfer.

Trade among nations is necessary for national development, since there is no nation on earth that is self-efficient, in effect there is inter-dependency among nation states in arms of technological exchange, product commodities and human resource exchanges.

Exports, especially for developing economy like Nigeria's constitute a dynamic factor in economic growth and development. Exports do not only provide an important component of the growth element in all economies, but it is also a great source of stimulation to the other sectors of the economy. In most developing countries the export sector has always been the major propulsive sector, radicating growth and moving all the other sectors of the economy.

In many developing nations where they are not technologically developed it is only the export sector that fill the engine of their technological development, manpower training and political orientation.

To the extent that development imports are not available locally, the earning of foreign exchange through exports to procure them become critical. Thus, the growth and development of the economy can be seriously constrained by the non-availability of foreign exchange resources. Export must therefore increase continuously to boost the rising essential import needs of developing countries. However, this has been very far from beings realised with resulting international payments problems.

These problems have often been compounded by policy mistakes that tend to discourage exports and encourage the wasteful use of earned foreign exchange on non-essential imports.

Given the critical role of exports as a major means of securing foreign exchange, most countries strive to promote it's vigorous growth. As a result world exports in general have grown fairly rapidly in the last quarter century or so, with the growth varying among the major commodities as well as among the trading blocks. The pattern of world trade has traditionally been characterised by a North-South flow with the latter exporting mainly primary mineral and agricultural commodities in exchange for the import of manufactures which form the bulk of exports from the former. For the South (developing countries) the share of world exports had continued to decline over the years, while for the North, the share has been increasing continuously. From the perspective of export growth rates, the South (developing countries), the share of world exports had continued to decline over the years, while for the North, the share has been increasing continuously. From the perspective of export growth rates, the South (developing countries) has been relatively worse off than the North (Industrialized countries). In the last twenty five years or so, whereas the average rate of growth of the exports of the South was roughly 4.0 per cent, that of the North averaged about 7.0 per cent.

Following this development the North share of world exports increased from 68.4 per cent in 1950 to 74.2 per cent, in 1976 and slightly above this ratio between 1985 - 1990.

The general poor export performance(Particularly non-oil) of the developing countries outlined above has been typical of Nigeria. From the immediate post-war years and until about the late 1960's, non-oil exports dominated the structure of the Nigeira's exports. But from the 1970's on, particularly from 1973, when oil prices quadruppled in the world market, crude petroleum became the single dominating export item.

Thus, for some years now the country has relied very heavily for its resources on crude petroleum production, which now generates over 90.0 per cent of foreign exchange earnings and about four-fifths of government revenues.

The all pervading and important position suddenly occupied by crude petroleum in the structure of the country's exports is better appreciated when it is realised that before 1970, the country's exports were dominated by five major primary agricultural commodities namely; Cocoa, Palm produce, Groundnuts, Rubber and Cotton. Between then, these commodities accounted for well over three quarters of total exports (see table 1). But by 1970, this picture completely changed, with crude petroleum exports becoming the most important single source of export earnings, according to well over half of the total. This ratio has risen since then to 93.7 and 97.2 per cent in 1976 and 1986 respectively. The foregoing tremendous relative growth of crude petroleum exports had taken place at the expense of the major traditional primary agricultural commodities which dominated the country's export trade in the fifties and sixties, but which now contribute on the average much less than 5.0 per cent. Exports of manufactures have over the years remained a rather insignificant element in the export structure, contributing less than 1.0 per cent actually as at December 1991 it was 0.1 per cent. The development heralded the sharp declines in the production and exportation of agricultural and other non-oil products.

TABLE 1

NIGERIA: EXPORT STRUCTURE, 1950 - 1991 SELECTED YEARS

COMMODITIES	YEARS				
	1950	1970	1976	1986	1991
			(%)		
Groundnuts	17.7	8.8	-	-	-
Palm produce	32.7	2.6	0.2	0.2	0.1
Cocoa	22.1	16.8	3.3	1.8	1.4
Cotton	3.5	1.5	-	-	0.1
Rubber	3.3	2.0	0.2	0.4	0.8
Hides & Okin	7.5	0.6	0.1	-	-
Timber	2.8	0.7	-	-	-
Crude petroleum	-	57.6	93.7	97.2	96.2
Tin metal	7.0	3.8	0.2	-	-
Columbite	0.3	0.2	-	-	-
Manufactures & semi Manufactures	-	0.6	1.0	0.4	1.0
Other exports	3.1	4.8	1.3	-	0.4
TOTAL	100.0	100.0	100.0	100.0	100.0

SOURCES: (i) F. AKIN OLALOKU " The changing Pattern of Nigerian foreign Trade" P.58 CBN Annual Report and Statement of accounts 1977 and 1986.
(ii) CBN annual report and statement of account 1991.

While the dominant role of crude petroleum has divarced the contribution of non-oil exports over the years, it also brought with it the disadvantage of making the government complacent and completely aloof for quite some time about giving concrete and positive encouragement to the promotion of non-oil exports especially of traditional primary commodities as well as manufactures. For long Nigeria continued her over reliance on crude oil export to the detriment of non-oil exports until some unexpected and undesirable phenomenal development occured in the late 1970s.

This was marked by the decline in oil prices which sent ripple of shocks to the economy consequently the country's foreign exchange reserve dwindled.

Infact, since the beginning of theeighties export earnings Nigeria's crude petroleum has been falling continuously due to falling prices and the subsequent response on the part of OPEC to cut back production with a view to raising price. This development, which was the direct outcome of the oil glut on the world market emanating from the rather drastic cut back in demand in the consuming (Industrialised) countries following the global recession of the early eighties degenerated into a foreign exchange crisis. This coupled with financial indiscipline and mismanagement has contributed to Nigeria's worsening balance of payments deficit, inflation, unemployment, decline in GDP and increasing difficulty for the imports, but also to meet the huge servicing committment of a huge public debt.

Statistics on the above macro-economic variables do not present a cheer of picture for the economy especially for the decade of the 1980s which witnessed rapid deterioration in the general economic performance of Nigeria. The attempt to deal with the foreign exchange crisis referred to above has led the government to design a policy package of measures to boost non-oil exports, not only to improve the external payment situation but also to restructure the entire economy through the diversification of production, especially export-based production with a view to eliminating the heavy reliance on crude petroleum export earnings as well as the foreign dependence of the economy via the structural Adjustment Programme (SAP). These basic objectives of SAP are pursued essentially through deregulation of prices, liberalisation of trade, corporate tax reforms, introduction of various incentives to promote investment in agriculture and other non-oil exports industries and industries with bias in local raw materials sourcing and spare parts production.

1.2 PROBLEM STATEMENT

It is widely recognised that the origin of the current economic crisis facing Nigeria could be traced to the year 1981 which the oil market witnessed the first major slide during the decade of the 1980s. Other factors that contributed to the adverse economic situation include mismanagement, poor government policies and the general global economic recession.

As can be recalled, following the oil boom of the 1970s, Nigeria's economy became dependent on petroleum both for government revenue and foreign exchange. Before then, the Nigerian economy was predominantly agrarian with the agricultural sector not only providing employment for majority of the labour force, but also generating the bulk of forex and domestic savings in the economy.

Following the oil boom, government revenue and forex earnings increased substantially. It therefore, became possible for the government to develop social and economic infrastructure up to levels not witnessed before. Additionally, the enormous forex earnings encouraged the importation of a wide variety of goods. It further encouraged the springing up of many manufacturing/ assembly companies which were established to turn out goods to substitute for other goods which had hitherto been imported. Such manufacturing/assembly concerns relies on external sources for raw materials, spare parts, machinery and even manpower in some cases.

The long and short of it all is that the economy became more and more externally dependent.

As indicated earlier, by 1981, the oil boom turned into a burst. The economy began to experience serious liquidity crisis which became aggravated throughout the 1980s. The crisis initially manifested in reduced export earnings and declining government revenue. For instance, available statistics indicate that Nigeria earned a total of $24 billion from oil export in 1980, but by 1986, this has slumped to about $5.6 billion.

This however, again picked up to about $11.8 billion in 1990 following the Gulf crisis-induced upsurge in oil prices.

Since the economy had become too dependent on the external sector, the effect of the reduced level of export earnings

became widespread in the economy. It became almost impossible to source foreign exchange for the importation of raw materials, spare parts and machinery for local industries. consequently, industrial closures and retrenchment became widespread. Furthermore, following the decline in government revenue as a result of reduced earnings from oil, it became increasingly difficult for the various governments to meet their financial obligations. In the same vein, the governmnet found difficult to continue to subsidise public enterprises and parastatals.

In reaction to all these, government felt that something had to be done to effectively halt the decline of the economy and put it on the path of self-sustained growth.
To this end, a Structural Adjustment Programme (SAP) which was launched in 1986 is to reduce through the promotion of non-oil exports, the nation's excessive dependence on Crude oil export as the major source of our foreign exchange earnings. This policy thrust was predicated on the realisation that the promotion and diversification of non-oil export will assist the country in resolving some of her fundamental economic problems which include chronic shortage of foreign exchange, fiscal and balance of payments deficits, mounting external indebtedness, debt service burden and unemployment.[6]

Thus far in the past years, the federal government has demonstrated through various policy statements of its serious intentions that it is committed to development of export trade in Nigeria. Particularly the non-oil commodities. Specific efforts at diversifacation of the economy have included the provision of incentives that transcends all aspects of our International trade and the creation and revitalisation of institutions like the NFPC, NEXIM etc. to facilitate the process. It is regrettably observed, however, that the implementation of these government policies and plans have not yeild much results. The problem therefore, is despite the introduction of these policy measures, the growth in non-oil export earning has not been very significant.

1.3 THE PURPOSE AND OBJECTIVES OF THE STUDY

The purpose of this study is to analyse the policies put in place by the Government meant to promote non- oil export, examine the incentives that goes with them and explore the problems that hinders the full/significant and fast realisation of same.
Thus the objectives of the study will include:

a) an analysis of the role of government policies and incen- incentives (through NEPC) in promoting non-oil exports.

b) an analysis of the achievements and problems of NEPC

C) examination of the role of financial Institutions with particular reference to Savannah Bank and the NEXIM in non-oil export promotion.

d) Propose useful suggestions/recommendations that can improve the level of awareness on non-oil export to both prospective and potential exporters.

1.4 SIGNIFICANCE OF THE STUDY

For years now, the federal government has introduced a collection of programmes and measures aimed at the promotion and development of export business in Nigeria. Emphasis is always on diversifacation of the country's export base through non-oil exports.
Since the inception of these policy measures, the birth of the NEPC in 1976 now amended by Decree No. 64 of 19/11/92 through the Export Incentives and Miscellaneous Provision Decree of 1986 now amended by Decree No. 65 of 19/11/92 non-oil exports have been recording changes often by some insignificant progree/growth which afterall have not been steady.
The promulgation of these Decrees spells the need to diversify the Nigerian economy, emphasising industrialisation, agricultural development and modernisation of the economy. Unfortunately, inspite of the various pronouncements and efforts, the diversification objectives have not been achieved to any meaningful degree as these sectors are still largely under-developed and bedevilled by various problems. Some diversification policies were either delayed or are yet to materialise.

This study is therefore, undertaken to provide the underlisted information which can go a long way in boosting non-oil export through the tripartite efforts of the Government/NEPC, the financial institutions and the prospective/potential exporters:

1. Myriad of incentives contained in the new export policies

2. What are the constraints which can not be removed in order to make the export policies effective.

3. Increase the awareness that there is need to push our products in other markets abroad e.g. ECOWAS

4. The role of financial institutions in the successful implementation of the export policies.

1.5 SCOPE AND LIMITATION OF THE STUDY

The scope of this study is within the bounds of the policy instruments and incentive measures adopted by the government to both non-oil exports and the institutions mandated /created to fecilitate the process. It covers largely the post SAP period of the country's economic development. It is of course not divorced from perspectives of the pre-SAP era to a certain extent. However, covering the scope of this study wasn't without limitations which included scarcity of materials and time to allow for more than what is presented.

1.6 RESEARCH METHODOLOGY

The subject of this study is relatively new and it is only in the recent past that research efforts were made to deliver the subject in a much defailed perspective moreso that the policies and incentives that the SAP carries with respect to non-oil export are still new and in the process of being tested.

As a result the research relied mostly on Seminar papers, Journals, Business papers etc. It is therefore, largely theorefically based. Not withstanding however, enough was obtained from the Executive Director NEPC Dr. Babatunde St. Matthew Daniel and Dr. S. A. Ingawa the Director Product and Market Development Department NEPC.

D E F I N I T I O N O F T E R M S

1.	A. C. P. -	Africa Carribean and Pacific Areas
2.	A. D. B. -	African Development Bank
3.	C. B. N. -	Central Bank of Nigeria
4.	D. D. S.-	Duty Drawback Scheme
5.	D. S. S.-	Duty Suspension Scheme
6.	D. D. C.-	Duty Drawback Committee
7.	ECOWAS -	Economic Community of West African States
8.	EEGF -	Export Expansion Grant Fund
9.	EDF -	Export Development Fund
10.	E. E. C.-	European Economic Community
11.	E. A. S. F.	Export Adjustment Scheme Fund
12.	E. E. G. F.	Export Expansion Grant Fund
13.	F. O. S.-	Federal Office of Statistics
14.	F. I. T. C.	Financial Institute Training Centre
15.	FOREX	Foreign Exchange.
16.	FIF-	Foreign Input Facility
17.	GDP-	Gross Domestic Product
18.	H-O-	Model - Hecks - Ohlin Model
19.	ICS-	Input-Output Co-efficient Schedule
20.	ICO-	International Cocoa Organisation
21.	LNG-	Liquefied Natural Gas
22.	LC-	Letter of Credit
23.	M-I-BS-	Manufacture in Bond Scheme
24.	NCD 3A-	Nigérian Currency Declaration Form
25.	NEPZ	Nigerian Export Processing Zone
26.	NEXIM-	Nigerian Export-Import Bank
27.	NEPC-	Nigerian Export Promotion Council

28.	OPEC-	Organisation for Petroleum Exporting Countries
29.	OPS-	Organised Private Sector
30.	OECD-	Organisation for Economic Co-operation and Development
31.	RRF-	Re-discount/Re-financing Facilities
32.	S. O. N.-	Standard Organisation of Nigeria
33.	SBN-	Savannah Bank of Nigeria Plc
34.	SAP-	Structural Adjustment Programme
35.	TLS-	Trade Liberalization Scheme
36.	U. S.-	United States
37.	U. K.	United Kingdom
38.	UNDP-	United Nations Development Programme
39.	WACH-	West African Clearing House

C H A P T E R O N E

FOOT NOTE

1. F. A. Olalokun (1988) "Challenges and Opportunities in Nigeria's Export Trade; An Overview Assessment of the non-oil Sector"

2. World Bank, World Development Report 1992

3. P. A. Ajenge (1989) " Non-oil Export Policies and Incentives in Nigeria"

4. Ibid

5. Chief (Dr.) F. A. O. Shonekan (1992) "My View of Nigeria"

6. UBN (1989) Seminar on Value - Added Non-oil Export P.I.

7. G. A. Akamioknor (1989) The Role of The Financial Industry In The Diversification of Nigeria's Foreign Exchange earnings, FITC - The Banking Industry in The 1990's P. 60.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. INTRODUCTION

Most countries of the world engage in exchange of goods and services among themselves. The need for International trade arises because no nation can produce all the goods and services it needs, no nation is self-sufficient. Nevertheless trade can only exist between two countries if one country can produce goods and services which can exchange for the goods of and services produced by the other country. And through specialisation a country produces the goods and services it can produce most efficiently.

Any country that engages in international trade must evolve a set of policies to govern its international transactions, including payment arrangements. Such policies are often influenced by many factors, including the country's development strategy such as the need to protect domestic industries, developments in the external sector such as low level of external reserves socio-political factors like the decision not or to trade with particular countries and adherence to the rules and regulations of organisations/institutions to which a country belong.

In the present day world, no country can comfortably be an island. The point of all this is that trading and the specilisation in production that goes with it permit higher standards of living or levels of real income than would otherwise be possible. Without trade, standards of living would be lower, and for any country the moreso, the greater the current importance of trade in that nation's economy.

Against this background therefore, international trade plays an increasingly important role in our economic life. The volume of world trade has been on the increase each decade since 1938. In that year total world exports amounted to $24. billion. In spite of the disruptive influence of the world war II total exports rose to $53.7 billion in 1948. In 1958 trade amounted to $95.4 billion and a decade later world exports had again more than doubled to $212.8 billion. (see Table 2-1).

In relative terms the role of international trade differs greatly from country to country. In some relatively small countries imports account for more than one-third of all expenditures. On the other hand in the most bigger industrialised countries e.g. the United States the foreign trade sector amounted to only approximately 5.0 per cent of total GNP in 1970.

T A B L E 2 - 1

WORLD EXPORTS (FOB)

(IN MILLIONS OF US DOLLARS)

	1948	1950	1955	1960	1965	1970	1971
World Total	53,300	55,200	83,220	112,600	164,700	279,000	329,700
Indust. Countries	32,610	33,240	54,750	78,770	118,320	208,020	236,190
U.S.	12,666	10,282	15,558	20,584	27,400	43,227	48,475
U.K.	6,657	6,356	8,605	10,611	13,710	19,351	24,000
Indust. Europe	9,700	12,700	23,810	37,690	60,220	109,249	127,180
Japan	258	820	2,011	4,055	8,452	19,333	19,722
Other Asia	4,830	5,720	6,040	6,900	9,330	14,000	21,300
Latin America	5,830	5,950	7,340	7,950	10,410	14,300	16,500
Africa	2,540	2,610	4,000	4,720	7,040	11,800	11,900

Industrial Europe include Austria, Belgium, Denmark, France, Germany, Italy, Luxembury, Netherlands, Norway, Sweden and Switzerland. Industrial countries include in addition Canada, Japan, United Kingdom, and United States.

SOURCE: IME. International Financial Statistics, 1971 and 1972.

Also the distribution of trading partners varies widely from country to country. Table 2 - 2 give the export-import matrix for the entire world. The columns show the exports by the country or country group listed to the top to the countries listed on the left margin. All data refer to export and import figures (f.o.b) for the year 1970 and are expressed in millions of U.S. Dollars.[3]

T A B L E 2-2

THE WORLD TRADE MATRIX, 1970 (MILLION OF US DOLLARS, FOB)

EXPORTS FROM TO	UNITED STATES	CANADA	EUROPE	MIDDLE EAST	AFRICA	LATIN AMER-ICA	AUSTRALIA NEWZERLAND	ASIA	SOVIET	IMPORTS OF REG ION LIST ED LIFT
United States	-	10,575	11,161	322	948	5,405	821	9,381	228	38,839
Canada	9,084	-	1,764	87	135	655	176	815	92	12,808
Europe	14,479	3,045	93,086	6,047	9,806	5,543	1,653	5,736	5,990	145,385
Middle East	1,437	95	3,926	665	106	68	103	990	596	7,986
Africa	1,477	174	8,144	341	796	94	150	1,198	349	12,723
Latin America	6,534	630	5,334	288	218	2,947	22	1,231	120	17,378
Austrilia Newzealand	1,120	235	1,915	211	60	21	363	1,028	65	5,018
Asia	8,675	1,092	5,340	2,785	1,155	1,157	1,982	9,643	1,870	33,699
Soviet	354	330	6,782	646	297	323	275	1,749	?	10,756
Exports of Region listed Top	43,160	16,176	137,456	11,392	13,521	16,213	5,595	31,771	9,308	284,592

The entries along the diagonal shav intraregional trade where applicable. Soviet Intaregional trade is excluded. Also excluded are certain small stands that couldn't be easily classified.

SOURECE: Derived from IMF and TBRD, Director of Trade, Annual 1966 - 70 Washington, D.C.

From the foregoing the role of International Trade in a nations economic development cannot be overemphasised. In this chapter the concepts of international Trade and benefits and the Nigeria's International Trade as an economy will be discussed. Also to be examined are the country's policies and incentives directeed at export trade to reap the benefits therein.

2 .2 CONCEPTUAL ISSUES IN INTERNATIONAL TRADE

2-2.1 Theory and Practice of International Trade.

With its long history and high refinement, international trade theory continues to shape much business thinking and, even moreso, the action of government.

"International trade theories which are used to explain the flows of goods and services among nations" can be regarded as an extension of general economic theory to the special problems encountered in trade between nations. Although the emphasis has traditionally been on trade between countries the theory can also be applied to problems of trade between other economic units; Trade between individuals and trade between diferent economic regions within one country. According to Robert Heller(1973) Trade theory can be applied to all the problem areas mentioned but there are still several reasons to continue refering to the theory as international trade theory rather than as general trade theory.

First of all, there are several ECONOMIC reasons for concentrating attention on nations as the basic economic units. As a general rule a vast difference exists in the degree of mobility of resources between countries as opposed to within countries. Human beings, the factor of production labour, are often restricted in their freedom of movement between countries, although they are free to select their residence within countries. Inaugration laws, different licensing requirements for professional people, citizenship requirements for government employees, and other obstacles inhibit the free flow of labour between countries. Similarly financial transactions within countries are usually unrestrained, but international capital flows are often prohibited or severely limited by government authorities.

Also it is found that economic units located within the same country are subject to same rate of taxation, raise funds in the same capital markets and use much of the same economic infrastructure such as communication e.t.c. facilities. Thus, the whole economic environment of individual economic units is much more homogenuous within a country than it is between economic units located in different countries.

Secondly although the SOCIO-POLITICAL environment often differs greatly between nations, it tends to be more uniform within countries. Households and business firms in the same country operate within the same legal frame-work, are subject to the same social institutions and are ruled by the same government. All these conditions hold only rarely and then imperfectly, with reference to the trade between different nations.

There is a third, though much less important, reason for looking at international trade problems apart from other economic problems; for a considerable time there has been a SPECIALISATION OF ECONOMISTS in the international trade field. As a result it was found that international trade theory has developed its own body of literature often employing methods that differ from those used in other branches of economics. Much of international trade theory deals with models incorporating several commodities, several factors of production, and several countries simultaneously.

2-2.2 ASSUMPTIONS OF THE THEORY OF INTERNATIONAL TRADE

International trade theory has to deal with a greater number of variables at any given time.

These major assumptions include:-

1. Neutrality of money i.e all the real variables of the economic system are determined. Independently of the monetary system. Basically, this means that the real and monetary variables of the system are determined independently of each other. The real sector is concerned with questions of relative prices while all that concern in the international trade are rates of exchange between different commodities or factors of production. Thus the only function that money performs is to set the obsolute price level.

2. All prices are truly flexible and that they are detemined under conditions of perfect competition. That is to say there are no economic, legal political or other considerations that might impede the free inter play of the forces of demand and supply in the determination of prices for any items.

3. Amount of factors of production is fixed for any one country.

4. International immobility of factors.

5. Technology available to the producers of the same product within one country is the same.

6. Tastes are assumed to be given i.e. patterns of the consumers are given and invariant so that no changes in taste will occur as a result of the sudden availability of certain internationally traded goods.

7. Income distribution patterns are given and known.

8. No barriers of trade in the form of costs of transportation information and communication. All these costs would impose additional bordens on the traders which would in most cases lead to a reduction in the volume of international trade. As a matter of fact, course trade to lease completely.

These assumptions outlined above have formed the bedrock of the popular and authoritative theories in international trade to be discussed below. Since the ending of the middle-Ages almost five centuries ago, two bodies of theories have dominated explanations of International trade: Mercanalism (1500-1800) and the "pure theory" (1800 -)[5]. both theories have had a profound effect on the trade policies of nations and the pure theory of comparative advantage remains today the single strongest intellectual influence on the trade policies of most industrial countries. Moreover, the pure theory is still accepted by the majority of economists despite the emergence of rival theories in recent years. A natural starting point for an examination of international trade theory, therefore, is the pure theory.[6]

2-2.3 THE PURE THEORY OF INTERNATIONAL TRADE

The pure theory is addressed to the following questions:-

(i) Why do countries export and import certain products?

(ii) At what relative pric (terms of trade) do countries exchange products?

(iii) What are the gain from international trade?

By assuming equilibrium in the balance of payments (exports always equals imports) and full employment of all factors of production (land, labour and capital), the pure theory is able to focus on real or non-monetary relations that determine international trade.

The Pure theory of International trade has an impressive lineage in economic thought. Its greatest progenitor was Adam Smith's Wealth of Nations, published in 1776. Attacking the Mercantalists who argued for the regulation of trade to secure a "favourable balance of trade" (a surplus of exports over imports) that would bring in gold and silver in payment, Smith applied the doctrine of Laissez-faire to international trade. All nations would benefit from unregulated, free trade that would allow individual countries to specialise in goods they were best suited to produce because of natural and acquired advantages. Smith's theory of trade has come to be known as the Theory of absolute advantage (A. Smith 1937).

The next and decisive step in the development of the Pure Theory was the publication in 1817 of Ricardo's on the Principles of Political Economy and Taxation, which introduced the concept of comparative advantage that remains the central feature of the Pure Theory. (D. Ricardo 1948).

Smith's theory of absolute advantage assumed that a country would always have a low-cost advantage in at least one product which it could export in exchange for other products. But suppose a country did'nt have an absolute cost advantage in any product ? Ricardo answered that question with the theory of comparative advantage; even though England was less efficient than Portugal in the production of both cloth and wine, it would still be of benefit for England to specialise in cloth production and Portugal in wine production if England were comparatively more efficient (or less efficient) in cloth than in wine production.

In the century following Ricardo, many economists added refreshments to the Pure Theory. As an example, John Stuart Mill (1806-1873) contributed the Principle of Reciprocal Demand to explain the terms of trade. But the most significant new development came with the publication in 1933 of Ohlin's Interregional and International Trade (BERTIL OHLIN 1952). Drawing on the pioneer work of Eli Heckscher, Ohlin further developed the proposition that a country exports those goods that use most intensively in their production the country's most abundant factors of production, and conversely. Ohlin replaced Ricardo's labour theory of value with a multiple factor theory within a frame work of mutually interdependent product and factor markets that determine trade. His theory is known as Heckscher - Ohlin (H - O) model and together with a subsequent refinement, it constitutes the Pure Theory of Trade as we know it today.

To explain the Pure theory, two different but complementary approaches are used. The first approach, using money prices, costs and exchange rates, moves from the immediate cause of International trade (Price differences) to the underlying cause (factor proportion). The second approach offers a more abstract treatment of the Pure theory with production possibilities, indifference and offer curves. However, emphasis in this study will be on the former. It is covered under the large umbrella of why nations trade.

. Absolute international differences in prices.
Absolute differences between the prices of foreign goods and the prices of similar goods produced at home are the immediate basis of international trade. When these differences are greater than the costs of transfering goods from one country to another, it becomes profitable to import goods from the lower price country to the higher price country.An extreme case arises when a country must obtain a good from abroad (or else go without it) because of the physical impossiblity of producing it at home. Thus, a country totally lacking coking coal has no choice but to import that commodity, if it wishes to produce steel. In many instances however, a country is physically able to produce that it imports, but- and this is the important point- only at prices higher than it pays for imports.

2. Absolute International differences in cost. If is work mentioning here that absolute international differences in prices imply absolute international differences in costs. Prices are lower in one country than in another because cost are lower. When markets are purely competitive, prices and costs are identical. Prices also equal costs of production when markets are monoplistically competitive, that is, when producers are able to differentiate their products but are unable to wave long-run monopoly profits because of competition. Under oligopoly (few sellers) and monopoly (one seller) however, prices may be higher than costs of production due to the opportunity for long-run monopoly profits. In all instances prices must cover costs of production in the long-run if a firm is to stay in business. With the exception of oligopoly and monopoly prices, then, prices equal costs of production in the long-run although they may be greater or less than costs in periods of short-run adjustment to changes in demand.

3. Dissimilar Cost Ratios
As it was discussed absolute international difference in prices are based on absolute international differences in costs. This absolute international differences in costs arise when pre-trade cost ratios within each country are dissimilar. This assertion is the core of the theory of comparative advantage. To sum up, when cost ratios are dissimilar in two countries there is a range of exchange ratio between their respective currencies that will permit gainful trade between them.

4. Identical Cost Ratios
The role of dissimilar cost ratios in providing the basis for international trade is further clarified by considering the effect of identical cost ratios. When cost (price) ratios within two countries are identical trade between them is not possible. In such circumstance neither country can gain from trading with the other.

5. Dissimilar Factor Price Ratios

Another reason that explains why countries have dissimilar cost ratios is because of te existence of dissimilar factor price ratios. This is so because the marginal cost of production (which is equal to price under pure competition) is determined by the prices paid to the marginal inputs of the factors of production land, labour, capital and management; and the ratio of factor prices within each country may be dissimilar. Different commodities are made with different combinations of factor inputs. Consequently, the commodity cost ratio in each country reflects its factor price ratios - the ratios between rent, wages and salaries, interest and normal profits. In one country wages may be low relative to rent while in another country wages may be high relative to rent. Thus, the first country will be able to produce goods that will require a great deal of labour and not much land more cheaply than goods that will require a great deal of land but not much labour. In the second country, the opposite will be true. To summarise, it is because factors of production are not perfect substitutes for each other and must be used in different combinations to produce different goods that dissimilar factor price ratios in two countries give rise to dissimilar cost ratios in the same countries.

6. Dissimilar Factor Supply Ratios

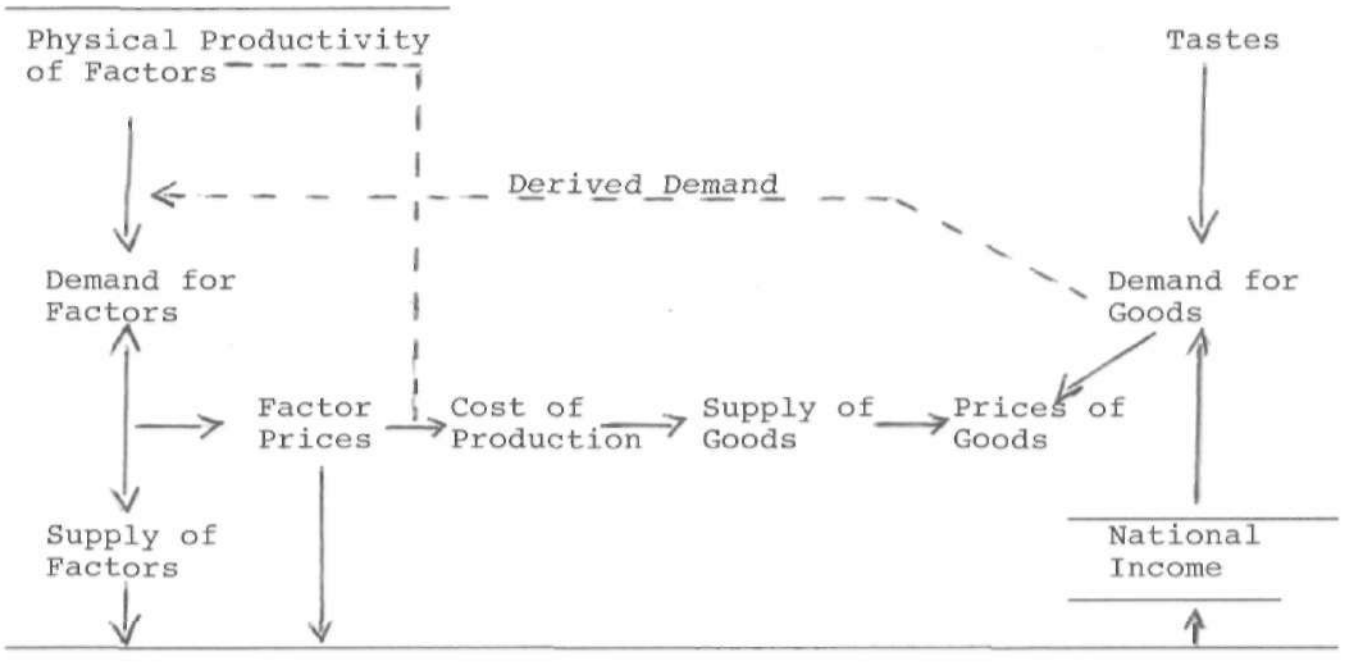
Countries differ greatly in their relative supplies of factors of production. And, a factor in relatively abundant supply commands a price that is comparatively lower than the price of a factor in relatively scarce supply. Common observation reveals that there are numerous dissimilarities in the factor supply ratios of different countries. Unless offset by relative factor demand the prices of factors in relatively aboundant supply are low compared to the prices of factors in relatively scarce supply. From this it follows that a country will have a comparative advantage in the production of those goods that require comparatively large amounts of its factors of production in relatively aboundant supply and a comparative disadvantage in the production of goods that use comparatively large amounts of factors in relative scarce supply. Indirectly, then, a country exports the services of aboundant factors of production and imports the services of scarce factors of production.

7. Dissimilar Factor Demand Ratios
   Even if the relative supplies of land, labour management and capital were identical in two countries (in most likely condition) dissimilar demands for the use of these factors in production would create dissimilar fact price ratios and would thereby provide a basis for international trade.

As it has been discussed above, the basis of international trade hinges on the sequence from absolute international price differences to absolute international cost differences, from absolute international cost differences to dissimilar cost ratios within each country, from dissimilar cost ratios to disssimilar factor price ratios, and from dissimilar factor price ratios to dissimilar factor supply and factor demand ratios. Dissimilar factor supply ratios are the most fundamental links inthis chain of causation. There is, however, no single ultimate basis of international trade - all of the market conditions that combine to determine prices in each country together constitute the basis of trade. These market conditions are naturally inter-dependent; each is both a cause and an effect. This inter-dependence is illustrated in figure 2-1 which depicts the principal relationships that determine prices in a "Closed economy" with no international trade.

FIGURE 2 - 1

PRICE DETERMINATION IN A CLOSED ECONOMY



The demand for goods as in figure 2-1 is dependent on tastes and the level and distribution of national income. National income, in turn derives from the prices and amounts of productive factors used to produce the national product, that is, the sum total of wages and salaries, interest, rent, and profits. The demand for goods interacts with the supply of goods to determine prices. The supply of goods is itself determined by the cost of production and, as was noted when markets are purely competitive the price of a good equals its marginal cost of production. Because the production of goods requires the use of factors of production, the demand for goods creates a derived demand for factors of production. The demand for factors of production is also influenced by their physical productivity or physical input - output relationship. However, when a closed economy is opened up to international trade, its system of prices interacts with foreign price systems. The immediate imput of international trade is felt in the demand for goods - goods with a comparative advantage experience a new foreign demand while goods with a comparative disadvantage lose their domestic markets to imports. These changes in demand then feed back to affect eventually the prices of productive factors. Over the long run, international trade may even bring about changes in factor supplies as they respond to shifts in factor prices. Give time, international trade may so transform the economy that it bears little resemblance to the sort of economy that would be feasible in the absence of trade.

The theory of comparative advantage provides an understanding of the basis of international trade. It would be asserted that dissimilar factor supply ratios in diffferent countries are the basis of international trade. However, the influence of factor endowments may be tampered by factor demands. Dissimilar factor endowments (relative to demand) give rise to dissimilar cost ratios that are transformed into absolute international cost differences upon the establishment of an exchange rate. These absolute differences in costs (and prices) are the stimuli of international trade, but misunderstanding their dependence on the cost ratios within each trading country leads to mistaken conceptions of trade and unwise government policies.

2. 2.4 NEW THEORIES OF INTERNATIONAL TRADE

(a) The Leontief Paradox:

As noted elsewhere, the central proposition of Heckscher-Ohlin model of the pure theory of trade is that a country will export products that use intensively its relative aboundant factors of production and will import products that use intensively its relatively searce factors of production. In an analysis, Wassily Leontief tested the proposition for the United States by using input - output tables covering 200 industries and the 1947 trade figure covering the capital labour ratio in the U.S. export and import industries.

Leontiefs findings as analysed in his "Domestic Production and foreign trade, the American position re-examined" and as shown in (table 2-3) indicate that a million dollars of import replacements require more capital relative to labour to produce in the U.S than a million dollars of U.S exports.

TABLE 2-3

DOMESTIC CAPITAL AND LABOUR REQUIREMENTS PER MILLION DOLLARS OF U.S. EXPORTS AND OF COMPETITIVE IMPORT REPLACEMENTS OF AVERAGE 1947 COMPOSITION

	EXPORTS	IMPORT REPLACEMENTS
Capital (in 1947 dollars)	2,550,780	3,091,339
Labour (worker-years)	182	170
Capital per worker-year (dollars)	14,015	18,184

SOURCE: Wassily Leontief "Domestic Production and Foreign Trade; American capital position Re-examined", in R.E. caves and Harry C. Johnson (eds.) Readings in International Economic (R. D. Irwin, 1968).

From the above input-output table constructed for the U.S based on 1947 data Leontief posed the following two questions: If exports of the United States are reduced across the board by one million dollars that is, a proportionate reduction in the value of all exports, how much capital and how much labour will be release by the export industries and by those related to them through the input-output table? At the same time, if there is a one million dollar proportionate increase in the domestic production of goods being imported, what will be the total capital and labour imputs needed to support this increase in output. If, as in commonly assumed, the U.S. is a capital abundant nation, the Heckscher Ohlin model yields the hypothesis that the reduction in export production will release more capital and less labour than will be absorbed by the increase in import completing goods production.

Leontief found that the postulated shifts from export production to import competing production released more labour than was being absorbed and relatively less capital than could be absorbed. In other words the U.S tends to export its labour intensive goods and import capital intensive goods. These results quickly earned the title "Leontief's Paradox".[7]

The explanations for the Leontief Paradox as a new trade theory can be categorised into six major groups viz:[8] -

(i) U. S. Demand bias for capital intensive goods
(ii) Factor intensity reversal
(iii) U. S. Import Restrictions
(iv) Scarcity of Natural Resources.

(b) Human Skills Theory of Trade:

The human-skills theory explains the Leontief Paradox in terms of a U.S. comparative abundance of professional skills and other high level human skills. Instead of adjusting the U.S. capital/labour ratio by multiplying the denominator (labour) by three or some other multiple as suggested by Leontief in his 1947 data analysis, the human skills theorists increase the numerator (capital) by adding the value of labour skills. The Leontief approach would wave the U.S. labour abundant; the human skills approach would make the U.S. capital abundant by redefining capital to include human skills.

Thus far the results of empirical studies carried out by D.B. Kessing "Labour skills and comparative Advantage" The American Economic Review (May, 1966), Robert E. Baldwin "Determinants of the commodity structure of American Trade: further Theoretical and Empirical Analysis" Review of Economics and statistics(Nov., 1956) and Peter B. Kenen "Nature, captial and Trade", Journal of political Economy (Oct., 1965) have evidenced that the relative abundance of professional and other highly skilled labour in the U.S. is a major source of its comparative advantage in manufactured products. The recognition of human skills as human capital also offers a partical explanation of the Leontief Paradox. Rather than a seperate theory, the human skills approach may be regarded as a fruitful refinement of the conventional theory of trade. It has added a new factor of production (Labour skills) to the H - O model and for that reason is sometimes called a "Neofactor" Theory.

(c) Technology Theories of Trade.

Technology innovations assumes two basic forms:

(1) New and more economical ways of producing existing products and

(2) The production of wholly new products as well as improvements in existing products.

Technology theories postulate that certain countries have special advantages as innovators of new products. They also postulates that there is an "Immitation lag" that prevents other countries from immediately duplicating/copying the new products if the innovating country. These two conditions give rise to technology gaps in particular products that afford the innovating country an export monopoly during the period of immitation lag.

Posner M. 1961, in his article "International Trade and Technical change" has distinguished a demand lag and a reaction lag that together make up the immitation lag. The demand lag occurs because new foreign goods may not be regarded as perfect substitute for old domestic goods. The reaction lag is the time between production of a new product in the innovating country and the time when a potential producer in the local market views the new product as a competitive threat that should be met by local production.

And according to Wells L. T. 1972, in his article "International trade; the product life cycle approach" the innovating country obtains an export advantage because the demand lag is ordinarily shorter than the reaction lag. The length of the reaction lag depends on economies of scale, tariffs, transportation costs, income elasticity of demand and the income level and size of the foreign market. Large economies of scale in production, low tariffs and transportation costs, a small income elasticity of demand, low income levels and small market size act to favour a continuation of exports from the innovating country by delaying local production. And conversely, the innovating manufacturer enjoys an export monopoly advantage, but later immitators in other countries must depend on lower costs to justify local production.

Technology gap theories as such do not explain why certain countries are technological leaders and other countries technological followers. Nor do they explain satisfactorily immitation lags.

From the foregoing it was noted that Nations trade because it is beneficial to do so, beneficial in the sense that it permit economic units (firms, households, Governments) to exchange goods and services they can produce relatively more cheaply for those goods and services that they desire but could only produce for themselves at a higher cost.

Since International trade deals with flow of goods and services across nations it can not be divorced from government influence through policies that would ensure the optimum benefits there from.

It is against this background therefore, that this study tend to discuss the issue of foreign economic policy as an important factor in international trade.

2.2.5 FOREIGN ECONOMIC POLICY

The rationale of government ecqnomic policies throughout the world is that national economies, it left alone would fail to achieve goals which are deemed to be in the national interest, such as full employment, a "Satisfactory" rate of growth, an equitable distribution of income, and a "strong" balance of payments.

(d) What is Foreign Economic Policy?

Broadly conceived, foreign economic policy embraces all of the varied activities of national government that bear, directly or indirectly, upon the composition, direction, and magnitude of international trade and factor flows. This conception of foreign economic policy covers not only such obvious examples as tariffs policy, but also domestic governmental measures, such as monetary and fiscal policy which have an impact upon foreign trade and investment. In terms of effects, therefore, it is impossible to classify government policies as exclusively domestic or exclusively foreign. Instead, they may be regarded as occupying different positions along a continuum that stretches between an internal effects' Pole and an "external effects" Pole. Policies that have only insignificant effects on foreign trade and investment (such as government subsides for housing) are close to the "internal effects" Pole while policies that have insignificant domestic effects (such as lowering a revenue duty on an inported goods) are close to the "external effects" Pole. Most government policies, however, fall between these two poles, and growing international interdependence is pushing more and more policies toward the centre.

(ii) The Goals of Foreign Economic policy.

There are several ways to classify the goals that nations may strive to achieve in their foreign economic policy. It is not intended to catalog the many ends of foreign economic policy, but to illustrate their diversity seven of the most fundamental goals are chosen for discussion; the purpose is simply one of identification.

(a) AUTARKY OR NATIONAL SELF-SUFFICIENCY

A full autarkic policy aims to rid the nation of all dependence on international trade and investment because this dependence is feared for economic, political, or military reasons. Autarky is clearly inconsistent with the continuance of economic relations with other countries, the political counterpart of autarky is isolationism, of course, most nations do not possess the domestic resources required to practice any significant degree of autarky.

(b) At the opposite extreme to autarky lies the goal of ECONOMIC WELFARE that springs from a conception of international trade and investment as an opportunity to reap the gains of international specialization. Foreign economic policy in which the objective of economic welfare plays a leading role seeks to expand international trade and investment by lowering or eliminating tariffs and other barriers to the free exchange of goods, services, and factors. As noted above, this liberal Philosophy of trade was dominant in the period preceding world war I, when the United Kingdom, the paramount trading nation at that time, espoused a policy of free trade and most other nations used only the tariff in controlling trade. Since world war II, economic welfare has emerged once again as a prominent goal in the foreign economic policies of the industrial countries of the west.

(c) Between the two extremes - autarky which would regulate foreign trade out of existence and free trade which would impose no restrictions whatsoever - there are many other goals that serve to motivate foreign economic policy. Chief among them is PROTECTIONISM - The protection of domestic producers against the free competition of imports by regulating their volume through tariffs, quotas and the like.

(d) Since the 1930s, STABILITY OF THE ECONOMY AT FULL-EMPLOYMENT LEVELS, has been among the most important objectives of national economic policy. When the aim of full-employment stability dominates the foreign economic policy of a nation, international trade and capital movements are viewed as both a source of disturbances to the domestic economy and a means of compensating for disturbances originating within the economy. Whether foreign trade and capital movements are restricted or encouraged depends on mostly upon current levels of domestic economic activity.

(e) Sooner or later, all nations are compeled to remedy deficits in their Balance of payments, whether through market adjustments or controls. When a nation's reserves are low, and its balance of payments is weak, the objcetive of payments equilibrium may come to dominate other objectives of its foreign economic policy and even of its domestic policy.

(f) Today the non-industrial countries of Asia, Africa and Latin America are desperately striving to accelerate their economic growth and to raise the living standards of their peoples. The pressing concern of these nations with the mammoth problem of ECONOMIC DEVELOPMENT has led their governments to regard international trade as an instruments to achieve such developments to the exclusion of other ends. Thus, tariffs and other restrictive devices are employed to protect "infant industries" or to keep out "non-essential" consumer goods. On the other hand, capital goods and other "essential" imports are encouraged by subsidies or favourable exchange quotas. Exports may be regulated in an attempt to promote economic development.

(g) During periods of actual warfare the international economic policies of nations are directed toward the overriding objective of winning the war. Even in the absence of armed conflict, however, ECONOMIC WARFARE is often among the goals of international economic policy.

(iii) THE INSTRUMENTS OF FOREIGN ECONOMIC POLICY

Foreign economic policy involves instruments as well as goals. In this study policy instruments are taken to signify the tools that are employed by government with the intent to influence the magnitude, composition, of direction of international trade and factor movements e.g Market variable, such as exchange rates and direct controls. Much of the foreign economic policy of a nation is affected through agreements and business enterprises enjoy in a foreign country are those spelled out in treaties and agreements previously negotiated by their own governments.

Thus, international treaties and agreements determine the treatment to be accorded foreigners and foreign interests.

The instruments of foreign economic policy exhibit a broad variety, and it will prove helpful to examine them in terms of our areas, three of which deal with different segments of the balance of payments and are, with the balance of payments as a whole. Figure 2-2 lists these policy areas together with the principal policy instruments that are available to government of countries with market economies.

FIGURE 2-2

AREAS AND INSTRUMENTS OF FOREIGN ECONOMIC POLICY

AREA / INSTRUMENTS	COMMERCIAL POLICY	INVESTMENT POLICY	FOREIGN AID POLICY	BALANCE OF PAYMENT POLICY
TARIFFS	x			
NON-TARIFF TRADE BARRIERS	x			
EXPORT PROMOTION	x			
FOREIGN INVESTMENT RESTRICTIONS		x		
FOREIGN INVESTMENT INDUCEMENTS		x		
OFFICIAL GRANTS AND LOANS			x	
FISCAL				x
MONETARY				x
EXCHANGE-RATE ADJUSTMENT				x
EXCHANGE CONTROL				x

The dots indicate the policy instruments that are primarily associated with each policy area. However, it would be a mistake to identify a policy area with a particular set of policy instruments, for many of them may be used to achieve different policy goals depending on the circumstances. In particular, balance of the payments policy may utilize all of the policy instruments shown in figure 2-2. Actually these policy instruments are more accurately defined as "Policy instrument types" since each consists of several specific policy tools. For instance, non-tariff trade barriers include quotas, border taxes, customs procedures, antidumping regulations, domestic subsidies and others.

(

(a) Commercial policy; refers to all government actions that seek to cuter current account transactions, especially in merchandise. Especially, the main instrument of commercial policy has to do with import tariff, but today non tariff barriers and export promotion are often of equal or greater importance.

(b) Investment Policy: Covers government actions with respect to international long-term lending and borrowing (portfolio investment) and with respect to international movement of business enterprises, which involves not only capital but management and technology as well (direct instrument). Ordinarily, the governments of investing nations restricts investment outflows only for balance of payments reasons; more commonly, they promote direct investment outflows via inducements of one sorts or another. On the other hand, although the Governments of borrowing or host nations seldom deters inflows of portfolio investment, they frequently do so in the case of certain forms of direct investment while at the same time encouraging other forms. Because of the rapid development of multinational Companies that produce and sell through out the world, foreign investment policy has assumed a critical importance for both home and host countries.[10]

(c) Foreign Aid Policy: Includes all of the activities involved in the field of governmental loans and grants that are intended to aid in the reconstruction, economic development or military defence of the receipient country. Compared to the other policies, foreign aid policy is a new comer; it was born out of the viscitudes of the early post-war period when europe lay economically prostrate. Later, a recognition of the oblig-

ation to help in the development of the economically backward countries of the world provided another stimulus to foreign aid policy. The united Kingdom, forexample will provide aid to developing countries for basic infrastructure projects, such as a road or power facilities essential to a British private investment project.[11] Simultaneously, the threat of the cold war before it was overtaken by events gave rise to large scale U.S. programs of military and economic aid that sought to buttress the free world against internal and external communist aggression.

(d) Balance of payments policy: embraces all of the actions of governments to maintain or restore equilibrium in their external accounts. In the face of an enduring, fundamental disequilibrium, governments generally respond to a deficit (suplus) by:-

(1) Deflating (inflating) the domestic economy with monetary and fiscal instruments.
(2) Devaluing (revaluing) the exchange rate or
(3) Imposing exchange controls over some or all international transactions.

These basic instruments of adjustment may be used singly or in combination, and at times they may be rejected by governments in favour of policy instruments, such as tariffs and quantitative import restrictions that are normally associated with other policy areas.

The above analysis on the conceptial issues in International trade provides the basis for understanding International trade as built on acknowledged theories, highlighting the fundamental foreign economic policies and their instruments that nations employ in trading with one another.

It is based on the framework built above that the next section of this chapter will discuss Nigeria's International trade with emphasis on commodity export

2.3 NIGERIA IN INTERNATIONAL ECONOMY

Through International trade a nation is able to obtain more goods with which to satisfy the needs and desires of its people(the ultimate end of economic activity) than if it were to produce all goods at home. This is the true gain from international trade; it is the fruit of international specialization in accordance with comparative cost advantages. International trade is indirect production. It enables each country to combine its factors of production more effectively by specializing in the production of those goods that are produced by using large amounts of its relatively abundant factors and small amounts of its relatively scarse factors. In this way a country may produce for export those goods in which it has a comparative advantage and import those goods in which it has a comparative disadvantage.

Thus Nigeria like many other counties its international economy is built upon its export/import business with other countries. In this regard Nigeria's economic position will be reviewed with a view to highlight its trend especially the export aspect examine the country's Trade and finance policies since the introduction of Structural Adjustment Programme(SAP) in general and those on Intra-West African Trade in particular.

2.3.1 AN OVERVIEW OF NIGERIA'S EXPORT TRADE

To undertake a general review of Nigeria's export trade the use of relevant statistics as summarized in tables 2-4 and 2-5 is necessary.

From table 2-4, it will be observed that Nigeria's total exports in value terms rose from ₦330.1 million in 1960 to ₦877.0 million in 1970 and by 1980 peaking at ₦13.7billion. The total exports value since then has been on the increase with 1991 recording ₦121.5 billion. It is however, useful to point out that whereas in 1960 non-oil exports, mainly agricultural commodities, accounted for over 96 per cent of the country's export earnings, by 1970, oil exports had risen to over 58 per cent and have consistently accounted for over 90 per cent of the country's foreign exchange earnings since 1974, with non-oil exports contributing less than 10 per cent.

In the non-oil export sector as summarized in table 2-5 the export of agricultural commodities pre-dominate with cocoa, palm kernel and rubber accounting for the bulk of the country's export earnings in this sector.

TABLE 2-4

NIGERIA'S EXPORT TRADE 1960 - 1991

OIL EXPORTS			NON - OIL EXPORTS		TOTAL EXPORTS	
YEAR	₦ 'M	% OF TOTAL	₦ 'M	% OF TOTAL	₦ 'M	TOTAL %
1960	8.4	2.5	321.7	95.5	330.1	100%
1961	23.6	6.9	316.6	93.1	340.2	100%
1962	33.8	10.3	294.2	89.2	328.0	100%
1963	40.6	11.0	329.1	89.0	369.7	100%
1964	64.6	15.3	356.4	84.7	420.9	100%
1965	136.2	25.4	390.3	74.1	526.5	100
1966	186.3	33.4	371.1	66.6	557.4	100
1967	146.9	30.8	329.3	69.2	476.2	100
1968	75.1	18.2	337.9	81.8	413.0	100
1969	262.1	41.6	367.1	58.4	629.2	100
1970	509.9	58.1	367.1	41.9	877.0	100
1971	953.9	74.5	326.9	25.5	1,280.8	100
1972	1,180.0	83.0	241.8	17.0	1,421.8	100
1973	1,901.2	84.0	362.1	16.0	2,263.3	100
1974	5,380.5	93.0	403.3	7.0	5,783.8	100
1975	4,590.0	93.3	330.1	6.7	4,920.1	100
1976	6,366.5	94.4	377.2	5.6	6,743.7	100
1977	7,099.6	93.1	529.1	6.4	7,628.7	100
1978	5,689.4	90.2	619.1	9.8	6,308.5	100
1979	9,892.4	95.4	478.9	4.6	10,371.3	100
1980	13,330.8	97.4	356.7	2.6	13,687.5	100
1981	10,687.8	92.1	323.3	2.9	11,011.1	100
1982	8,920.6	97.1	266.7	2.9	9,196.3	100
1983	7,303.9	94.6	418.9	5.4	7,722.8	100
1984	8,685.4	95.2	442.5	4.8	9,127.9	100
1985	11,335.8	96.7	384.9	3.3	11,720.7	100
1986	8,425.7	93.1	621.8	6.9	9,047.5	100
1987	28,208.6	95.4	1,369.3	4.6	29,577.9	100
1988	29,292.7	88.4	3,891.8	11.6	33,184.5	100
1989	55,016.8	94.9	2,954.4	5.1	57,971.2	100
1990	106,626.5	97.0	3,259.6	3.0	109,886.1	100
1991	116,856.5	96.2	4,677.2	3.8	121,533.7	100

*Provisional figures used
SOURCE: Annual Abstract of Statistics (1961-1985), Review of External Trade (1986-1987) CBN Annual Reports and Statement of Accounts 1991.

TABLE 2-5

NIGERIAS NON - OIL MAJOR EXPORTS 1960 - 1990 (₦ ' M)

	1960	1970	1980	1990
NON-OIL EXPORTS (TOTAL)	321.7	367.1	356.7	3,259.6
OF WHICH				
COCOA (beans, butter and others)	74.0	149.0	202.3	1,154.6
Palm Kernel	52.2	21.8	2.3	94.9
Palm Oil	28.0	1.1	0.2	0.0
Groundnut	46.0	43.5	0.0	0.0
Groundnut oil and cake	10.6	34.3	0.0	0.0
Benni seed	3.8	0.0	0.0	0.0
Culumbite	4.2	0.0	0.0	0.0
Tin metal	12.1	33.2	4.1	5.2
Coal	0.1	0.0	0.0	0.0
Rubber	28.4	17.6	19.3	769.6
Wood Products	16.2	6.2	0.08	26.9
Cotton and Yarm	12.4	17.3	0.0	96.7
Others	33.7	43.1	128.42	1,111.7

SOURCE: Federal office of statistics and CBN Annual Reports.

A further examination of Table 2-5 reveals that Nigeria has ceased to be a net exporter of a number of agricultural commodites where she used to be market leader such as palm oil groundnuts etc.

Several factors account, for this dismal performance of the non-oil exports.[12] They include:-

(i) Ascendancy of crude petroleum
Crude oil was first exported from Nigeria in 1958 with a value of ₦2.0million. By 1970, it has become the pro-dominant export commodity with a share of ₦510.0 million or 57.6 per cent of total exports and increased persistently andrapidly to 91.9 per cent in 1977. In 1985 the commodity constituted 97.1 per cent of total exports, contributed 74.7 per cent of total government revenue and 96.7 per cent of total foreign exchange earnings. The importance of the item is further emphasised by its contribution to GDP.

(ii) The disruption caused by the civil war. The war was a disturbance to general economic activity, directly restraining the production and export of cash crops such as palm product. It is noteworthy that due to reduction in production coupled with increased local demand, palm oil is no longer on the export list.

(iii) Drought:-
The sahelian drought was another scourge on Nigeria's export trade in the way it adversely affected the production of crops like groundnuts and cotton.

(iv) Over valued currency:-
Until the adoption of the SAP and one of its major planks (SFEM/FEM/IFEM) the naira was highly over-valued. As a result, it became more profitable to import than to export.

(v) Non-Implementation of export promotion measures:-
The need to diversify Nigeria's export base has long been recognised. To this end, export incentives measures have been a regular feature in Nigerias fiscal budgets.

However, most of these measures were either not implemented at all or were implemented without full commitment. As a result, non-oil exports continued to decline and the country's dependence on petroleum exports hightened.

2.3.2 NIGERIA'S TRADE AND FINANCE POLICIES SINCE THE INTRODUCTION OF THE STRUCTURAL ADJUSTMENT PROGRAMME (SAP)

The introduction of the SAP in 1986 led to the adoption of economic policies designed to "correct" the inadequalies in the policies in place. Hitherto and thus induce a "recovery" of the economy in the medium-term. Among the core elements in the programme were the adoption of appropriate pricing policies in all sectors with greater reliance on market forces and reduction in complex administrative controls. These involved the adoption of measures including a market- determined exchange rate for the naira, some institutional reforms, a rehashed of hitherto unutilised trade incentives as well as introduction of new ones. These measures are briefly outlined below.

(1) A MARKET- DETERMINED EXCHANGE RATE SYSTEM

In contrast with the adminstratively determined exchange rate of the naira, a foreign exchange market was established where authorised dealers bid for available foreign exchange. The objective of introducing the foreign exchange market is to evolve a "realistic" exchange rate for the domestic currency and bring about viable external trade and efficient domestic resource allocation. Presently the foreign exchange market is deregulated thus left to the interploy of the forces of demand and supply to determine the value of the local currency vis a vis the others.

(2) INSTITUTIONAL REFORMS

Extensive institutional reforms were carried out under the SAP, principal among which were; (a) Abrogation of Exchange control as earlier mentioned; Trade liberalisation and the introduction of a market determined exchange rate rendered the institution of exchange control redundant. At the inception of the foreign exchange market, exchange control was therefore abrogated.

(b) Abolition of export licensing: Export licensing served as one of the instruments for controlling the volume of exports. With adoption of a liberalised trade system export licensing became largely irrelevant. As at now only a few export items are subject to restriction for reasons ranging from the efforts being made to attain food security to prevention of plundering Nigeria's cultural artifacts.

(c) Dissolution of the commodity Boards:
Over the years, the commodity Boards which were set up as facilitators of the production, processing and eventual sale of Nigeria's primary produce degenerated into serious constraints in the sector. "Many of them grew to become sources of draw on government funds rather than the in instruments of maintaining stable export earnings for producers as well as source of investible funds for economic developments.

(3) AVAILABLE INCENTIVES

As mentioned, at the introduction of SAP a proliferation of new measures emerged while existing ones not impl implemented were rehashed and in some cases reinforced. These included:

(a) Retention of total proceeds by exports:
With the introduction of the foreign exchange market, earners of foreign exchange were no longer required to surrender their proceeds to the CBN. Since then Private earners of foreign exchange had the freedom either to lodge such funds in their own domiciliary negotiate such funds at the counter of their banks for cash or utilise then in eligible transactions.

(b) Implementation of available incentives:
Some incentives that were available but were activated included:-

(i) The Duty Drawback/suspension scheme.
(ii) Export Development fund through which government provides part of the expenses of an exporting firms export promotion activities

(iii) Export Expansion grant fund under which cash inducements are made available to exporters of manufactures and semi manufactures on provision of valid documentary evidence.

(iv) Export Credit Guarantee Scheme covering both pre and post shipment finance through the institution called NEXIM Bank.

(v) Export Adjustment Scheme Fund which counters pioneer status on exporters who export at least 50.0 per cent of turn-over. The benefits of this scheme also include a reasonable capital assets depreciation allowance.

(vi) Attendence of foreign trade fairs which now receives government active encouragement for exporters.

(vii) Commercial desks, primarily for export promotion, established in Nigeria embassies at some strategic zones of the world.

(viii) Grading and disinfecting all export products before exporting them in order to meet world standards;

(ix) Review of import duties on a number of items and inputs used in manufacturing with a view to stimulating production. This is under the "Manufacturing-in-Bond Scheme" as a further assistance to exporters of manufactured goods.

(x) The restoration to exporters of the option to do business on the basis of bills for collection, open account or confirmed and irrevocable letters of credit, provided repartriation of proceeds took place within 90 days of the bill of lading.

(xi) The reduction in the value of good exempted from pre-shipment inspection from $5,000 and below to $1,000 and below.

Despite all the above measures/policies under SAP Nigeria in the international economy as best examined under Developments in the external sector doesn't give an encouraging result. As at December 1991 Nigeria's balance of payments (which serve as the economic barometer for any economy) recorded a lower level of surplus. The overall position the source added, as measured by the movement in external reserves indicated a surplus of ₦5,959.6 million ($601.4M) compared to ₦18,498.2 million ($2,301.4 Million) in 1990.

This situation arose from the sharp decline in the current account surplus from ₦44,731.2 million ($5,565.1 million)to ₦12,655.4 million ($1,277.1 million). Largely underlying the deterioration in the current account position was an upsurge in aggregrate demand pressures which produced a sharp rise in imports, while the growth of exports, both oil and non-oil, remained relatively unimpressive.[13]

2.3.3. NIGERIA'S TRADE AND FINANCE POLICIES AND INTRA-WEST AFRICAN TRADE

Nigeria has continued to pursued trade policies towards the realisation of the economic intergration of the West-African sub-region, realising that most of the countries in the sub-region are too small to create modern, viable and developed economies by their own individual efforts. The country has therefore, been playing very crucial roles in the establishment of institutions that would foster the economic intergration of the West African sub-region. Principal amongst these are the contributions made towards the establishment of the ECOWAS and WACH. In furtherance of the attainment of one of the cardinal aims of ECOWAS to promote increased intergration of the sub-region, especially through the harmonisation of industrial and agricultural policies Nigeria from the outset gave concrete support for the success of ECOWAS, manifested in the country's ratification of the protocols tariff concessions. In her readiness to promote the economic intergration of the sub-region Nigeria in the 1991 fiscal policy measures adopted the "implementation of ECOWAS trade liberalization scheme involving total exoneration from duties and taxes on a large number of unprocessed products and free movement of specified products without any quantitative restrictions.[14]

Generally Nigeria's trade with the ECOWAS has been growing significantly as indicated from available data for the years 1977-1987 only as shown in Table 2-6. The assertion of "growth" can be justified as most of the time government policies have been aimed at removing any obstacle that could affect inter-regional trade adversely.

TABLE 2-6

NIGERIA'S TRADE WITH ECOWAS COUNTRIES(1977 - 1987)

(₦' MILLION)

YEAR	IMPORTS	EXPORTS	TRADE BALANCE
1977	34,689	170.327	135.638
1978	35.343	159.878	124.535
1979	22.746	186.468	163.722
1980	38.931	375.001	336. 07
1981	38.184	299.345	261.161
1982	31.363	231.084	199.447
1983	34.100	166.011	131.901
1984	57.511	313.207	255.696
1985	29.712	397.953	368.241
1986	58.694	347.321	288.623
1987	163.997	1,635.721	1,471.724

SOURCE: Review of External Trade Trade: FOS

Table 2-6 shows that Nigeria's export to ECOWAS countries which was only ₦170.3 million in 1977 has risen to ₦1,635.721 as at 1987 - a growth of 860.4%. Total import on the other hand rose from ₦34.689 million to ₦163.997 million during the same period, rising by 372.7%[15].
It is noted however, that a lot of unrecovered trade goes on between Nigeria and other ECOWAS countries.

Complementing the efforts towards the achievement of a custom union and thereby facilitating orderly and convenient payment arrangement, Nigeria contributed immensely to the establishment of the WACH objectives including the economical use of the external reserves of member countries and promotion of trade liberalisation.

CONDITIONS AND POLICIES GOVERNING NIGERIA'S TRADE AND PAYMENTS IN ECOWAS.

Transactions in trade and services are either through letters of credit or under open accounts. In all cases approvals of relevant authorities are necessary. However, the policies government trade and finance in Nigeria under ECOWAS arrangement have some unique factors which distinguish them from transactions outside the sub-region.[16]

Although the policies and conditions under which transactions quality of pass through the clearing House in Nigeria are similar to the general conditions as stipulated in the Articles of Agreement, (of the ECOWAS Treaty) some perculiar conditions and policies are maintained by Nigeria because of either the need to protect national interest or because of the operating quidelines and conditions imposed by one membership of other International organisations.

The general conditions and policies on trade and payments within the sub-region include the following:-

(i) All parties involved in the transactions must be dominated or hold bank accounts in the sub-region.

(ii) The payments or financial obligation must be made in the convency of a member country of the clearing House.

(iii) For payment for goods and services such items must originate from the West Africa sub-region.

(iv) Invoice for such transactions must be prepared in the local currency of the exporters.

Other conditions which apply to Nigeria in particular are that.[17]

(i) Prohibited goods which include among others, grains such as maize, vegetable oil and fruit juice are not accommodated under WACH or any other payment arrangement.

(ii) Prohibition of export refined petroleum products was lifted with respect to export to ECOWAS countries.

(iii) Although export of crude oil is allowed to the sub-region, export proceeds are not routed through WACH. This position was taken for economic reasons and because of the regulations binding members of the OPEC countries.

(iv) Even though payments for transactions are expected to be made through the CBN of member countries in local correncies, Nigeria introduced a modification to this arrangement for all benefit of its exporters in order to encourage exports to the sub-region. The Nigerian exporters are given the option of receiving the proceeds for their exports either, in local or foreign currencies or a conbination of both.

For invisible transactions, all transactions continue to go through the WACH to member countries. Inspite of all the efforts made especially through the implementation of the TLS much is left to be desired as far as intra-ECOWAS export is concerned. It is noted that inspite of the huge sums of money being spent on behalf of Nigerian companies to facilitate their active participation in the scheme, now of the approved companies (Table 2-7) has actually done a single export to the sub-region under the platform of the scheme.

TABLE 2-7

LIST OF COMPANIES AND THEIR PRODUCTS PARTICIPATING IN TLS

S/N	COMPANY	PRODUCTS
1.	DELTA STEEL COMPANY, EFFURUM	Billets & laminated steel
2.	Crest Products Ltd, Agbor	Biscuits
3.	Golden Guinea Breaweries, Umuahia	Beer and Stout
4.	Gazal Ind. Ent. Ltd, Kano	Tiles
5.	Chemical & Allied Products Ltd., Lagos	Paint Products
6.	Berger Paints Nig. Ltd., Lagos	Paint Products

SOURCE: NEPC Abuja.

However, Nigeria is not alone in that dilemma to the effect that since the commencement of the scheme no official Intra-ECOWAS export that passed through the scheme has been recorded.

The reasons adduceable for this situation include:

(a) Lack of Political will on the part of the member countries. This may be because of the expected loss of revenue since most members depend solely on revenue from tariffs for national survival. On the other hand, a good number of them are apathetic to start implementing the scheme, since they are waiting for the modalities for the implementation of the compensation fund to be more properly spelt out.

(b) Interference of former colonial masters in the trade regions of members states.

(c) Lack of an effective payment and currency system that can stimulate and spport increased trade.

(d) Lack of assurance that third countries would not exploit intra-community Trade Liberalisation to their own advantage.

(e) Lack of complimentarity of the economies of the various Country.

(f) Foreign exchange problems (Pancity of it).

(g) Inadiquate payment mechanism.

(h) Some Nigerian companies appear un-interested because the domestic markets for their products are yet to be satisfied.

(i) The mumerous bottlenecks faced while officially repatriating export proceeds

(j) Official trading within the sub-region is loaded with numerous bureaucratic process (including check - points on the regional highways) while Unofficial transactions are done with dispatch and payments are also immediate.

The reasons mentioned above have contributed in no small measure in militating against the implementation of the T L S in Nigeria. However, efforts are being made both at Government and organised private sector levels to reverse the trend. It is in the proceeding section of this chapter that measures taken currently to boost export of the economy would be examined.

2.4
NIGERIA'S EXPORT PROMOTION POLICIES AND INCENTIVES

2.4.1 BACK GROUND

As earlier mentioned in the preceeding sections Nigeria's trade policies from independence to the year 1986 were predominantly inward looking. These emanated from and indeed were a continuation of the pre-independence trade policies that established the role of the Country largely as an exporter of raw materials and importer of consumer goods. This historical evolution unfortunately informed the Country's industrialisation policy which was framed on industries established to produce the consumer goods hitherto imported. A strong import-dependent culture was therefore.

Unwittingly put in place. Export activities were mainly undertaken by the public sector and the Marketing Boards, (later commodity Boards) enjoyed some degree of monopoly in the export of Nigeria's major agricultural commodities.

The emergence of crude petroleum turned the course of events. Oil became the dominant export commodity that constituted over 90% of the country's foreign exchange earnings since 1974. The traditional exportable agricultural raw materials were neglected and infact Nigeria, a leading exporter of some of these commodities became a net importer of them. A mone cultral economy had therefore emerged. The adverse effects of these developments later became obvious with fluctuations in demand and price in international oil market. The country was trapped in a dual economic problems of both the internal and external sectors. Internally, the problems of unemployment, inflation and low capacity utilisation manifested themselves while externally balance of payments problems and indebtedness worsened. It therefore, became obvious that an outward looking policy was necessary to salvage the ailing economy.

However, such policy could only be possible through a structural transformation that would require drastic change not only in the existing fiscal and monetary policies but even in the socio-cultural spectra of the economy. If demanded for deliberate and purposeful policies to address the socio-economic problems mounting over the years and the redirection of the country toward productive economic activities that would provide for growth in the short-run, sustain it and ensure long-term development. The foundation of this attempt was laid down in 1986, with the introduction of the Structural Adjustment Programme (SAP) as earlier stated.

2.4.2 THE BIRTH OF AGGRESIVE EXPORT DRIVE

Although the Nigerian Export Promotion Council was established by Decree No. 26 of 1976 (later amended by Decress No. 27 of 1979, which was further revitalised by Decress No. 41 of 1988- (Appendice 1) and now amended recently by Decree No.64 of 19/11/92 (Appendice II)) to among other things advance the course of export trade and advise government on appropriate measures of facilitating it.

Moreso, the promulgation of the Export incentives and miscallaneous Provisions Decree No. 18 of 1986 (appendice III) now amended by Decree No. 65 of 19/192 Appendice IV market the first efforts ever made to bring a new lease of life to the country's export sector. These decrees form the nucleous of the country's export policies.

The export incentives and miscallaneous provisions Decree No. 18 of 1986 now ammended by Decree No. 65 of 1992 provided for a package of export incentives crimed at encouraging Nigerian exporters, stimulating the foreign exchange earning capacity of the export sector and diversifying the productive base of the economy. The package comprises various incentives carefully designed to address the major problems of supply, demand and price competitiveness of Nigeria's exports. It consists of Provisions on foreign exchange to alleviate the foreign exchange requirements of the exporters, direct cash grant on export performance, subsidies and tax in documents and assistance to expand and diversify the supply base and the same time make the products competitive in international markets. It therefore, comprises:-

(a) Currency Retention Scheme
(b) Export Development Fund (EDF)
(c) Export Expansion Grant Fund (EEGF)
(d) Duty Drawback/ Suspension/Manufacture in Bond Scheme
(e) Export Adjustment Fund
(f) Pioneer Status
(g) Tax Relief on Interest Income
(h) Export Credit Guarantee and Insurance Scheme - NEXIM
(i) Capital Assets Depreciation Allowances and
(j) Re-discounting of Short-term Bills.

The above incentives/policies will be briefly explained below.

(A) <u>CURRENCY RETENTION SCHEME</u>

The Scheme allows exporters to retain 100% of their foreign exchange earnings in their domiciliary accounts open in any authorised bank of their choice.

The scheme eases the difficities with which exporters carry out their activities and speedens the whole process of export production and marketing. It in particular removes the bottlenecks associated with forex sourcing.

(b) **EXPORT DEVELOPMENT FUND**

Export Development is a special fund provided by the government as contained in the Export (Incentives and miscellaneous provision) Decree No. 18 of 1986 to assist exporting companies t o cover part of their initial expenses in the followsing areas of activities.

- Participation in training courses, symposia, seminars and workshops in all aspects of export promotion.
- Advertising and publicity campaigns in foreign markets.
- Export market research and studies;
- Product design and consultancy
- Participation in trade missions, buyer-oriented activities overseas trade fairs, exhibitions and store promotion.
- Cost of collecting trade information;
- Organisation of joint export groups and mutual export guarantee associations.
- Backing up the development of export oriented industries.

The conditions for enjoying EDF grant require that a Company

(i) registers with NEPC.

(ii) Its product must be of Nigerian Origin with at least 35% value - added or 40% local raw materials content or services such as engineering, consultancy, Shipping etc with.

(iii) Satisfactory status report and that the maketing control of the company must be in Nigeria.

(iv) Must fill EDF applications form when applying and accompany it with a detailed work plan of the project and project document.

(v) Must submit a report on the financed product along with evidence on how the fund is utilised.

(C) **EXPORT EXPANTION GRANT FUND**

This fund makes a provision for cash inducement to exports to exporters who have exported a minimum of fifty Thousand Naira (₦50,000.00) worth of semi manufactured and manufactured products. Itis meant to enable exporters expand the volume of their exports and diversify expor product and market coverage the levels of inducement approved by the federal Government of Nigeria as follows:

- ₦50,000.00 to ₦100,000.00 export sales per annum - 5%
- ₦100,000.00 to ₦500,000.00 export sales per annum - 4%
- ₦500,000.00 to ₦1,000,000.00 export sale per annum - 3%
- ₦1,000,000.00 and above export sales per annum - 2%

The E E G F is made available only to exporters who have repatriated their proceeds from their export transactions. This repatriation must be certified by the C.B.N.
The rate of exchange used in the conversion of the export proceeds to naira is as the date of repatriation. The NEPC Board sub-Committee on Export Development and incentives approves disbursements of the fund.

Export Expansion Grant is indeed an inducement that has a direct impact on the supply side. It motivates the producer to expand output and export with a view to qenerating more forex and darm more grant. It may as well have an indirect effect because economies if scale are associated with large scale production which lowers the per capita unit cost.

(d) Duty Draw back/suspension/Manufacture in Bond scheme.

(i) DDS: This scheme provides for the refund of duties, levies/sur-charges on imported raw materials including packing and packing materials used for the manufactures of destined for exports.

(ii) Duty Suspension: This scheme allars for the suspension of duty payable by manufacturing exporters. In practice, the manufacturing exporter establishes its export turn-over for a period of a year as well as the imported input associated with the export production. The quantities of raw materials to be used for the export production are

established based on the "ICS" Completed by S.O.N. Duties, surchages associated with these inputs are ascertained, and the manufacturing exporter is required to produce a"Bank Guarantee" as a collaleral incase these inputs are not used for export production. As production and exportation take place,place with these duty-free imported raw material inputs the manufacturing exporter sends to the D.D.C. on a regular basis evidence that actual exports have taken place. Those documents usually including NCD 3A are being reconciled with the actual export target originally declared by the company.

At the end of one year, shortfalls in export production are being established and the exporter is called upon to pay duties for the raw materials used for these shortfalls so as to redeem his "Bank Guarantee".
The D.D.C is the implementing agency of this scheme.

(iii) Manufacture-In-Bond Scheme:

The "Manufacture-In-Bond" which is the third component of the D.D.S.is an improvement on "Bonded warehouse" though the same principles of customs supervision is applicable to both. Under Bonded warehouse arrangements a key of the store is left in the custody of customs. The physical presence of a customs official is necessary when items which are kept in bond are moved out of the store or put in.
Under Manufacture-In-Bond, these two requirements are dispensed with the Bonded store is put in the sole custody of the exporter. The customs will execrise supervision over the bonded items through inventory controls. In shorts, the import entries are matched with export entries. The exporter is obliged to give an account of all times, of the items that are in bond. Customs, however, does a physical check whenever they consider it necessary. As a further safeguard, the D.D.C/Secretariat assists the customs in exercising supervision over the items in Bond.

(e) EXPORT ADJUSTMENT SCHEME FUND

The fund is to serve as a supplementary export subsidy or as an additional fund for dealing with the following:-

(i) High costs of production arising mainly from infrastuctural deficiencies;

(ii) Purchasing commodities at prices higher than prevailing world market prices but fixed by government;

(iii) Other factors beyond the control of the exporters; This incentive is in principle conceived to provide a leverage after other incentives might have been exhausted.

(f) PIONEER STATUS:

Under this scheme a manufacturing exporter that exports at least 50% of his annual turn-over can apply for the status of a pioneer Industry. Although such status is approved by the IDCC of the Federal Ministry of Industries, the NEPC receives, screens and recommends all the application for pioneer status. The export product must meet at least the ECOWAS rule of origin (at least 35% value added or 40% local raw material input).

A pioneer industry under this scheme usually enjoys tax holidays for a period of 3years and renewable for another 2years hence improves profit which is the driving force of production. The scheme also makes the product of the manufacturer competitive in the international market and at macro level increases the forex generation ability of a country. On the other hand, a tax relief incentive promotes foreign investment.

(g) TAX RELIEF ON INTEREST INCOME

This incentive is geared toward encouraging banks to provide loans for export industrialisation. The interest accruing from loans granted by banks in aid of export activities is exempted from tax, subject to Table 1 of the schedule to the company Income Tax Act of 1979, which stipulates the percentage of tax exemption on interest of foreign loans as follows:

REPAYMENT PERIOD INCLUDING MORATORIUM	GRACE PERIOD	TAX EXEMPTION
1. Above 7 years	Not less than 2 years	100%
2. 5 - 7 years	Not less than 18 months	70%
3. 2 - 4 years	Not less than 12 months	40%
4. Below 2 years	Nill	Nill

(h) THE NIGERIAN EXPORT-IMPORT BANK

The Nigerian Export-Import Bank (NEXIM) was established to replace the Nigerian Export Guarantee and Insurance Corporation earlier set up. The Bank is charged with the responsibilities of providing finance in both local and foreign currencies to exporters,

provision of risk bearing facilities in support of exports in the forms of credit guarantee, credit insurance,investment insurance and insurance of market risks such as price exchange rate and interest rate risks, promoting the establishing of mutual Export Guarantee Association etc. To achieve its objectives the NEXIM offers Rediscounting and Refinancing Facility (RRF) to assist Commercial banks to provide both pre-and-post shipment export finance in local currency.

Foreign Input Facility (FIF) is provided by the Bank to enable exporters meet the immediate forex requirement for the importation of raw materials, packaging materials and capital equipment needed for production. The bank also provides stock facility in local currency. This is meant to ensure adequate procurement of raw materials by manufacturing exporters(especially raw materials whose supply is seasonal) with a view to keeping production at optional levels.

(i) CAPTIAL ASSETS DEPRECIATION ALLOWANCES

The companies Income Tax Act 1979 as amended by the finance/ miscellaneous Provisions Decree,1985 and further amended by Export Incentive Decree No. 18 of 1986, provides an additional annual depreciation allowance of 5% on plants and machinery to manufacturing exporters who export at least 50% of their annual turn-over provided that the product has at least 40% local raw material content or 35% value added. The NEPC receives application for this incentive scheme and recommends qualifying exporters to the Federal Inland Revenue Department.

(j) RE-DISCOUNTING OF SHORT-TERM BILLS

This scheme makes provision for an exporter of any product to discount his Bill of Exchange and Promisory Notes with his bank in order to increase his liquidity and minimise cash flow problems before the realisation of export proceeds *from the overseas importer. The major objective of this* scheme is to solve the constraint associated with export finance problems resulting from the lag between exportation and receipt of export proceeds.

In addition to the above incentives as a further tool for stimulating industrial production for export, the Federal Government promulgated Decree No.34 - Nigeria Export Processing Zones(NEPZ) Decree 1991. The Decree makes it possible for the establishment of Export Processing Zones which are geographical enclaves within Nigeria for which normal customs regime do not apply.

The purpose of this scheme is to attract foreign investments for export production. Incentives associated with these zones include:

(i) Duty free export prodcution
(ii) Elimination of all forms of bureaucracy
(iii) Employment of foreign managers and up to 100% ownership of business.

The above discuss in this chapter has explained considerably the concepts underlying International Trade, Nigeria's International trade and policies and incentives that go with it. In the proceeding chapter the NEPC which is one of the establishments created to facilitate the promotion of export trade in Nigeria will be discussed.

CHAPTER TWO

F O O T N O T E S

1. A. M. Freeman III (1971) International Trade: An Introduction to Method and Theory P2.
2. H. Robert Heller (1973) International Trade Theory and Empirical Evidence PP 7-9.
3. Ibid.
4. A. M. Freeman III Opcit
5. Franklin R. Root (1978) International Trade and Investment P 27.
6. Ibid.
7. A. M. Freeman III OP CIT P. 114
8. Franklin R. Root OP CIT PP 96 - 97
9. F. R. Root OP CIT PP95 - 100
10. F. R. Root OP CIT P120
11. Robrickson International Business and Multi-National Enterprises P. 225.
12. O.K. Anifowose (1988) "Nigerian Export Trade and the effects of the Structural Adjustment Programme"
13. C.B.N.: Annual Report and Statement of Accounts 31st December, 1991 P 103.
14. CBN Ibid P 10
15. FITC (1989): The Banking industry in the 1990s: Challenges and Prospects P 66
16. CBN Bullion Vol. 14 No. 2 April/June, 1990 P 22.
17. CBN Bullion Ibid.

APPENDIX "I"

A 769

Supplement to Official Gazette Extraordinary No. 73, Vol. 75, 15th November, 1988—Part A

NIGERIAN EXPORT PROMOTION COUNCIL DECREE 1988

Decree No. 41

[*See section* 17]

Commencement.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows :—

Establishment, &c. of the Nigerian Export Promotion Council

Establishment of the Nigerian Export Promotion Council.

1.—(1) There shall continue in being a body to be known as the Nigerian Export Promotion Council (hereafter in this Decree referred to as "the Council").

(2) The Council shall continue to be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

Composition of the Council.

2.—(1) The Council shall comprise the following members, that is—

(*a*) the Minister who shall be the Chairman ;

(*b*) an alternate Chairman to be appointed by the President, Commander-in-Chief of the Armed Forces ;

(*c*) the Director of External Trade in the Federal Ministry of Trade ;

(*d*) the President of the Nigerian Association of Chambers of Commerce, Industries, Mines and Agriculture ;

(*e*) the President of the Manufacturers Association of Nigeria ;

(*f*) the President of the Association of Nigerian Exporters ;

(*g*) one person to represent the Bankers Committee ;

(*h*) the President of the Farmers Association ;

(*i*) the Executive Director of the Council ;

(*j*) one person to represent the Ministry of External Affairs ;

(*k*) one person to represent the Department of Customs and Excise ;

(*l*) one person to be appointed by the President, Commander-in-Chief of the Armed Forces.

(2) The appointment under paragraph (*g*) of subsection (1) of this section shall be made by the Minister on the recommendation of the appropriate body.

(3) The provisions set out in the Schedule to this Decree shall have effect with respect to the tenure of office of members and proceedings of the Council and the other matters mentioned therein.

B 4

Im
anc
leg
Re
Re
tiv

Tenure of office.

3.—(1) A member of the Council holding office by virtue of section 2 (1) (*f*) and (*g*) of this Decree shall hold office for a term of four years and shall be eligible again for re-appointment for one further period of four years.

(2) The office of a member of the Council under this Decree shall become vacant if—

(*a*) he resigns his office by notice in writing under his hand, addressed to the Chairman of the Council ; or

(*b*) the President, Commander-in-Chief of the Armed Forces is satisfied that it is not in the interest of the Council for the person appointed to continue in office and notifies the member in writing to that effect.

(3) Members of the Council may be paid such travelling and other allowances as may, from time to time, be approved by the Federal Government or the Council itself.

Is
of
et

(4) Where a vacancy occurs in the Council, it shall be filled by the appointment of a successor to hold office for the remainder of the term of office of his predecessor, so however that the successor shall represent the same interest and shall be appointed by the President, Commander-in-Chief of the Armed Forces, on the recommendation of the same authority as had recommended his predecessor in office.

(5) The Council may act notwithstanding any vacancy in its membership or any defect in the appointment of a member or the absence of a member.

Functions of the Council.

4.—(1) It shall be the special responsibility of the Council to—

(*a*) promote the development and diversification of Nigeria's export trade ;

(*b*) assist in promoting the development of export-oriented industries in Nigeria ;

(*c*) spearhead the creation of necessary export incentives ;

(*d*) actively promote the implementation of export policies and programmes of the Federal Military Government ;

(*e*) co-ordinate and monitor export promotion activities in Nigeria.

(2) The other functions of the Council shall be to—

(*a*) collect and disseminate information on products available for export ;

(*b*) collect and disseminate to local manufacturers and exporters information on foreign markets ;

(*c*) provide technical assistance to local exporters in such areas as export procedure and documentation, transportation, financing, marketing techniques, quality control, export packaging, costing and pricing, publicity and in other similar areas ;

(*d*) maintain adequate and effective representation in other countries ;

(*e*) provide, directly or jointly with training institutions, training for its staff and assist with the manpower development of the export community in Nigeria ;

(*f*) organise the participation of Nigeria in trade fairs and exhibitions in other countries ;

(*g*) administer grants and other benefits related to export promotion and development ;

(*h*) undertake studies of the current economic conditions, with special attention to the export sector with a view to advising government on necessary policies and measures ;

(*i*) co-operate with other institutions on matters relating to export financing, export incentives and specialised services to exporters ;

(*j*) establish specific trade promotion facilities in Nigeria and in other countries including the establishment of permanent showrooms at important commercial centres in other countries ;

(*k*) engage in export promotion publicity ;

(*l*) pursue the simplification and streamlining of export procedure and documentation on continuous basis ;

(*m*) provide services to trade delegations on matters relating to export ;

(*n*) perform such other functions as may be conducive to the achievement of the objectives of this Decree.

Powers of the Council.

5. The Council shall have power to—

(*a*) receive within Nigeria or elsewhere, any trade marks, licences, protections or concessions relating to export ;

(*b*) subject to the Land Use Act 1978, acquire, by purchase or lease, any landed property required for its functions under this Decree ;

(*c*) invest in any activity which would facilitate the development or promotion of exports ;

(*d*) solicit, with the approval of the Minister, for funds from sources other than its normal budgetary sources ;

(*e*) exercise disciplinary control (including dismissal) over its employees.

Power of the Minister to give directions.

6. Subject to this Decree, the Minister may give the Council directions of a general character or relating generally to particular matters with regard to the exercise by the Council of its functions under this Decree and its shall be the duty of the Council to comply with the directions.

Appointment of Executive Director and other employees of the Council.

7.—(1) There shall be appointed by the President, Commander-in-Chief of the Armed Forces, on the recommendation of the Council, an Executive Director of the Council.

(2) The Executive Director shall be the Chief Executive of the Council and be responsible for the execution of the policy of the Council and the day-to-day running of the affairs of the Council.

(3) The Council may appoint such other persons, as it may determine, to be employees of the Council to assist the Executive Director in the performance of his functions under this Decree.

(4) The Council may, subject to such conditions as it may think fit, delegate any of its powers relating to the appointment of or exercise of disciplinary control (including dismissal) over its employees to the Executive Director or to any other employees of the Council.

Applications of Pensions Act 1979. 1979 No. 102.

8.—(1) It is hereby declared that service in the Council shall be public service for the purposes of the Pensions Act 1979 and accordingly, officers and other persons employed in the Council shall in respect of their service in the Council be entitled to pensions, gratuities and other retirement benefits as are prescribed thereunder, so however that nothing in this Decree shall

prevent the appointment of a person to any office on terms which preclu the grant of a pension and gratuity in respect of that office.

(2) For the purposes of the application of the provisions of the Pension Act 1979, any power exercisable thereunder by a Minister or other authorit of the Government of the Federation (not being the power to make regulation under section 23 thereof) is hereby vested in and shall be exercisable by th Council and not by any other person or authority.

Establishment of an export committee.

9.—(1) The Council may establish an export committee in each State of the Federation.

(2) Each export committee shall—

(*a*) constitute a forum for the promotion of exportation of the principal export products of the State concerned ;

(*b*) advise the Council on the best means of achieving the objectives of this Decree in the State concerned ;

(*c*) carry out such other functions as the Council may, from time to time, direct.

Fund of the Council.

10.—(1) The Council shall establish and maintain a fund from which there shall be defrayed all expenditure incurred by the Council.

(2) There shall be paid and credited to the fund established in pursuance of subsection (1) of this section—

(*a*) such sums as may, from time to time, be granted to the Council by the Federal Military Government ;

(*b*) all moneys raised for the purpose of the Council by way of gifts, grants-in-aid, testamentary disposition and sales from publications ;

(*c*) all subscriptions, fees and charges for services rendered by the Council and all other sums as may accrue to the Council from any other source.

Expenditure of the Council.

11. The Council may, from time to time, apply the proceeds of the fund established pursuant to section 10 of this Decree to—

(*a*) meet the cost of administration of the Council and any research work carried out by or on behalf of the Council with its approval ;

(*b*) provide such training for the employees of the Council ;

(*c*) pay the salaries and other allowances and benefits of its employees ;

(*d*) re-imburse members of the Council and committees of the Council as the Council may deem necessary ;

(*e*) meet other expenses in connection with its functions under this Decree.

Annual estimates, accounts and audit.

12.—(1) The Council shall cause to be prepared, not later than six months before the end of each financial year or such other time as the Minister may direct, an estimate of the expenditure and income of the Council during the next succeeding financial year and when prepared they shall be submitted through the Minister for approval by the National Council of Ministers.

(2) The Council shall cause to be kept proper accounts and proper records in relation thereto and when certified by the Council such accounts shall be audited as provided in subsection (3) of this section.

(3) The accounts of the Council shall be audited as soon as may be after the end of each financial year by auditors appointed by the Council from the list and in accordance with the guidelines supplied by the Auditor-General

of the Federation and the fees of the auditors and the expenses for the audit generally shall be paid from the funds of the Council.

Annual reports.

13. The Council shall, not later than six months after the end of each financial year, submit through the Minister to the President, Commander-in-Chief of the Armed Forces, a report of the activities of the Council and its administration during the immediately preceding year and shall include in such report the audited accounts of the Council and the auditor's comments thereon.

Regulations.

14. The Council may, with the approval of the National Council of Ministers, make regulations for carrying into effect the provisions of this Decree.

Repeal, savings and transfer of assets, liabilities, staff, etc. 1976 No. 26.

15.—(1) The Nigerian Export Promotion Council Act 1976 is hereby repealed and the Council established thereunder is hereby dissolved.

(2) By virtue of this Decree, there shall be vested in the Council all assets, funds, resources and other movable or immovable property which immediately before the commencement of this Decree were vested in the Council dissolved by and under subsection (1) of this section.

(3) The rights, interests, obligations and liabilities of the dissolved Council existing before this Decree under any contract or instrument, or in law or in equity apart from any contract or instrument, shall by virtue of this Decree be assigned to and vested in the Council established by this Decree.

(4) Any such contract or instrument as is mentioned in subsection (3) of this section shall be of the same force and effect against or in favour of the Council established by this Decree and shall be enforceable as fully and effectively as if instead of the dissolved Council, the Council established by this Decree has been named therein or had been a party thereto.

(5) The Council shall be subject to all the obligations and liabilities to which the dissolved Council was subject immediately before the commencement of this Decree and all other persons shall have the same rights, powers and remedies against the Council as they had against the dissolved Council immediately before the commencement of this Decree.

(6) Any proceedings or cause of action pending or existing immediately before the commencement of this Decree by or against the dissolved Council in respect of any right, interest, obligation or liability of the dissolved Council may be continued or as the case may be, commenced and any determination of a court of law, tribunal or other authority or person may be enforced by or against the Council to the same extent that such proceedings, cause of action or determination might have been continued, commenced or enforced by or against the dissolved Council as if this Decree had not been made.

(7) All assets, funds, resources and other movable or immovable property which immediately before the commencement of this Decree were vested in the dissolved Council shall by virtue of this Decree and without further assurances, be vested in the Council.

(8) Notwithstanding the repeal of the enactment referred to in this section, if the Council thinks it is expedient that any vacancy in the Council should be filled by a person holding office at the commencement of this Decree in the Council dissolved by this section, it may employ such person by way

of transfer to the Council and the previous service in the dissolved Council by such person shall count as service for the purposes of any pension subsequently payable by the Council.

Interpretation.

16. In this Decree, unless the context otherwise requires—

"Council" means the Nigerian Export Promotion Council continued in being by and under section 1 of this Decree ;

"Chairman" means Chairman of the Council ;

"Minister" means the Minister charged with responsibility for matters relating to trade.

Citation and commencement.

17. This Decree may be cited as the Nigerian Export Promotion Council Decree 1988 and shall be deemed to have come into force on 1st December 1987.

SCHEDULE *Section* 2 (3)

Proceedings of the Council

1.—(1) The Council shall meet for the conduct of business at such times, places and on such days as the Chairman may appoint but shall meet not less than twice in a year.

(2) The Chairman may, at any time, and shall at the request in writing of not less than six members summon a meeting.

(3) Particulars of the business to be transacted at any meeting shall be circulated to members with the notice of the meeting of the Council.

(4) Every question put before the Council at a meeting shall be decided by a majority of the votes of the members present and voting.

(5) Seven members shall form a quorum at any meeting of the Council.

(6) The Chairman shall, at any meeting, have a vote and in the case of an equality of votes, may exercise a casting vote.

(7) The Chairman shall preside at all meetings of the Council, and in the absence of the Chairman of the Council, the alternate Chairman shall preside at that meeting.

(8) Subject to the provisions of this Decree, the Council may make standing orders with respect to the holding of meetings, the nature of notice to be given, the proceedings thereat, the keeping of minutes of such proceedings and the custody and production for inspection of such minutes.

Committees

2.—(1) The Council may appoint one or more committees to advise it on the exercise and performance of its functions under this Decree.

(2) Every such committee shall consist of —

(*a*) a chairman who shall be appointed by the Council from among the members of the Council ;

(*b*) not more than five persons (who may or may not be members of the Council), so however that any non-member of the Council co-opted to serve on any committee shall enjoy all the rights and privileges of a member except the right to vote and be counted towards a quorum.

(3) In this paragraph 'chairman' means the chairman of a committee.

Miscellaneous

3.—(1) Any contract or instrument which if entered into or executed by a person not being a body corporate would not be required to be under seal may be entered into or executed on behalf of the Council by any person generally or specifically authorised in that behalf by the Council.

(2) Any member of the Council or of a committee thereof, who has a personal interest in any contract or arrangement entered into or proposed to be considered by the Council or a committee thereof, shall forthwith disclose his interest to the Council or the committee, as the case may be, and shall not vote on any question relating to such contract or arrangement.

4.—(1) The common seal of the Council shall not be used or affixed to any document except in pursuance of a resolution duly passed at a properly constituted meeting of the Council and recorded in the minutes of the meeting.

(2) The fixing of the seal of the Council shall be authenticated by the signature of the Chairman or some other members authorised generally or specifically by the Council to act for that purpose.

(3) Any document purporting to be a document duly executed under the seal of the Council shall be received in evidence and shall, unless the contrary is proved, be deemed to be so executed.

MADE at Lagos this 7th day of October 1988.

GENERAL I. B. BABANGIDA,
President, Commander-in-Chief
of the Armed Forces,
Federal Republic of Nigeria

EXPLANATORY NOTE

(This note does not form part of the above Decree but is intended to explain its purport)

The Decree continues in being the Nigerian Export Promotion Council and confers on the Council the functions to—

(*a*) promote the development and diversification of Nigeria's export trade ;

(*b*) assist in promoting the development of export oriented industries in Nigeria ;

(*c*) actively promote the implementation of export policies and programmes of the Federal Military Government ;

(*d*) collect and disseminate information on products available for export ;

(*e*) collect and disseminate to local manufacturers and exporters information on foreign markets.

The Decree also repeals the Nigerian Export Promotion Council Act 1976, and transfers the assets and liabilities of the dissolved Council to the new Council which is now being headed by the Minister responsible for trade matters.

PUBLISHED BY AUTHORITY OF THE FEDERAL MILITARY GOVERNMENT OF NIGERIA AND PRINTED BY THE MINISTRY OF INFORMATION AND CULTURE, PRINTING DIVISION, LAGOS

APPENDICE II

NIGERIAN EXPORT PROMOTIONS COUNCIL (AMENDMENT) DECREE 1992

Decree No. 64

[19/11/92] Commencement.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:-

1.-(1) The Nigerian Export Promotions Council Act (in this Decree referred to as "the principal Act") is hereby amended as provided in this Decree. Amendment of Cap 306 LFN.

(2) For the existing section 2 of the principal Act there shall be substituted therefor a new section 2 as follows, that is - Amendment of section 2.

"Composition of the Board.

2.-(1) There shall be a governing Board of the Council (in this Act referred to as "the Board").

(2) The Board shall consist of a Chairman to be appointed by the President, Commander-in-Chief of the Armed Forces on the recommendation of the Minister and the following members -

(a) a representative each of the following Federal Ministries, that is to say -

(i) Foreign Affairs,

(ii) Commerce and Tourism;

(b) a representative of the Department of Customs and Excise;

(c) a representative each of the following associations, that is -

(i) the Nigerian Association of Chambers of Commerce, Industries, Mines and Agriculture,

(ii) the Manufacturers Association of Nigeria,

(iii) the Association of Nigerian Exporters,

(iv) the Farmers Association; and

(d) One person to be appointed by the Minister from the private sector who shall be a person possessing practical experience in industry, commerce, finance and export promotion; and

(e) the Executive Director of the Council.

(3) The appointments under paragraph (d) of subsection (2) of this section shall be made by the Minister on the recommendation of the appropriate association.".

Amendment of section 3.

3. For the existing section 3 of the principal Act there shall be substituted therefor a new section 3 as follows, that is -

"Tenure of office.

3.-(1) A member of the Board other than an *ex-officio* member shall, subject to the provisions of this Act, hold office for a period of four years from the date of his appointment as a member and shall be eligible for re-appointment for a further period of two years, thereafter, he shall no longer be eligible for re-appointment.

(2) Notwithstanding subsection (1) of this section, the President, Commander-in-Chief of the Armed Forces may on the recommendation of the Minister require any member of the Board to vacate his office if his continued membership will not be in the interest of the Council.

(3) Any member of the Board not being an *ex-officio* member may resign his appointment by a notice in writing under his hand addressed to the Minister.".

Amendment of section 5.

4. Section 5 of the principal Act is hereby amended by deleting the existing paragraph (d) thereof and substituting therefor, the following new paragraph (d), that is -

"(d) solicit for funds from sources other than its budgetary allocation and invest all or any of such funds;".

Amendment of section 6.

5. For the existing section 6 of the principal Act, there shall be substituted therefor, a new section 6 as follows, that is -

"Staff regulations.

6. The Council may make staff regulations relating generally to the conditions of service of the employees of the Council and without prejudice to the generality of the foregoing, such regulations may provide for -

(a) the appointment, promotion and disciplinary control of all employees of the

113

Council; and

(b) appeal by such employees against dismissal or other disciplinary measures,

and until such regulations are made, the regulations relating to the conditions of service of officers in the civil service of the Federation and the provisions of the Pensions Act shall be applicable with such modifications as may be necessary to the staff of the Council.".

Cap. 346 LFN

Amendment of section 7.

7. Section 7 of the principal Act is hereby amended by inserting immediately after the existing subsection (4) thereof, the following new subsection (5), that is -

"(5) There shall be appointed by the Board a Secretary who shall be a legal practitioner with not less than ten years post call experience.".

Deletion of section 8.

8. Section 8 of the principal Act is hereby deleted.

Amendment of section 10.

9. For the existing section 10 of the principal Act, there shall be substituted a new section 10 as follows, that is -

"Funds of the Council.

10.-(1) The Council shall establish and maintain a fund which shall be applied towards the attainment of the Council's objectives and from which shall be defrayed all expenditure incurred by the Council.

(2) There shall be paid and credited to the fund established pursuant to subsection (1) of this section -

(a) ten percent of levies on freight collected by the Nigerian Maritime Authority;

(b) such sums as may from time to time be granted to the Council by the Federal Military Government;

(c) all moneys raised for the purpose of the Council by way of gifts, grants-in-aid and income from investments; and

(d) all subscriptions, fees and charges for services rendered by the Council and all other sums as may accrue to the Council from any other source.".

Amendment of section 12.

10. For the existing section 12 of the principal Act, shall be substituted a new section 12 as follows, that is -

"Annual estimates accounts and audit.

12.-(1) The Board shall cause to be prepared not later than 30th June in each year, an estimate of the expenditure and income of the Council during the next year and when prepared they shall be submitted to the Minister.

(2) The Board shall cause to be kept, proper accounts and proper records in relation thereto and when certified by the Board such accounts shall be audited as provided in subsection (3) of this section.

(3) The accounts of the Council, shall be audited within six months after the end of the year, by an external auditor appointed from the list and in accordance with the guidelines supplied by the Auditor-General of the Federation.".

Amendment of section 14.

11. In section 14 of the principal Act, there shall be deleted therefrom the words "with the approval of the National Council of Ministers.".

Amendment of section 16.

12. For the existing section 16 of the principal Act, there shall be substituted a new section 16 as follows, that is -

"Interpretation.

12. In this Act, unless the context otherwise requires -

"Board" means the governing Board of the Council established by section 2(1) of this Act;

"Chairman"means the Chairman of the Board;

"Council" means the Nigerian Export Promotion Council established under section 1 of this Act;

"member" means any member of the Board including the Chairman; and

"Minister" means the Minister charged with the responsibility for matters relating to commerce;

Amendment of Schedule.

14. The Schedule to the principal Act is hereby amended as follows -

(a) in paragraph 1 -

(i) by deleting the word "Council" occurring in subparagraphs (1), (3), (4), (5), and (8) and substituting therefor the word "Board";

(ii) by substituting for the existing subparagraph (7) thereof a new subparagraph (7) as follows, that is -

"(7) The Chairman shall preside at every meeting of the Board but in his absence, the members present shall elect one of their numbers present to preside at the meeting.";

(b) in paragraph 2 by deleting the word "Council" occurring in subparagraphs (1) and (2) and substituting therefor, the word "Board";

(c) in paragraph 3 -

(i) by deleting the word "Council" where it last occurs in subparagraph(1) thereof and substituting therefor, the word "Board";

(ii) by deleting the existing subparagraph (2) thereof, and substituting new subparagraphs (2) and (3) as follows, that is -

"(2) A member of the Board who -

(a) is either directly or indirectly interested in any company or enterprise the affairs of which are being deliberated upon by the Board; or

(b) has a personal interest in any contract made or proposed to be made by the Board,

shall as soon as possible after the relevant facts have come to his knowledge disclose the nature of his interest at a meeting of the Board.

(3) Every disclosure in subparagraph (2) shall be recorded in the minutes of the meeting of the Board and the member concerned shall -

(a) not take part after such disclosure in any deliberation or decision of the Board with regard to the subject matter in respect of which his interest is thus disclosed; and

(b) be excluded for the purpose of constituting a quorum of the Board for any such deliberation or decision.".

(d) in paragraph 4 by deleting the word "Council" in line 3 of subparagraphs (1) and (2) thereof and substituting therefor the word "Board.".

15. This Decree may be cited as the Nigerian Export Promotions Council Amendment Decree 1992. Citation.

MADE at Abuja this 19 day of November 1992

General I. B. Babangida
President, Commander-in-Chief
of the Armed Forces,
Federal Republic of Nigeria.

EXPORT (INCENTIVES AND MISCELLANEOUS PROVISIONS) DECREE 1986

Decree No. 18

[11*th July* 1986] Commencement.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows :—

PART I—EXPORT INCENTIVES

Retention of certain percentage of export proceeds in foreign currency.

1.—(1) Notwithstanding the provisions of section 1 (1) of the Foreign Currency (Domiciliary Accounts) Decree 1985, each Nigerian exporter may retain twenty-five *per cent* or any percentage that may be prescribed from time to time by the Federal Military Government of his export proceeds in foreign currency in his bank account in Nigeria.

(2) The percentage of foreign currency retained pursuant to subsection (1) of this section shall be effected as soon as the foreign exchange earned on the export sales is received in Nigeria.

(3) The foreign currency retained pursuant to subsection (1) of this section is to enable the exporter to have at his disposal foreign exchange funds to pay for the following export-related activities, that is—

(*a*) services of his agents residing abroad ;

(*b*) travelling out at short notice to conclude export contracts ;

(*c*) defraying costs arising from—

(*i*) short landing ;

(*ii*) quality determination (including deterioration) ;

(4) The Central Bank of Nigeria may, from time to time, add to export-related activities for which the provisions of subsection (3) of this section may be utilised by an exporter.

(5) The Nigerian Export Promotion Council in consultation with the Central Bank of Nigeria, shall, from time to time, issue guidelines and directives on the operation of foreign currency retention permitted by subsection (1) of this section.

Incentive to manufacturing exporters.

2.—(1) Manufacturers who purchase commodities at prices fixed by the Government for the production of export products shall be allowed to do so at the prevailing world market prices at the maximum.

(2) The cost implication of this incentive shall be absorbed by the Export Adjustment Scheme Fund established pursuant to section 6 of this Decree.

Exportation of goods and commodities.

3.—(1) As from the commencement of this Decree, all raw or unprocessed commodities, whether mineral or agricultural, shall be exportable on the production of export licence issued by the Export Licensing Authority.

(2) Subject to subsection (1) of this section, all other products shall be exportable without the production of export licence : provided that all existing foreign exchange and other similar regulations are compiled with.

(3) Any export licence issued pursuant to subsection (1) of this section shall be valid for one year or for such period as may be stated on the licence by the Export Licensing Authority.

1981 No. 2. (4) Sections 4 (1), 4 (3), 5 and Schedules 6 and 8 to the Finance Act 1981 are hereby repealed.

1977 No. 29. (5) The monopoly of exportation of commodities granted to the Commodity Boards pursuant to the Commodity Boards Act 1977 is hereby cancelled.

(6) In this Decree "Export Licensing Authority" means such person or persons amongst the officers of the Federal Ministry of Trade as may be designated by the Minister by notification in the *Gazette* or such person or persons as the Minister may by notification in the *Gazette* designate in that behalf.

PART II—ESTABLISHMENT OF FUNDS

A—*Export Development Fund*

Establishment, etc. of Export Development Fund.

4.—(1) There is hereby established a fund to be known as the Export Development Fund (hereinafter referred to as "the Development Fund").

(2) The Development Fund shall consist of such money as the Federal Military Government may, from time to time, pay into Development Fund and contributions made to the Development Fund by private sector exporters.

(3) The Development Fund shall be used to provide financial assistance to private sector exporting companies to cover part of their initial expenses in respect of export promotion activities, that is—

(*a*) participation in training courses, symposia, seminars and workshops in all aspects of export promotion ;

(*b*) advertising and publicity campaigns in foreign markets ;

(*c*) export market research and studies ;

(*d*) product design and consultancy ;

(*e*) participation in trade missions, buyer-oriented activities, overseas trade fairs, exhibitions and stores promotion ;

(*f*) cost of collecting trade information ;

(*g*) organisation of joint export groups and mutual export guarantee associations;

(*h*) backing up the development of export oriented industries.

(4) The Trustees of the Development Fund shall consist of—

(*a*) a representative of the Nigerian Export Promotion Council as Chairman ;

(*b*) a representative of the Federal Ministry of Finance ;

(*c*) a representative of the Federal Ministry of Trade ;

(*d*) a representative of the Federal Ministry of Industries ;

(*e*) a representative of the Federal Ministry of National Planning ;

(*f*) a representative of Manufacturers Association of Nigeria ;

(*g*) a representative of the Nigerian Association of Chambers of Commerce, Industries, Mines and Agriculture.

(5) It shall be the duty of the Trustees of the Development Fund—

(*a*) to oversee the Development Fund by approving the annual budget including proposals for investments ;

(*b*) to determine the use of incomes and profits accruing from investment ;

(*c*) to cover the cost of official involvement of the Nigerian Export Promotion Council in the activities of the Development Fund.

(6) It shall be the duty of the Nigerian Export Promotion Council—

(*a*) to recommend applications for financial assistance for the approval of the Exchange Control Department of the Central Bank of Nigeria ;

(*b*) to disburse the sum approved by the Central Bank of Nigeria ;

(*c*) to be responsible for the day to day running of the Development Fund through a special unit maintained by the Development Fund ; and

(*d*) to issue guidelines for the operation of the Development Fund.

B—Export Expansion Grant Fund

Establishment, etc. of Export Expansion Fund

5.—(1) There is hereby established a fund to be known as the Export Expansion Grant Fund (hereinafter referred to as "the Expansion Fund").

(2) The Expansion Fund shall be used to provide cash inducement for exporters who have exported a minimum of ₦50,000 worth of semi-manufactured or manufactured products to enable them—

(*a*) increase the volume of export ;

(*b*) diversify export products and market coverage.

(3) The Expansion Fund shall be made available only to exporters who produce evidence of exporting with the proceeds paid into the foreign account of the Central Bank of Nigeria: provided that if there are divergencies between the contents of the documents on the exports in the exporter's bank as against those of the Central Bank of Nigeria : the Nigerian Export Promotion Council shall rely on figures in the documents of the Central Bank of Nigeria.

(4) The Nigerian Export Promotion Council shall be responsible for the day to day administration of the Expansion Fund established pursuant to subsection (1) of this section.

(5) The Nigerian Export Promotion Council shall issue from time to time guidelines for the effective administration of the Expansion Fund.

(6) The Minister charged with responsibility for trade may make rules or regulations for the effective administration of the Expansion Fund established pursuant to subsection (1) of this section.

C—Export Adjustment Scheme Fund

Establishment, etc. of Export Adjustment Scheme Fund.

6.—(1) There is hereby established a fund to be known as the Export Adjustment Scheme Fund (hereinafter referred to as the "Adjustment Fund").

(2) The Adjustment Fund shall serve as a supplementary export subsidy, or as an additional fund for dealing with—

(*a*) high costs of production arising mainly from infrastructural deficiencies ;

(*b*) other factors beyond the control of the exporter.

(3) The Nigerian Export Promotion Council shall be responsible for the day to day administration of the Adjustment Fund established pursuant to subsection (1) of this section.

(4) Exporters wishing to benefit from the Adjustment Fund shall supply to the Nigerian Export Promotion Council accurate information on the costs of their export activities.

(5) The Nigerian Export Promotion Council shall issue from time to time guidelines for the effective administration of the Adjustment Fund.

(6) A Committee comprising a representative each of—

(*a*) the Productivity, Prices and Incomes Board ;

(*b*) the Prices Intelligence Unit of the Federal Ministry of Trade ;

(*c*) the Nigerian Export Promotion Council ;

(*d*) the Department of Customs and Excise,

shall oversee the administration of the Adjustment Fund.

PART III—MISCELLANEOUS AMENDMENTS

A—*Central Bank of Nigeria Act* (*Cap* 30)

Amendment of the Central Bank of Nigeria Act 1967 No. 55.

7. Paragraph (*e*) of section 29 (1) of the Central Bank of Nigeria Act as amended by the Central Bank of Nigeria (Amendment) Act 1967 is hereby amended as follows—

"(*e*) purchase, sell, discount or rediscount inland bills of exchange and promissory notes bearing two or more signatures, drawn or issued for the purpose of financing seasonal agricultural operations, semi-manufacturing or manufacturing operations designed for export or the marketing of those products and maturing within hundred and eighty days excluding days of grace, from date of acquisition ;".

B—*Customs and Excise Management Act* 1958 (*No.* 55)

Adjustment of payment on drawback of on subsequent importation 1958 No. 55.

8. Immediately after subsection (3) of section 121 of the Customs and Excise Management Act 1958, there shall be inserted the following new subsections, that is—

"(4) Any payment due to an exporter pursuant to the provisions of subsection (1) of this section shall be effected by adjustment on subsequent importation.

(5) Manufacturing exporters wishing to benefit from duty draw back shall furnish accurate information on their export productions to the Nigerian Export Promotion Council.

(6) There shall be established a Duty Draw-back Committee consisting of the following members, that is—

(*a*) a representative of the Federal Ministry of Finance ;

(*b*) a representative of the Department of Customs and Excise ;

(*c*) a representative of the Nigerian Export Promotion Council.

(7) It shall be the duty of the Committee established under subsection (6) of this section to fix the unit or rate of duty draw-back for each export product and to publish in the *Gazette* the unit or rate of duty draw-back on each export product.

(8) An exporter shall on an application to the Committee established pursuant to subsection (6) of this section, be entitled to a 50 *per cent* reimbursement on import duties, levies, surcharges or export duties paid in respect of all imports including raw materials, components and packaging materials used in export production.

(9) An exporter shall on application to the Committee established pursuant to subsection (6) of this section, be entitled to a 50 *per cent* reimbursement on excise duties paid in respect of all export products and components of export products."

C—*Industrial Development (Income Tax Relief) Act* 1971 (*No.* 22)

Application of provisions of 1971 No. 22 to export oriented industries.

9.—(1) The provisions of the Industrial Development (Income Tax Relief) Act 1971 with respect to pioneer status shall apply to any manufacturing exporter who exports at least 50 *per cent* of his annual turnover.

(2) Applications for the declaration of an export-oriented industry to be a pioneer industry shall be directed to the Nigerian Export Promotion Council for processing.

(3) It shall be the duty of the Nigerian Export Promotion Council to screen all applications and submit recommendations thereon for the approval of the Minister charged with responsibility for industries.

D—*Companies Income Tax Act* 197 (*No.* 28)

Amendment of 1979 No. 28, 1985 No. 4.

10.—(1) Sub-paragraph (7) of paragraph 24 of Schedule 2 to the Companies Income Tax Act 1979 as amended by the Finance (Miscellaneous Provisions) Decree 1985 shall be amended as follows :—

(*a*) existing sub-paragraph shall be re-numbered as sub-paragraph (7) (*a*) ;

(*b*) a new sub-paragraph (*b*) shall be inserted as follows—

"(*b*) An additional annual depreciation allowance of 5 *per cent* on plants and machinery shall be granted to manufacturing exporters who export at least 50 *per cent* of their annual turnover."

(2) In sub-paragraph (8) thereof immediately after the definition of "company in agro-allied industry" there shall be added a new definition as follows :—

"a manufacturing exporter" is a manufacturer who exports at least 50 *per cent* of his annual turnover : provided that the product has at least 40 *per cent* local raw materials content or 35 *per cent* value added."

(3) Interest accruing from loans granted by banks in aid of export activities shall be exempted from tax subject to Table I of Schedule 3 to the Companies Income Tax Act 1979 which stipulates the percentage of tax exemption on interest on foreign loans.

PART IV—MISCELLANEOUS PROVISIONS

Interpretation.

11. In this Decree, unless the context otherwise requires—

"exportable products" means any product of Nigerian origin with at least 35 *per cent* value added or 40 *per cent* local raw materials content ;

"manufacturing exporter" means a manufacturer who exports at least 50 *per cent* of his annual turnover provided that the product has at least 40 *per cent* local raw materials content or 35 *per cent* value added ;

"Minister" means the Minister charged with responsibility for trade matters.

Citation.

12. This Decree may be cited as the Export (Incentives and Miscellaneous Provisions) Decree 1986.

MADE at Lagos this 11th day of July 1986.

MAJOR-GENERAL I. B. BABANGIDA,
President, Commander-in-Chief
of the Armed Forces,
Federal Republic of Nigeria

EXPLANATORY NOTE

(This note does not form part of the above Decree but is intended to explain its purport)

The Decree, amongst other things, provides incentives to manufacturing exporters of exportable products.

PUBLISHED BY AUTHORITY OF THE FEDERAL MILITARY GOVERNMENT OF NIGERIA AND PRINTED BY THE MINISTRY OF INFORMATION AND CULTURE, PRINTING DIVISION, LAGOS

EXPORT (INCENTIVES AND MISCELLANEOUS PROVISIONS) (AMENDMENT) DECREE 1992

Decree No. 65.

[19th November 1992]

Commencement

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:-

1. The Export (Incentives and Miscellaneous Provisions) Act in this Decree referred to as "the principal Act") is hereby amended as provided in this Decree.

Amendment Cap. 118 LF

2. For the existing section 1 of the principal Act there shall be substituted the following new section 1, that is -

Amendment section 1.

"Retention of export proceeds in foreign currency.

1.-(1) Notwithstanding the provisions of any enactment to the contrary, a Nigerian exporter may retain all his export proceeds in foreign currency in his bank account in Nigeria.

(2) The foreign currency retained pursuant to subsection (1) of this section shall be effected as soon as the foreign exchange earned on the export sales is received in Nigeria.

(3) The foreign currency retained pursuant to subsection (1) of this section shall be for the purpose of enabling the exporter have at his disposal, foreign currencies to pay for such export related activities as may be prescribed by regulations made by the Nigerian Export Promotion Council in consultation with the Central Bank of Nigeria.".

3. For the existing section 2 of the principal Act there shall be substituted the following new section 2 that is -

Amendment of section 2.

"Administration of incentives.

2. The Nigerian Export Promotion Council shall to the exclusion of any other Government body or authority be charged with responsibilities for administering the incentives contained in this Decree.".

Amendment of section 3.

4. Section 3 of the principal Act is hereby amended as follows, that is -

(a) by substituting for the existing subsections (1) and (2) thereof the following new subsections (1) and (2), that is

"Exportation of raw and unprocessed goods and commodities

3.-(1) As from the commencement of this Act all raw or unprocessed commodities whether mineral or agricultural shall be exportable on the payment of a levy as may be prescribed from time to time by order by the Nigerian Export Promotion Council.

(2) Subject to subsection (1) of this section, all exports from Nigeria shall be exportable without the production of export licence provided all existing foreign exchange regulations are complied with.".; and

(b) by deleting subsections (3) and (6) thereof and renumbering the existing subsections (4) and (5) as new subsections (3) and (4).

Amendment of section 5.

5. Section 5 of the principal Act is hereby amended as follows, that is -

(a) by deleting the existing subsection (2) thereof and substituting therefor a new subsection (2) as follows, that is -

"(2) The Expansion Fund shall be used to provide cash inducement for exporters who qualify to benefit from the Expansion Fund based on the value of their semi manufactured or manufactured products as prescribed by order from time to time made by the Nigerian Export Promotion Council to enable the exporters -

(b) increase their volume and value of exports; and

(c) diversify export products and coverage.".

Amendment of section 6.

6. Section 6 of the principal Act is hereby amended by deleting therefrom the existing subsection (6)

Insertion of new sections.

7. Immediately after the existing section 6 of the principal Act there shall be inserted the following new sections, that is -

"Participation in Schemes

6A. An exporter wishing to benefit from Duty Drawback, Duty Suspension or Manufacture-in-Bond scheme shall direct his application for participation in [illegible] to the Nigerian Export Promotion Council.

6B. The Nigerian Export Promotion Council shall to the exclusion of any Government body or authority after consultation with the Duty Draw-back Committee established under section 6C of this Act be charged with the responsibility for the due administration of the schemes.

Administration of Schemes.

6C.-(1) There shall be established a Duty Draw-back Committee (in this Act referred to "the Committee") which shall advise the Nigerian Export Promotion Council on the formulation of regulations for the efficient operation and administration of the Duty Draw-back, Duty Suspension and Manufacture in Bond Scheme.

Establishment of Duty Draw-back Committ

(2) The Committee shall consist of a representative each of -

(a) the Nigerian Export Promotion Council;

(b) the Standard Organisation of Nigeria;

(c) the Central Bank of Nigeria;

(d) the Bankers' Committee;

(e) the Federal Ministry of Commerce and Tourism;

(f) the Federal Ministry of Finance;

(g) the Manufacturers Association of Nigeria; and

(h) the Department of Customs and Excise.

(3) Without prejudice to the provisions of subsection (1) of this section, it shall be the duty of the Committee -

(a) to fix the unit or rate of duty draw-back for each export product,

(b) to fix the rate of reimbursement of import duties, levies, surcharges or export duties paid in respect of all imports including raw materials, components and

packaging materials used in export production;

(c) to fix the rate of reimbursement on excise duties paid in respect of all export products and components of export products;

(d) to grant to the exclusion of any other Government body or authority, to qualified exporters benefits and entitlement in respect of the suspension or refund of import duties, levies, surcharges and export duties payable or paid in respect of all imports including raw materials, components and packaging materials used in export production or excise duties payable or paid in respect of all export products and components of export products.

Specification of rates, etc.

6D. The Nigerian Export Promotions Council may by Order prescribe such rates, entitlements and benefits as may be granted pursuant to the provisions of this Act.

Application of Cap. 179 LFN to export oriented industries.

6E. The provisions of the Industrial Development (Income Tax Relief) Act with respect to pioneer station shall apply to any manufacturing exporter who exports at least 50 percent of his annual turnover.

(2) Application for the declaration of an export [illegible] shall be directed to the Nigerian Export Promotion Council for processing and it shall be the duty of the Nigerian Export Promotion Council to screen all applications and submit recommendations thereon for the approval of the Minister charged with the responsibility for Industries.".

Amendment of section 7.

8. For the existing section 7 of the principal Act there shall be substituted the following new section 7, that is -

"Interpretation.

7. In this Act unless the context otherwise requires -

"exportable products" means any product of Nigerian origin;

"manufacturing exporter" means a manufacturer who manufactures and adds value to its products and exports at least 50 percent of its annual turnover.".

9. This Decree may be cited as the Export (Incentives and Miscellaneous Provisions) (Amendment) Decree 1992. Citation.

MADE at Abuja this 19th day of November 1992

GENERAL I. B. BABANGIDA,
President, Commander-in-Chief of the Armed Forces, Federal Republic of Nigeria.

C H A P T E R T H R E E

THE NIGERIA EXPORT PROMOTION COUNCIL (NEPC) AN OVERVIEW

3.1 INTRODUCTION

The Nigerian Export Promotion Council (NEPC) is one of the parastatals under the supervision of the Federal Ministry of Commerce and Tourism. The council was established by Decree No. 26 of 1976 for the promotion of non-oil exports. Between 1976 and 1985, concious effort was made by the council to create export awareness, mobilise and motivate Nigerian manufacturing exporters and export agents to produce for export markets.

However, the present Military Administration on taking over the helm of affairs in 1985, went ahead to revamp and re-structure the Nigerian economy through the Structural Adjustment Programme (SAP) introduced in 1986. The programme which has trade liberalization and development of non-oil export as its corner stone led to the promulgation of Decree 41 of 1988, which amended Decree 26 of 1976 and re-organised the council to make it more functional and responsive to modern concept of export promotion.

3.2. AIMS AND OBJECTIVES OF THE NEPC

The Nigerian Export Promotion Council had been established for the purpose of achieving the following aims and objectives.

(a) Spearhead the national effort in export development and promotion by generaling ideas, suggestions and measures designed to advance the course of Nigeria's export trade.

(b) Advise and assist the government in the identification of export-oriented industries to help to stimulate the growth of non-traditional (value-added) exports from Nigeria.

(c) Assist the government in the creation of the necessary export infrastructures such as export-financing facilities, export incentives, trade information service and other trade promotional activities.

(d) Promote the implementation of export policies/programmes of the government.

3.3 FUNCTIONS OF THE COUNCIL

The Nigerian Export Promotion Council Decree of 1988 now amended by Decree No. 65 of 1992 has provided the following as the major functions of the council:-

(a) Collect and disseminate information on products available for exports.

(b) Collect and diseminate to local manufacturers and exporters information on foreign markets;

(c) Provide technical assistance to local exporters in such areas as export procedure and documentation, transporat-ation, financing marketing techniques, quality control, export packaging, costing and price, publicity and in other similar areas.

(d) Maintain adequate and effective representation in other countries.

(e) Provide, directly or jointly with training institutions, training for its staff and assist with the manpower development of the export community in Nigeria;

(f) Organise the participation of Nigeria in trade fairs and exhibitions in other countries.

(g) Administer grants and other benefits related to export promotion and development;

(h) Undertake studies of the current economic conditions with special attention to the export sector with a view t to advising government on necessary policies and measures;

(i) Co-operate with other institutions on matters relating to export financing, export incentives and specialised services to exporters;

(j) Establish specific trade promotion facilities in Nigeria and in other countries including the establishment of permanent showrooms at important commercial centres in other countries.

(k) Engage in export promotion publicity;

(l) Pursue the simplification and streamlining of export procedure and documentation on continuous basis

(m) Provide services to trade delegations on matters relating to export;

(n) Perform each other function as may be conducive to the achievement of the objectives of the Decree.

3.4 **POWERS OF THE COUNCIL**

Also stipulated in the 1988 Decree No. 41 are the powers conferred on the council by the Federal government. These powers included;-

(a) Receive within Nigeria or elsewhere, any trade marks, licenses, protections or concessions relating to export;

(b) Subject to the land use Act 1978, acquire, by purchase or lease, any kinded property required for its functions under the Decree;

(c) Invest in any activity which would facilitate the development or promotion of exports.

(d) Solicit with the approval of the minister for funds from sources other than its normal budgetary sources;

(e) Execrise disciplinary control (including dismissal) over its employees.

3.5. **ACTIVITIES/DEVELOPMENTS IN THE NEPC FROM 1985 TO 1992**

After the re-organisation, and with priority status accorded it by the government, the council has been playing its role in the implemenetion of its functional responsibilties as spelt out in the NEPC Decree.

The major activities of the NEPC from 1985 to 1992 will now follow:

(A) EXPORT MARKET AND PRODUCT DEVELOPMENT

1. EXPORT MARKET DEVELOPMENT EFFORT

During the period under review, 1985 - 1992, the council through its product and market Development Department, has initiated several programmes and projects aimed at the development of export market for Made-In-Nigeria Products in different regions of the world as well as facilitating the diversification and strengthening of the supply base of these products from Nigeria. The council has decided to stratigically focus it activities on core markets of ECOWAS, SOUTH AFRICA and the frontlime states, the European community and the emerging Eastern European markets in order to maximise total forex earning.

However, the export market development effort were actualised through the following strategies;

(a) FIELD MARKET RESEARCH AND COMMISSIONED STUDIES

Field market research in target markets were conducted by Trade Commissioners and commercial attaches in Nigeria's overseas Trade Centres and commercial Desks located in Abidjam, brussels, London, New York, Jeddah, Gene a, Warsaw and Taipei of late other export market researches and studies commissioned and completed during the period are as follows:-

(i) Market survey of Nigerian Product in the middle East (Saudi Arabia, Kuwait, Abu Dhabi and Dubai) 1985.

(ii) Market Research and Test Marketing in Brazil for Nigerias phonographic records, African Paints, Nigerian made wire, and processed instant Yam flour, 1985.

(iii) Market survey of Australia on cocoa and cocoa-based products, 1985.

(iv) Export Development and promotion study. Report is in two volumes 1 and 2 1986 and 1987.

(v) Contact promotion programme for Nigeria products in cameroun and Gabon 1987.

(vi) Market survey for Nigerian raw and processed leather and leather products in Europe covering Norway, Sweden, Finland and Denmark 1988.

(vii) Up date of the Export Development and promotion study 1989.

(viii) Textile and other products in the USA, North Amercia West Indies, 1990.

(ix) Contact promotion programme on Nigerian Leather to the far East market, 1991.

(x) Trade Development Institute - Trade Development programme Document, 1991.

(xi) Prospects of Nigerian Textiles in Germany, 1992.

(b) EXPORT EDUCATION AND ENLIGHTENMENT

To creat an enduring export culture awareness, education and enlightenment in the country, the council during the period under review has been organising seminars, conferences and symposia on tropical issues in various parts of the country such as:

- Export costing and pricing

- Packaging for export
- Export quality control
- Trade Procedures, Documentation
- Nigerian Export Incentives
- Entering the West African Market
- Workshop on the production of cassava chips for the export market.
- ECOWAS Trade Liberalisation Scheme
- Solid minerals mining and processing for export
- Developing export potential of the Federal Capital Territory and its environs etc
- Strategic Management of small scale industries
- Seminar for the secretaries of state export promotion committees in various states of the country
- Quality improvment of wooden furniture in collaboration with Japan External Trade Organisation (JEIRO)
- Increase of procurement from Nigeria by the United Nations in collaboration with UNDP.

The council through co-operation with the organised private sector (OPS) and some government agencies and its standing committees, such as National Association of Chamber of Commerce, Industry, Mines and Agriculture (NACCIMA), Manufacturers Assocaition of Nigeria (MAN) Association of Nigerian Exporters (ANE) , Nigerian Association of Small Scale Industrialists (NASSI) farmer council, Export consultative forum Nigeria Export Credit Guarantee and Insurance corporation (NEXIM), State committee on Export Promotion etc has also been extending export awareness to various sectors and to the grass root level.

2. **PRODUCT DEVELOPMENT EFFORT**

In the area of product development, the council has undertaken some product development studies within the period under review. These are listed below (Nigerian companies with export polentials have been identified while new ones are added and the list up-dated from year to year)

(a) "Nigeria: Non-oil export products", 1982

(b) "Long Rangs Programme for Development and Promotion of Manufactured Products from Nigera" 1985

(c) "Study/Research on Nigeria's Export Potential" 1990.

(e) "Survey of Agricultural commodities in Nigeria" 1992 (on-going)

In line with some of the recommendations made in some of these product development studies, the council has pursued product diversification drive. This has resulted in an increase in the range of products currently exported from the country. For example, apart from the traditional exports of food and live animals, beverages, tobacco, oil and fats, the new export products are:-

- Chemicals and related products - U.K. and Denmark
- Exotic fruits (Pineapples, Mangoes, Coconut) UK, Saudi Arabia, and ECOWAS
- Natural Honey (Saudi Arabia)
- Manufactured goods (detergents, soap and cosmetics) ECOWAS
- Transport equipment, Cars, Bicycles, Autoparts and wheel Barrows (ecowas, JAPAN)
- Plastic PVC shoes and sandals (ECOWAS, UK)
- Textiles prints and textured yarn (AFRICA, PORTUGAL AND SPAIN)
- Leather decorative items (ECOWAS)
- Lager beer (GULDER AND STAR) UK AND ECOWAS

"In addition to the council's efforts at ensuring the development of the widest possible export market coverage and products, the immediate strategy for 1992 and beyond would be to collaborate with theEEC assistance programme under the Lome IV convention and focus attention on the following product groups for which Nigeria seem to have comparative advantages:-

(a) Textile products
(b) Leather and Leather products
(c) Wood products
(d) Cosmetic and hair preparations
(e) Plastic products
(f) Glass products and
(h) Automative components and spares.

This will be done in close co-operation with the organised private sector" (Dr. S. A. Ingawa Director Product and Market Development Department. NEPC ABUJA).

3. TRADE FAIRS AND EXHIBITIONS

One of the veritable instruments for promoting export is through Trade fairs and exhibitions. In pursuance of the council's objective in identifying companies and products for the export market, the council in collaboration with the Federal Ministry of Commerce and Tourism, and various Chambers of Commerce and Industry, has been participating in local agricultural Trade Fairs organised in different locations in Nigeria; as well as in the regular three International Trade Fairs viz:-

(a) Lagos International Trade Fair
(b) Kaduna International Trade Fair
(c) Eungu International Trade Fair

The participation of these fairs afforded the council the opporunity to see and examine made-in-Nigeria products on display and discussions held with the manufacturers of these products found suitable for the export market.

On the International scene and in accordance with the provisions of NEPC Decree 41, The council started in 1989 to organise and participate in International Trade Fairs and Solo Exhibitions. Apart from the awareness and publicity created for made-in-Nigeria products in the various target markets where the exhibitions and Trade Fairs have been held, the fairs and exhibitions have continued to offer Nigerian exporters excellent opportunities to show what they can offer, make contacts, asses their competitors and learn about markets quickly as well as to contact orders. A total of about forty-one International trade fairs and sole Exhibitions have been organised by the council during the period under review. About four hundred Companies were sponsored on these fair and exhibitions."Some of these Companies generated some orders worth about one hundred and six million US dollars, as well as entering into viable business agreement like establishment of subsidiary companies abroad, for the manufacture of their products in Namibia, Cote d'Ivoire, Ghana and Republic of Benin e.g.

(i) Kaduna (Nig) Ltd struck a joint venture agreement to establish a subsidiary body - care cosemtic products with 40% share ownership in Namibia. The NEXIM through NEPC intervention agreed to finance the investment and the factory was commissioned in January, 1992.

EXPORT EXPANSION GRANT - During the period under review, increased applications for the Export Expansion Grant have continued to be received by the council. Applications were processed and payment made to the beneficiaries as shown on Table 3-1 below.

TALBE 3 - 1

DISBURSEMENT OF EEG

YEAR	NUMBER OF COMPANIES	AMOUNT PAID (₦'Million)
#1985	-	-
#1986	-	-
#1987	-	-
#1988	-	-
1989	8	1.743
1990	21	2.620
1991	36	3.802
*1992	67	11.017

The Scheme started functioning in 1988
* January to September 1992 only
SOURCE: NEPC ABUJA.

DUTY DRAWBACK - In 1986, th DCD was consituted with the Secretariat in the council. The committee considered the World Bank proposals for detailed design of DDS in Nigeria and drew up the "Guidelines" for its operation which was submitted to the government. The Secretariat in addition to DDS also deals with matters relating to DDS and MIBS. The DDS has witnessed some improvements and increased beneficiaries as shown in Table 3-2 below:

TABLE 3 - 2

DISBURSEMENT OF DD

YEAR	NO. OF COMPANIES	AMOUNT REFUNDED(₦'Million)
1985*	-	-
1986*	-	-
1987*	-	-
1988	6	0.6
1989	3	1.4
1990	16	2.8
1991	78	19.9
1992 +	8	4.4

* The Scheme became operational in 1988
+ January to September only.

TRADE INFORMATION - As a strategy to publicise and promote export of non-oil commodities, stickers with a slogan "Export NOW FOR SURVIVAL" ... "The shortest route to Nigeria's economic recovery" were produced and circulated all over the country as well as attractive signboards mounted in strategic entry locations to most state capitals in the country. In another way the council had on various occasions organised symposia, seminars and conferences on non-oil exports and issues akin to it. Within the period under review, the council has intensified efforts towards sensitizing export drive in each state, thereby making each state a viable export base. To this end, the establishment of state committee on Export Promotion in each state in line with the Provisions of the Decree No. 41 of 1988 was given utmost prominence. "All the former 21 states now have a state committee on Export Promotion. Efforts are being made to see that newly created nine states inaugurate their own state committee as soon as possible" (dr B. St. Matthew - Daniel).

PUBLICATIONS - The following documents were published between 1987 and 1988 for general information and education of exporters and potential exporters:-

(a) Nigeiran Exporters Directory 1990/91
(b) Exporting from Nigeria - A complete guide
(c) Export News Bulletin
(d) Guidelines on Duty Drawback
(e) Guidelines on Export Development fund
(f) Report on Coco Trade in Nigeria
(g) Report on the Conference on Rubber and Wood products.
(h) World Commodity Market Prices

In 1991 the following Publications were produced:-

(a) Trade Tariffs in ECOWAS
(b) Export Incentives in Nigeria
(c) First National Workshop on Ginger
(d) Export News Bulletin 2nd Edition.

Upon the examination of the activities of the NEPC from 1985 to 1992 it was noted that the council has been doing a lot in an attempt to meet up the desired objectives for which it was established. The study would also in the next Chapter examine the role of some financial Institutions in the promotion of non-oil exports in Nigeria.

CHAPTER FOUR

THE ROLE OF FINANCIAL INSTITUTIONS IN NON-OIL EXPORT PROMOTION-THE CASE OF SAVANNAH BANK OF NIGERIA PLC AND THE NIGERIAN EXPORT-IMPORT BANK (NEXIM)

4.1 INTRODUCTION

The role of the financial institutions in the promotion of non-oil export in Nigeria cannot be over emphasised. This fact is better appreciated when it is realized that vivtually all the export promotion policies and incentives mentioned earlier would be difficult if not impossible to implement without the active participation of the country's financial institions, be they banks, insurance companies, investment houses or stock-brokers.

The financial institutions have already been supporting not just those who produce exportable items but also the producers of the raw materials which feed the processing industries. Apart from the Provision of money and credit to qualifying exporters, it is on record that virtually most commercial and merchant banks in the country have set up export departments and trade promotion units to support government's export promotion measures. Through these avenues, they have been able to monitor trade developments in various parts of the world, therby enhancing their capacity to profer export advice to the growing number of individuals and corporate bodies engaged in the business of non-oil exports.

Banks also do sponsor and participate in overseas trade exhibitions, create export awareness through seminars,courses and workshops, assist with local and overseas documentation for exports, provide information on product packaging, design and quality and on health standards in target markets. They can through their worldwide contacts, afficiates and correspondents, help the Nigerian exporter in locating and exploring external markets. They can provide useful information on economic, political, financial and regulatory environment of the potential markets. They can also advise the domestic exporters as to how to penetrate the markets while at the same time minimising their risks.

Banks can also for a fee, undertake credit checks and status enquiry on potential export customers as well as status enquiry from overseas buyers. A number of services are available worldwide and the Banks, incollaboration with NEPC can match overseas enquiries with the available supply sources in Nigeria and not the buyer and the exporter in touch with each other. There is no doubt that the private sector requires the assistance and co-operation of the banks to enable them carry out non-oil export business without much problems.

It is against this background therefore that SBN export promotion efforts and those if the NEXIM will be examined in this cahpter. Also to be examined are; Export procedures and Documentation and financing.

4.2 SAVANNAH BANK OF NIGERIA PLC - AN OVER VIEW

Savannah Bank of Nigeria Plc formerly Bank of America NT & SA was opened in Lagos in 1960 in Pursuance of the Parent Bank's (far away in the U.S) policies of establishing branch banks outside the U.S. In 1969 the bank was incorporated in Nigeria under the companies Act 1968 as Bank of America Nigeria Limited and then became domicied in Nigeria as a wholly owmed subsidiary of Bank of America NT & SA.

In 1976, the Bank adopted its present name Savannah Bank of Nigeria Limited following the acquisition of 60% of its share capital by the Ministry of Finance incorporated on behalf of the federal Government. In 1982, 5.8% of the Bank's issued capital was alloted to Nigerian staff of the Bank, thereby reducing the shareholdings of the Federal Government and Bank of America NT & SA to 59.3% and 34.9% respectively. In 1985 the Bank increased its share capital and offered its shares for sale to members of the public having 18.5%, thereby reducing the shareholdings of the Federal Government to 51.3% and Bank of America NT & SA to 30.2%. The Bank's shares are now quoted on the stock Exchange as a public Limited Liability Company. Furthermore in 1989 Bank of America NT & SA released some of its shareholdings to the lebanese-African Finance and Trading Company (Holding) SA. Thus as at March, 1992 the shareholding structure of the Bank is as given below:-

	NO OF SHARES HELD	%
1. Federal Ministry of Finance Incorporated	53,789.062	51.34
2. Nigeria Citizens - Public	14,453,889	13.80
- Staff	4,882,050	4.66
3. Bank of America NT & SA	7,333,594	7.00
4. Lebanese-African Finance and Trading Company (Holding) SA	24,307,030	23.20
	104,765,625	100.00

However, recent developments leading to the divestment of Federal Governments equity holdings in the Bank in line with its Privatisation and commercial Programme will change the shareholding structure with the government holding no interest in the bank. Operationally, the Bank has a network of branches spread all over the country, mobilising savings and providing vital financial services to its numerous customers. The branch network of the Bank has grown from the initial single office in Lagos to eighty branches throughout the country. In line with the expansion programme of the Bank and in support of the Federal Government's rural banking policy, the Bank maintains its presence in the urban centres and rural areas. Over the years the Bank has developed a wide range banking services with the co-operation of the Bank of America and several other correspondent banks all over the world. It is the purpose of this chapter to discuss one of the services offered by the Bank which is considered relevant to the study thus:

4.3 SAVAN EXPORT SCHEME

Savannah Bank of Nigeria Plc is the name behind Savan-Export the new name for speedy and efficient export finance. The Export Unit of Savannah Bank is stuffed with highly experienced and resourceful specialists in International trade. The scheme Caters for the needs of all Nigerian exporters. As an Exporter one doesn't have to be a customer of Savannah Bank to benefit from SAVAN-EXPORT Finance Scheme, provided, of course, one is a genuine exporter of Nigerian products and services.

The Scheme provides the exporter with pre-shipment finance to enable him procure exports as well as providing post-shipment finance to enable the continuation of export business while waiting for payment of previous export. In addition to the provision of pre-shipment and post-shipment finance, Savan-Export provides consultancy services to its export customers entering new foreign markets, and advise its customers on documentary, official regulatory requirements and trade practices in various overseas countries.

One of the primary functions of Savan-Export is to source reputable foreign buyers for Nigerian exports. Savan-Export maintain a register of foreign buyers of Nigerian exports. In addition, through its myriad of correspondent Banks, Savan-Export keeps abreast with the latest developments in foreign markets and economic trends in overseas countries, which it passes on to its export customers as well as sourcing foreign markets for Nigerian exports. To facilitate necessary contacts with the exporters' overseas associates Savan-Export has very good and effective communication services including consumer-back telex service. SBN has a network of overseas correspondent banks in major countries of the world, through whom SBN export customers are in touch with their overseas Associates. Through this network of overseas correspondent banks SBN pats out credit enquiries on the financial soundness of the foreign buyers of Nigerian exports.

In addition it costs nothing for the exporter to use the excellent services which the Savan-Export provides. As a "Personal service Bank" SBN operates within the existing official tariff structure, and in most cases her charges are below the official tariffs. SBN sees the provision of these services as its contribution to the development and promotion of an export culture which will diversify and enhance the foreign exchange earning base of the Nigerian Economy.1

In its efforts to promote non-oil exports in Nigeria SBN PLC management has in 1989 approved additional instruments to facilitate theSAVAN-EXPORT FINANCE SCHEME.

As a laudable scheme- savan-export- SBN is keen on financing Nigeian exports. However, lack of adequate tangible securities offered to secure export credit proposals has often prevented the actualization of many export credit requests because of inherent risks involved in unsecured or weakly secured proposals. As a briedgehead SBN management has approved WAREHOUSE RECEIPTS FINANCING.

MODE OF OPERATION

A Tripartite Agreement will be entered into among the exporters, the forwarding and clearing Agent e.g (Panalpina) and SBN.

OPERATION IN MODULES

Depending on the terms of Agreement the following modules may be adopted.

A. The designated warehousing Agent Picks up the export produce at farm gates, transport it to its own warehouse in the locality.

OR

B The exporter customer transport the export produce to the designated warehouse. The warehouse Agent (i.e. forwarding and clearing Agent) receives, counts and checks bags as to correctness as contained in the waybill or any document showing the quantity delivered. The warehouse Agent will arrange for inspection of produce to determine weight, quality, quantity, grading etc. as stipulated by the sales or purchase contract Agreement. If there is a subsisting Export L/C, and the produce or goods complies with terms and conditions contained in the relative export L/C, the warehouse Agent will issue his warehouse receipts (or warrants) which serves as authority to release funds to supplier(s). (see below for details of ESCRAW ACCOUNT)

C The warehouse Agent transport produce (e.g cocoa) in containers or open top with tarpaulin cover for protection to designated warehouse at port of shipment with special security measures. Assist export customer in all necessary documentations that will facilitate shipment. Shipping documents forwarded to SBN (International Division) for negotiation in accordance with the terms and conditions of the relative export L/C.

ESCROW ACCOUNT

The financing of warehouse receipts will involve SBN export customers operating ESCROW ACCOUNTS with other banks' branches in locations where SBN has no presence. Depending on the locality and the distance between SBN nearest branch and the location of approved warehouse facilities, firm arrangements will be made between SBN and another bank branch to open an ESCROW ACCOUNT. The release of any funds deposited into the ESCROW ACCOUNT will be against an authenticated warehouse Receipt(s) warrant(s) by SBN and by order of SBN"S designated officers.

LEVEL OF PRE-SHIPMENT- WAREHOUSE RECEIPT FINANCING

Up to 50% of the value of letters of credit may be advanced in financing warehouse warrants.

SECURITY

Warehouse receipt financing is to bridge the gap between inavailability of adequate security which has mitigated against viable export credit proposals. Wherever possible need for adequate securities is stressed to export customers. However, commensurate and adequate legal mortgage relative to the value of the Export Credit facility can be obtained. In addition such securities as 100% or partial cash as well as Insurance credit bonds from known reputable Insurance companies may be taken.

FUNDING MECHANISMS

SBN export finance mechanism is in money market instruments such as commercial Papers, bank's acceptances and/or rediscounting of bills.

REDISCOUNTING EXPORT BILLS THROUGH CBN (NEXIM)

In order to give the scheme greater flexibility and funding accommodation, SBN uses CBN'Srefinancing/rediscounting facilities[2].

Having discussed the Savan-Export Scheme and their product of warehouse Receipt financing the export procedures and documentation in export business will be examined in the next section.

4.4 EXPORT PROCEDURE AND DOCUMENTATION (see Appendix V-Diagramatic sequence of Nigerian Export Trade Procedures and Documentation)

To go into export business in Nigeria the following procedures and documentations must be adopted: (see Appendix vi for export documents/samples).

1. EXPORT PROCEDURE:

For limited liability companies registering with NEPC as exporters are completion of NEPC registration forms(Appendix VIa) obtainable at reasonable price of ₦10 at the councils zonal offices and Abuja. Completed forms should be submitted with the following documents:-

(a) Copy of certificate of Incorporation
(b) Memorandum and Articles of Assocation
(c) Copy of current tax clearance; and
(d) Certified one copy of form CO.7 from the company's Registry of federal Ministry of commerce and Tourism.

For co-operative society, evidence of registration would be required in place of certificate of Incorporation. All registered exporters with NEPC are expected to renew their registration after 2 years by submitting the following documents:

(a) Current company Tax clearance; and
(b) Evidence of Export Performance within the same period.

PROCEDURE FOR SENDING GOODS BY SEA:

(a) Find shipping rates and choose shipping line,
(b) Book shipping space:-
    (i) Register cargo on shipping form and send to shipping company.
    (ii) Register detail on custom form (c188);
(c) Make arrangement for shipping, packing and mailing
(d) Receive call forward notice from shipping company
(e) Send goods to port with consignment note;
(f) Receive bill of lading from shipping company and pay freight bill, and
(g) Endorse bill of lading and send copies to shipping company and customer or bank.

PROCEDURE FOR SENDING GOODS BY AIR

(a) Find Airline
(b) Send to Airline an Air Consignment Note or letter of instruction giving detail of proposed cargo and consignee;
(c) Receive Airway Bill from Airline; and
(d) Send cargo to Airline with consignment note and cash - on-delivery (C.O.D) arrangement.

2. EXPORT DOCUMENTATION:

COMMERCIAL EXPORTS

The following documents are required in handling export:

(a) PROFORMA INVOICE: This document is used in quotations for orders. The document is often required by the customer's government when issuing import licence or currency permit.

(b) EXPORT INVOICE: This invoice vary greatly depending on the mode of transportation and/or on request of the importer. The following are the types of invoices:
   (i) Commercial Invoice; The exporting company's own invoice form which set out charges and costs (APPENDIX VI-B).
   (ii) Certified Invoice: This invoice is required for independent verification e.g. certified invoice by the chamber of commerce, declaration of origin and value etc.
   (iii) Consular Invoice: An official form available from consulate of the country of destination. They are means of having invoices invalidated or checked by customer's consul.

(c) FORM EUR-I FOR EXPORT INTO EEC: This form is usually completed for exports to EEC countries of an exporter who wants to take the advantages of duty concessions granted to exports from ACP countries under the LOME conventtion. The form is available at customs and Excise Department and EEC countries. (APP VI^{C})

(d) GENERALISED SYSTEM OF PREFERENCE (GSP): A number of industrialised conutries have adopted individual schemes of tariff preferences to developing countries. Under the scheme, import of specified items by each of the preference giving countries from the developing countries attract a very low rates of duty. This makes products from the benefitting countries competitive with similar ones from industrialised non-benefitting countries. The forms are obtainable from customs and Excise. (APP VI^{O}).

(e) **PHYTOSANITARY CERTIFICATE:**

This certificate is required when fresh fruits, vegetables, flowers, Plants and Plant products are shipped. This confirm that the goods are free from disease or pests. This Certificate is issued by National Plant Quarantine Service. (APP VI^{D})

(f) **CERTIFICATE OF QUALITY AND FUMIGATION:** The importer usually ensure that the goods met a certain standard of quality and are fumigated. It is therefore, the duty of the exporter to ensure that a certificate of quality is issued by Federal Produce Inspection Service (for agric. commodities), standard organisation of Nigeria and food and Drug Administration (for manufactured Products) or any other inspection agency. (APP VI^{E})

(g) **PACKAGING LIST:** The document supplement the commercial Invoice when numerous units of the same product are being shipped or when the quantities in a shipment vary.

(h) **NATIONAL MARITIME AUTHORITY FORM E-3.2:** This form is for sharing cargo to conference lines and shipping companies with UNCTAD code 40-40-20 and is available at commercial and Merchant Bank. (APP VI^{H})

(i) **NEPC LETTER OF PRICE CLEARANCE:** As a means of checking under inovicing in export prices, an export price system has been designed by NEPC. Only exporters with a minimum acceptable FOB Prices, after due consideration of the reasons for low exports.

(j) ICO - CERTIFICATE OF ORIGIN: This certificate which relate to cocoa trade is a combined certificate of origin and declaration of value and used for ICO-2 cents per kilo cocoa levy. (APP VI^{I} and VI^{R})

(k) LETTER OF CLEARANCE FROM MINISTRY OF MINES AND POWER: Exporters of mineral products are expected to either fill form K or letter of clearance from the Ministry.

(l) LETTER OF CLEARANCE FROM VETERINARY HEALTH SERVICES: Exporters of animals and animal products and pets should obtain letter of clearance from veterinary and Health Services Department.

(m) LETTER OF CLEARANCE FROM NATIONAL MUSEUMS AND MONUMENTS: Exporters of handicrafts/Artifacts are expected to obtain letter of clearance from the above department.

(n) LETTER OF CLEARANCE FROM DEPARTMENT OF FORESTRY: Exporters of products classified under "Enqendered Wild Life Species" should obtain clearance from the department of Forestry. (see appendix vii for Export prohibition list)

(o) FORM NCD 3(A): The Nigerian currency Declaration form (NCD 3A) is a form which exporters are expected to declare commercial exports and value to facilitate the repatriation of export proceeds. The form is issued by CBN and obtainable from any commercial/merchant Bank. A set of the forms are in six (6) copies and are submitted to the Bank which in turn will give only four(4) copies to the exporters for prsentation to the customs Department. (APP VI^{L})

(p) CUSTOMS BILL OF ENTRY "FORM SALE 99": This form gives particulars of a consignment as e.g name of exporter, type and quality of goods, destination, statistical export list No., value, form NCD 3A No., country of origin etc (APP VI^{K})

(q) BILL OF LADING: This is a receipt for the goods in a contract between the shipper (exporter) and a shipping company for carriage and delivery of the goods to the order of the shipment or to the consignee at a named port of destination. A bill of lading issued "to order" of the shipper needs his endorsement to enable the foreign buyer receive the goods. (APP VI^{M})

(v) AIRWAY BILL OR AIR CONSIGNMENT NOTE: When goods are despatched by air, this document is issued as a receipt for goods and as a contract of freight. An airway bill is not document to title and is therefore not as satisfactory as a bill of lading from the exporters view point. (APP VI^{N})

(s) THE COMMONWEATH STAND STILL PREFERENCE CERTIFICATE OF ORIGIN AND CONSIGNMENT: This form is used for exports to the U.K from any commonwealth member state. This affords the goods from "stand-still Area" Preferential treatment in any

U.K port. Where there is port congestion, this certificate is used by the beneficiary to get preference in the clearance of his/her cargo.

(t) FOOD AND DRUG ADMINISTRATION CERTIFICATE: The food and Drug Administration Department of the Federal Ministry of Health certifies the sanitary conditions of food and drugs meant for export and issues certificate to the exporter of food and/or drug.

(u) STANDARDS ORGANISATION OF NIGERIA (SON): The standard organisation of Nigeria in the Federal Ministry of Industries sets and controls the quality standards for manufactured products in Nigeria. The organisation must testify that the standard of the products manufactured is comparable with international standards. (APP VI^{P})

(v) PORT SURVEYOR'S REPORT: This is a document issued by pre-shipment inspectors showing the conditions under which the goods were shipped. It could be used for claims in case of damage. (APP. VI^{Q})

All the documentation mentioned above are not necessarily required for all exports. Only a few basic ones are generally required. After examining the procedures and documentations that are required in export trade it will be pertiment to also examine the financing aspect of export business which is also important for the success of any export business. Thus the next section is to examine "financing" export in Nigeria with particular reference to commercial Banks.

4.5 EXPORT FINANCING

Export Financing by financial institutions particularly the commercial banks can be broadly categorised into three as follows:-

(i) PRE-SHIPMENT FINANCING

This is financial assistance to purchase products or manufacture them for exportation. As majority of Nigerian exporters have no capital base they have to look unto the banks for funds to execute their export contracts. Pre-shipment financing therefore, is a common request from Nigerian exporters.

Pre-Shipment bank finacing has been done predominantly through letters of credit vehicles.

The various types of letters of credit involved in export business includes:-

(a) Revocable Documentary letter of credit
(b) Irrevocable Documentary L/C
(c) Irrevocable Confirmed Documentary L/C
(d) Transferable L/C
(e) Red-clause L/C
(f) Green clause L/C
(g) Performance L/C
(h) Revolving L/C

(ii) POST SHIPMENT FINANCING

This is lending to exporters after shipment to facilitate preparation for subsequent shipment. It can as well be regarded as a bridging loan bridging the gap between date of shipment and the date of payment to avoid leaving the exporter ideal.

However, under post-shipment financing the type of financing provided usually relates to the method of payment agreed in the sales contract between the importer and the exporter.

(a) An exporter shipping on open account may find it difficult to obtain financing under negotiation facilities. This is because an open account invoice, unlike a trade acceptance, is not a negotiable instrument and the legal basis governing a bank's payment right is not clearly defined as it is for negotiable instruments.

(b) An exporter shipping under documents against acceptance obtains financing by selling the accepted time draft to the remitting bank. Under the negotiation facility, the bank negotiates i.e puchases the accepted draft from the exporter/ drawer who has endorsed it to the bank. The bank pays the seller the face amount, usually less a discount interest charge. By purchasing the draft, the bank becomes a holder in due course of a negotiable instrument and is entitled to payment of the face amount by the drawee/importer at maturity.[3]

(iii) LONG-TERM FINANCING

Long-term financing in export business usually refers to fixed capital procurement like production machineries building of factories and warehouses etc, in practice, repayment programme of such loans usually covers longer period than repayment of working capital loan.

4.6 THE ESTABLISHMENT AND STATUTORY MANDATE OF NEXIM

PRELUDE TO THE ESTABLISHMENT OF NEXIM

In the early sixties when most of Nigeria's exports were composed of agricultural commodities, the Federal Government proposed the creation of an insurance company in the First National Development Plan (1962-68) to undertake the "Insurance of Nigeria's export crops".[4] The intention at that time was that this insurance company would cover those risks associated with exports and therefore, stimulate the purveyance of funds by the banks. However, this proposed insurance company wasn't functioning thus remained no more than a proposal because as at that time exports were to countries which posed no payment risks. Then came the second National development Plan (1970-1974) which provided for the establishment of a National Credit Guarantee Corporation with an export focus on agricultural and non-agricultural commodities. This idea was not implemented during the period and it got transfered into the Third Plan (1975-1980) and into the Forth Plan (1981 - 1985). But, the promulgation of the Export (incentives and miscellaneous provisions) Decree in 1986 marked a watershed in the establishement of an export credit agency in Nigeria. This Decree brought into being numerous export incentives, which were essentially fiscal in nature and necessitated the introduction of an Export Credit Guarantee and insurance Scheme to provide the credit and monetary counterpart of the export incentive regime.[5] However, with the rapid changes in the international economy, it became apparent that an ordinary scheme would be a far cry from the requirments necessary to contain all the emerging challenges. It was against this back-ground that NEXIM was born.

THE ESTABLISHMENT AND STATUTORY FUNCTION OF NEXIM

The NEXIM was established by Decree 38 of 1991 as an Export credit Agency with a share capital of ₦500 million held equally by the federal Government and the CBN. NEXIM replaced the Nigerian Export Credit Guarantee and Insurance Corporation established under Decree 15 of 1988 with a share capital of ₦100 million.

The main statutory functions of NEXIM are:-

(i) Provision of export credit guarantee and export credit insurance facilities to clients;
(ii) Provision of credit in local currency to clients in support of export;
(iii) Establishment and management of funds conected with exports;
(iv) Maintainance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production;
(v) Maintainance of trade information system in support of export business;
(vi) Provision of domestic insurance where such a facility is likely to assist exports;
(vii) Provision of credit insurance in respect of external trade, transit trade and entreport trade;
(viii) Purchase and sale foreign currency and transmission of funds to all countries; and
(ix) Provision of investment guarantee and investment insurance facilities.

4.7 THE PROFILE OF NEXIM FACILITIES

The facilities currentlybeing offered, or to be offered by NEXIM in the discharge of its statutory functions mentioned above include:

1. FINANCE

NEXIM may provide finance in local and foreign currency to exporters- either directly or in support of primary finance made by the banks. The following financial facilities are currently being offered by NEXIM in support of non-oil export.

(i) REDISCOUNTING AND REFINING FACILITY FOR EXPORT

This facility is designed to assist banks to provide pre- and post shipment finance in local currency in support of non-oil export. It is the first to be introduced by NEXIM and, as a matter of fact, was inherited from the CBN. RRF has since been contributing to the expansion of the export credit portfolio of the banks.

The facility was introduced to achieve two main objectives- boost access to export credit and ensure a relatively stable interest cost. Through a note purchase, the Bank (NEXIM) provides commercial and merchant banks with credit and hence liquidity- to enable them extend pre-and post shipment finance to exporters. During the 1991 financial year a total of ₦2,098.9 million was disbursed to 35 commercial and 40 merchant banks under the facility. Disbursement were highest for the month of December at ₦283.6 million and lowest for January at ₦94.8 million (Table 4.1)[6]

TABLE 4 - 1

MONTHLY DISBURSEMENTS UNDER RRF IN 1991

MONTH	AMOUNT DISBURSED (₦'M)
January	94.8
February	189.2
March	156.5
April	98.7
May	134.5
June	95.5
July	165.8
August	260.1
September	185.2
October	203.9
November	231.2
December	283.6
TOTAL	2,099.0

SOURCE: NEXIM - 1991 Annual Reports and Statement of Accounts.

(ii) THE FOREIGN INPUT FACILITY (FIF)

The FIF provides those who manufacture for exports with forex to enable them import raw materials, packaging materials and capital equipment in furtherance of their course. It is a facility made available in forex and also repayable in forex. The first set of resources for operating the facility came in the form of an Export Stimulation Loan (ESL) from the ADB, but NEXIM is statutorily empowered to procure forex from various bilateral and multilateral sources for the purpose of operating the FIF.

The FIF has, for now, been focussed on small and medium scale enterprises whose assets exluding land do not exceed about U.S.$6 million. To benefit, the enterprise applies to its bankers, who in turn appraise the project proposal and, if satisfied, apply to NEXIM on behalf of the manufacturing exporter. Although, it is the exporter's bank that undertakes to repay the loan to NEXIM, while the exporter undertakes to pay back the bank, NEXIM still takes steps to ensure that the objective of its FIF is not compromised.

(iii) REPURCHASE FACILITY

This is a facility introduced to provide a breather to enterprises that have been financed under FIF but which run into unanticipated hitches that delayed but not compromised the course of implementation. Under this facility, the hitches which may cause delays in meeting repayment obligations will be countered to give the enterprise more time to generate more funds to meet their obligations. With the repurchase facility the bank repurchases not more than two notes or instalments that have fallen due but not repaid.

(iv) STOCKING FACILITY

This facility under which naira funds are made available to enable manufacturers of exportable goods procure adequate local raw materials (which may be seasonal in supply) needed to keep their production at optimal level throughout the year. As in the RRF and FIF, an intending beneficiary applies to his bank which after a careful and satisfactory appraisal of the proposal applies to NEXIM for financial support. Necessary documents in support of such an application includes a warehouse warrant, an insurance policy/certificate on stocks, and a letter of hypothecation from the bank's client stating that the shipment of manufactured goods

(from the stocked raw materials) and the repatriation of related proceeds will be done through the bank. The stocking facility is also at concessionary interest rates to improve the price competiveness of the manufactured export goods.

II RISK BEARING

One of the cardinal functions of NEXIM is risk bearing. While some facilities in this category have left the drawing board and are on the verge of being introduced, others are billed for introduction in the medium term.
These facilities are as follows:

(i) EXPORT CREDIT GUARANTEE FACILITY

With this facility, NEXIM will provide guarantee to banks for credit purveyed for export purposes. The objective is to stimulate the supply of credit by banks for export. This type of facility usually furnishes unconditional, guarantees of repayment to banks. On this securitybanks provide finance to exporters at favourable interest rates.

(ii) EXPORT CREDIT INSURANCE FACILITY

This facility provides cover to exporters against risks on non-payment by buyers, provided the cause of default is not political. On the payment of a stipulated premium, an exporter obtains a cover which enables him to repay his bank loan and still remain in business. Payment defaults due to political reasons are to be handled seperately by NEXIM for the account of the FGN.[7]

(iii) INVESTMENT GUARANTEE AND INSURANCE FACILITIES

As the name implies, the Guarantee facility is to be offered by NEXIM to encourage export oriented capital investments while the insuracne facility is to compensate for investment losses that could not be handled under pure commercial insurance. Details of these two facilities are still being worked out
(S. O. ADEBIYI)

(iv) INSURANCE OF MARKET RISKS

NEXIM intends to introduce insurance facilities for market-related risks - especially those of prices, interest rates and exchange rates. By NEXIM's priortisation, price risks are considered to be of more urgent importance and a facility for minimising, if not totally diminating price risks will have to be in force.

(v) RE - INSURANCE FACILITY

As an incentive to insurance houses to provide insurance cover for export transactions, NEXIM is also empowered to offer reinsurance facilities, details of which are being worked out.

(III) TREASURY OPERATIONS

NEXIM is statutorily empowered to create and manage funds in support of export, currently, NEXIM is establishing counter Guarantee funds to which infant exporters who group themselves into associations can contribute and therefore become eligible for direct guarantee offered on their behalf (by NEXIM) to banks. Apart from counter guarantee funds, NEXIM also manages other funds through placements in banks known to be active in export and which offer attactive returns.

(IV) EXPORT ADVISORY SERVICES AND MARKET INFORMATION

"One of the aspirations of NEXIM is to become a repository of trade and financial information and a genuine source of market and product intelligence . The strategies adopted by NEXIM to attain this position includes the establishment of working relationships with other export credit linkages with major world financial, commodity and product markets, and subscription to comprehensive, current and reputable journals of markets and economic developments.

Thus far, this chapter the role of financial institutions in non-oil export promotion with particular reference to SBN Plc and NEXIM Bank have been examined. It is also of importance to explore problem areas and offer solutions in this regard. This study intends to cover such areas in the next chapter where the general problems of non-oil export promotion would be examined and recommendations made.

F O O T - N O T E S

1. SBN PLC: EXPORT PROMOTION AND FINANCE SCHEME

2 SBN PLC: CREDIT MEMORANDUM NO50, 1989

3. O.N. ANYOGU(1989) "FINANCIAL SERVICES TO POTENTIAL EXPORTERS" SCOPE AND POLICY ISSUES.

4. S. O. ADEBIYI (1992) THE ROLE OF NIGERIAN EXPORT-IMPORT BANK IN A RAPIDLY CHANGING ECONOMIC ENVIRONMENT.

5. IBID

6. NEXIM: 1991 ANNUAL REPORT AND STATEMENT OF ACCOUNT PP7 AND 18.

7. S. O. ADEBIYI: OP CIT.

App V -

DIAGRAMATIC SEQUENCE OF NIGERIAN EXPORT TRADE PROCEDURES AND DOCUMENTATION

	PROCEDURE		DOCUMENTATION	ACTION BY
A.	Registration As An Exporter	(i) (ii) (iii) (iv)	Certificate of Incorporation Company Tax Clearance Cert. Certified True Copy of Form C.O.7 Memorandum & Article of Association	Nigerian Export Promotion Council (NEPC)
B.	Export Trade Negotiation	(i) (ii) (iii) (iv) (v)	Quotation (FOB, CIF & CFR) Offer by Exporter Acceptance of Offer Proforma Invoice Commercial Invoice	Exporter/Importer
C.	Bank Transactions	(i) (ii) (iii)	Form NCD 3 (A) Form C - 3.2 (NMA) Payment of ECCC (if necessary)	Exporter's Bank/ Federal Ministry of Commerce & Tourism and CBN
D.	Packaging	(i) (ii) (iii) (iv) (v)	Form EUR-1 (EEC Countries) Cert. of Origin GSP Form Endorsement of Export Bill of Entry (If Containerised Export) Labelling - Marks & Numbers	Exporter or His Forwarding Agent NACCIMA/Customs
E.	Quality Certification	(i) (ii)	Phytosanitary Cert. (Fruit & Vegetables) Certificate of quality & fumigation (Produces)	Federal Produce Inspection Service. Plant Quarantine Food & Drug Admin. etc.
F.	Customs Inspection/ Release	(i)	Export Bill of Entry Form Sale 99 with relevant Documents (as above)	Customs Seat at Port of Shipment
G.	Shipment	(i) (ii)	Bill of Lading/Airway Bill Roadway Bill/Shipping Note	Shipper/Carrier
H.	Repatriation of Export Proceeds	(i)	Form NCD 3A	Central Bank of Nigeria/ Banks

APPENDIX VI

169

ANNEX OF EXPORT DOCUMENTS

1. NEPC Registration Form.
2. NEPC Exporter's Registration Certificate.
3. Form CO. 7 from Company's Registry of the Federal Ministry of Trade & Tourism.
4. Pro-forma Invoice.
5. Export Invoice
6. Form EUR-1
7. Phytosanitary Certificate.
8. Certificate of Quality and Fumigation of EPCS.
9. Certificate of Quality of SGS.
10. Packing list.
11. National Maritime Authority Form C-1.2 and C-3.2.
12. ICC-1 Certificate of Origin.
13. Form K of the Federal Ministry of Mines and Power.
14. Letter of Clearance from National Museum and Monuments
15. Letter of clearance from Department of Forestry for Endangered Wild Life Species exportations.
16. NEPC Letter of Price Clearance.
17. Form NCD 3.
18. Form NCD 3(A).
19. Customs Entry form — "Form Sale 97"
20. Bill of Lading.
21. Airway Bill or Air Consignment Note.
22. GSP Forms.
23. Certificate of Analysis/Quality Specifications.
24. Certificate of Quality by S.O.N.
25. Port Surveyor's Report.
26. Free Sale Certificate of the Food and Drug Administration.
27. Letter of Credit — typical format.
28. Shipping Note.
29. Form C. 188
30. Certificate of Origin — NACCIMA.

Note: Some of these documents are contained in this brochure as samples.

(ESTABLISHED UNDER DECREE NO. 26 OF 1976)

NEPC FORM A

ABUJA HEADQUARTERS
ZONE 2
BLOCK 394
WUSE
P.M.B. 133
GARKI.

LAGOS ZONAL OFFICE
15A & B LADIPO OLUWOLE ROAD
APAPA
P.M.B. 12276 – LAGOS
TEL: 873816

KANO ZONAL OFFICE
38 IBRAHIM TAIWO ROAD
GIDAN BAWA
KANO
TEL: 624711

PORTHARCOURT ZONAL OFFICE
OROSI HOUSE
6TH FLOOR
28, FORCE AVENUE
PORTHARCOURT

APPLICATION FOR REGISTRATION OF AN EXPORTER

1. Name of Firm/Organisation:.....

.....

2. Location Address:.....

3. Full Address:.....

4. Address of Factory if different from above:.....

.....

5. Telephone No.....Telegraphic Address:.....Telex/Cable.....

6. Type of business (Please tick the relevant box)

Government Export Agency ☐ Manufacturing Exporter ☐

Export Merchant ☐ Export Agent/Broker ☐

7. Date of Incorporation including the registration No.....

(Attach copies of Certificate of Incorporation and Memorandum of Articles of Association)

8. Year business actually commenced .....

.....

9. Legal Status: : (Corporation (Federal or State-owned)

Limited Liability Company ☐ Co-operative ☐

Partnership ☐ Sole Proprietorship ☐

(Only incorporated companies will be considered)

10. Ownership:

Wholly Nigerian ☐

Minimum 60% Nigerian ☐

Minimum 40% Nigerian ☐

169

11. Names of Directors of Company:.....

.....

.....

.....

12. Name and Full Address of Bankers:.....

.....

13. Number of Employees:..... Office [ ] Production [ ] Total [ ]

14. Product for Export (a) Main:.....

.....

(b) Others:.....

.....

15. Previous Export Experience (Attach relevant documents) .....

.....

(a) Items Exported:.....

.....

(b) Quantity Exported:.....

.....

(c) Year of Exportation:

1985 [ ] 1986 [ ] 1987 [ ]

(d) Value of Export:.....

.....

(e) Destination of Export:.....

16. If a manufacturer, indicate:

(a) Rated Production Capacity:.....

(b) Present Production Capacity:.....

(c) What percentage of local raw materials and/or value added to the products(s):.....

.....

(d) What are your imported raw materials?:.....

.....

(e) Quantity of product(s) available to export per month/annum:.....

.....

(f) Minimum order acceptable per month/year:.....

(g) Maximum Order that can be supplied per month/year:.....

.....

.....

17. If an Agent or Export Merchant:

(a) Do you have supply agreement with Producer/Manufacturers:.....

.....

(b) If your answer to (a) above is yes, name such producers/ manufacturers and the quantities available for export monthly/(Attach photo-copy of contractual Agreement with the producer)

.....

.....

.....

18. Ex-factory price of the product(s).....

19. Retail price of the product(s):.....

20. Export price (F.O.B.):.....

21. Required payment terms:.....

22. Availability of Sales aid:.....

Samples ☐ Photographs ☐ Brochure ☐

Catalogue ☐

23. Membership of local Chamber of Commerce or Trade Association:.....

.....

.....

24. Name and rank of officers-in-charge of export in your Organisation:.....

.....

25. Any other relevant information:.....

.....

.....

.....

.....

Signature of Officer Completing the Application Form

Rank:.....

Date:.....

14

OFFICIAL STAMP

15

FOR OFFICIAL USE ONLY

I. Date Submitted:.....

II. Documents enclosed:.....

.....

.....

.....

.....

Checking Officer

Date

RECOMMENDATION

Qualified:.....

Not Qualified:.....

To Supply more information:.....

Registration No.....

COMMERCIAL INVOICE

DATE _____

ORDER NO. _____

INVOICE NO. _____

Shipped From _____ to _____

For account and risk of _____

_____

For the Order of: _____

_____

Under L/C NO. _____ Vessel: _____

SPECIMEN

Marks & Nos.	Description	Amount
	SPECIMEN	

115
VI

171

APPLICATION FOR A MOVEMENT CERTIFICATE

	1. **Exporter** (Name, full address, country)	**EUR. 1** No See notes overleaf before completing this form
	3. **Consignee** (Name, full address, country) (Optional)	2. Application for a certificate to be used in preferential trade between the EUROPEAN ECONOMIC COMMUNITY and the ACP STATES
(1) Complete only in cases of exporting country not being identical to the country where the products are originating. In the contrary case, this box has to be struck through.		4. Country, group of countries or territory in which the products are considered as originating (1) / 5. Country, group of countries or territory of destination
	6. **Transport details** (Optional)	7. **Remarks**

(2) If goods are not packed, indicate number of articles or state 'in bulk' as appropriate	8. Item number; marks and numbers; Number and kind of packages (2); description of goods	9. Gross weight (kg) or other measure (litres, cu.m, etc.)	10. Invoices (Optional)

DECLARATION BY THE EXPORTER

I, the undersigned, exporter of the goods described overleaf,

DECLARE that the goods meet the conditions required for the issue of the attached certificate;

SPECIFY as follows the circumstances which have enabled these goods to meet the above conditions:

.....

.....

.....

.....

SUBMIT the following supporting documents (1):

.....

.....

.....

.....

UNDERTAKE to submit, at the request of the appropriate authorities, any supporting evidence which these authorities may require for the purpose of issuing the attached certificate, and undertake, if required, to agree to any inspection of my accounts and to any check on the processes of manufacture of the above goods, carried out by the said authorities;

REQUEST the issue of the attached certificate for these goods.

.....
(Place and date)

.....
(Signature)

(1) For example: import documents, movement certificates, invoices, manufacturer's declarations, etc., referring to the products used in manufacture or the goods re-exported in the same state.

Imprimerie Bernard, Poissy & Fleming Co. Ltd., Lagos

117
VI

172

Agric. 45

NIGERIA

PLANT QUARANTINE SERVICE

№

PHYTOSANITARY CERTIFICATE

PSC. No. .....

the living plants or plant products

This is to certify that ..... included in the consignment, of which
a representative sample of the living plants or plant products
(Strike out the words not applicable)

particulars are given, were/was thoroughly examined on the (date) ..... by (name)
..... a duly authorised official of the ..... and found to
(destructive to vegetation)
be healthy, no evidence of the presence of any injurious insect, pest, or disease .....
(destructive to agricultural or horticultural crops)
(Insert words in ( ) if required by existing legislation)

having been found in/on them and that the consignment (including the packing) covered by this certificate has/has not been treated in the following/any manner (e.g., fumigated with ..... or disinfected with .....)
prior
..... to inspection.
immediately subsequent
Inspected
..... in the field by a duly authorised inspector, on .....
Not inspected

(Signature) .....

(Official Status) .....

Date .....

No. and description of package .....

.....

Distinguishing marks .....

Description of living plants or plant products or parts thereof .....

.....

Stated to be grown in: .....

Exported by .....

.....

Name and Address of consignee .....

.....

Name of vessel or particulars of route .....

Date of shipment ..... Port or place of entry .....

Additional Certificate(s) attached .....

(Give here details of any special certificates issued in respect of imports specifically scheduled by the importing country.)

FORM EXP. 1

FEDERAL MINISTRY OF TRADE

FEDERAL PRODUCE INSPECTION SERVICE
1 CREEK ROAD, APAPA

CERTIFICATE OF QUALITY FUMIGATION AND WEIGHT

(1) Exporter's Name & Address: _____

(2) Description of Commodity: _____

(3) Country of Origin: _____

(4) Weight per bag: _____

(5) Volume of Commodity Inspected: _____

Date of Checktest: _____

(6) Quality at the Time of Shipment: _____

(7) Date Fumigated: _____

and Type of Fumigant used: _____

(8) Moisture Content at time of Shipment: _____

(9) Description of Bags: _____

Name of Vessel: _____

Destination: _____

(10) Port of Shipment: _____

ANALYSIS OF QUALITY

Total Mouldy Beans	Other Defective Beans	Slaty Beans	WT per 300 beans

NOTES:

(11) Circulation:

Director: _____

Director, Department of Customs & Excise

Traffic Manager, N.P.A.

Deputy Director, C.B.N.

Director, Export Promotion Council

Director F.P.I.S.

Director,
Federal Produce Inspection Service.

NOTES TO EXPORTERS

Mandatory:

It is mandatory that all produce meant for export must be inspected and fumigated by the Federal Produce Inspection Service before loading.

2. Weights of such produce must conform to acceptable Standard weight. Such weights must be confirmed by a staff of Federal Produce Inspection Service at arrival and shipment checktest.

VI 120

SGS

SGS Inspection Services (Nigeria) Ltd.
Laboratory Services

5, Creek Road, P.O. Box 315, Apapa, Nigeria.
Telephones: 875558, 875639
Cables: Supervise Telex: 22332

Nº

REPORT NO:
RECERTIFICATION TEST

Sample of:..... Ref. No:.....
Batch No:..... Submitted by:.....
Vessel Name:..... Tank Number:.....
At:..... Location:.....
Date Drawn:..... Date Received:.....
Date Report:.....

	ANALYTICAL RESULTS	
	METHODS	RESULTS
1. Density t 15/4 °C	ASTM D 1298	
Top		
Middle		
Bottom		
Composite		
2. Colour	ASTM D 1500	
3. Conductivity, Ps/m	ASTM D 2624	
Top		
Middle		
Bottom		
4. Flash point °C	IP 170	
5. Freezing point °C	IP 16	
6. Distillation °C	ASTM D 86	
I.B.P.		
10%		
20%		
30%		
40%		
50%		
60%		
70%		
80%		
90%		
96%		
Recovered, Vol. %		
Residue, Vol. %		
Loss, Vol. %		
F. B. P.		
7. Copper Corrosion	ASTM D 130	
8 Appearance	Visual	
9 Water Separation, MSEP Rating	ASTM D 3948	
10 Water Reaction	IP 289	
a. Interface Rating		
b. Degree of Separation		
c. Change of Volume in aqueous layer		

ONLY

Laboratory Manager

Member of the SGS Group (Societe Generale de Surveillance)

Unless otherwise noted analyses were performed on samples supplied. Samples used for testing will be retained by us in store for 90 days, after which they will be disposed of unless adviced to the contrary.
The company's responsibility under this Certificate is limited to gross negligence proven by principals and will in no case be more than ten times fees or commission.

174

SGS

SGS Inspection Services (Nig.) Ltd.
Laboratory Services
Head Office and Central Laboratory
51 Creek Road, P.O. Box 315, Apapa, Nigeria.
Telephones: 875558, 875639
Cables: Supervise Telex: 22332

Nº

Report No.

Date

ANALYSIS REPORT

Sample Description

Origin

Date of Sampling

Date of Receipt

Client

Client Reference

Quantity

ANALYTICAL RESULTS

TEST	METHOD	RESULT

SPECIMEN

Remarks:

Laboratory Manager

Member of the SGS Group (Societe Generale de Surveillance)

Unless otherwise noted analyses were performed on samples supplied. Samples used for testing) will be retained by us in store for 90 days, after which they will be disposed of unless adviced to the contrary.

The company's responsibility under this Certificate is limited to gross negligence proven by principals and will in no case be more than ten times fees or commission.

SGS Nigerian General Superintendence Co. Ltd.

HEAD OFFICE
5, Creek Rd.
(6th Floor),
Apapa, Nigeria.
P.O. Box 315,
Tel: 87558, 875639
Telex: 22332

WAREHOUSE-WARRANT
No:

Our Ref: Date:

This is to certify, that we, the undersigned,

NIGERIAN GENERAL SUPERINTENDENCE CO. LTD.

are holding at the disposal of NIGERIA MERCHANT BANK LIMITED

for account of NAMED EXPORTER

BAGS= KOS GROSS KOS NET

IN WORDS :

ARTICLE :

MARKS :

INSURANCE :

WAREHOUSE:

DELIVERY : on presentation of this warrant and against payment of charges.

SAMPLE

SGS Standard Terms and Conditions of Warehousing and Warrants to apply.

p.p. NIGERIAN GENERAL SUPERINTENDENCE CO. LTD.

Authorised Signature Authorised Signature

Member of the SGS Group (Societe Generale de Surveillance)

Warehouse Warrant

NATIONAL MARITIME AUTHORITY

SHIPMENT NOTIFICATION FORM

FORM C—1.2№

(FOR GOVERNMENT NON-OIL IMPORTS)

Year		Month	

FORM NCD 3 (A) No.....

Authorized Dealer's No.....

PART A *(To be completed by Exporter or Agent)*

1. **Particulars of Contract or pro-forma invoice.**
   Contract Pro forma Invoice Particulars *(attach copy)*: .....
   Nature of Contract: (F O B:C & F) *delete as applicable*

2. **Mode of Financing:** .....
3. **Name & Address of Ministry, Agency etc.**
   Name: .....
   Address: .....
   Officer to contact in case of need:
   Name: .....
   Designation: ..... Tel: ..... Telex: .....
4. **Forwarding Agent:**
   Name: .....
   Address: .....
   Person to contact in case of need:
   Name: .....
   Address: .....
   Designation: ..... Tel: ..... Telex: .....
5. **Particulars of Cargo:**

Country of Origin	Description of Cargo	Quantity	Dead Weight (tons)	Cubic Measurement

* *Delete what is not applicable*

Freight Tonnage: ..... F O B Value: ..... Cost of Freight: .....
Expected Port of: (i) Shipment/Loading: ..... (ii) Discharge: .....

6. **Proposed Date of Shipment:** *(attach shipment schedule)*
   Between: .....19.....and.....19.....
7. **Technical Partners** *(where applicable)*
   Name: .....
   Address: .....
8. **Particulars of Receivers of goods** *(if "to order" give particulars of "notify party")*
   Name: .....
   Address: .....
   Tel: ..... Telex: ..... Fax: .....
9. **Certification**
   I certify that the statements made above are to the best of my knowledge, true and in keeping with demands of Decree 10 of 1987.
   Signature of Reporting Officer: ..... Date: .....
   Name: .....
   Designation: .....
10. **Name of Authorized Dealer/Bank** .....
    Designation of Officer: .....
    Signature of Officer: ..... Date: .....
    Office Stamp

PART B **FOR FREIGHT COMMITTEE**

OFFER TO CARRY

In exercise of powers conferred on the NATIONAL MARITIME AUTHORITY under Decree 10 of 1987 and on behalf of the Shipper(s)/Importer(s), the Freight Committee of the Authority offers to Ship Operators in the .....
..... route the contract for the transportation by ship of the above mentioned cargo/cargoes.

Freight Committee

Chairman.....

Date: .....

Secretary.....

VI

NATIONAL MARITIME AUTHORITY

SHIPMENT NOTIFICATION FORM

FORM C—3.2 Nº

(PRIVATE SECTOR NON-OIL EXPORTS)

Year		Month	

FORM NCD 3(A) No.....

PART A *(To be completed by Exporter or Agent)*

1. Particulars of Contract or Pro-forma Invoice:

Contract/Proforma Invoice Particulars *(attach copy)* .....
Nature of Contract: (F O B/C & F) *Delete as Applicable*

2. Mode of Financing: .....
3. Name & Address of Exporter:

Name .....

Address .....

Officer to contact in case of need:

Name .....

Designation: ..... Tel: ..... Telex: .....

4. Name & Address of Forwarding Agent:

Name .....

Address .....

Person to Contact in case of need:

Name .....

Designation ..... Tel: ..... Telex: ..... Fax: .....

5. Particulars of Cargo:

Country of Origin	Description of Cargo	Quantity	Dead Weight (tons)	Cubic Measurement

Freight Tonnage: ..... F O B Value ..... Cost of Freight: .....

Expected Port of: Shipment/Loading: ..... *(ii)* Discharge .....

6. Proposed Date of Shipment: *(attach shipment schedule)*

Between ..... 19 ..... and ..... 19 .....

7. Technical Partners *(where applicable)*

Name: .....

Address: .....

8. Particulars of Receiver of goods: *(If "to order" give particulars of "notify party")*

Name: .....

Address: .....

Tel: ..... Telex: ..... Fax: .....

9. Certification:

I certify that the statements made above are to the best of my knowledge, true and in keeping with demands of Decree 10 of 1987

Signature of Reporting Officer ..... Date .....

Name .....

Designation .....

10 Authorized Dealer/Bank:

Name and Signature of Reporting Officer: .....

Designation .....

Date: .....

PART B — FOR FREIGHT COMMITTEE

OFFER TO CARRY

In exercise of powers conferred on the NATIONAL MARITIME AUTHORITY under Decree 10 of 1987 and on behalf of the Shipper(s) Importers(s), the Freight Committee of the Authority offers to Ship Operators in the ..... route the contract for the transportation by ship of the above-mentioned cargo/cargoes

Freight Committee

Chairman .....

Copy

Annex I

CERTIFICATE OF ORIGIN – CERTIFICAT D'ORIGINE

FORM / FORMULE ICC-1

(Form approved by the International Cocoa Organization)
(Formule approuvée par l'Organisation Internationale du Cacao)

PART A, FOR USE BY ISSUING AUTHORITY
PARTIE A, À REMPLIR PAR L'ORGANISME DÉLIVRANT LE CERTIFICAT

VALID FOR IMPORTATION OR SPLITTING OF CONSIGNMENTS
UNTIL ..... VALABLE AUX FINS D'IMPORTATION OU DE FRACTIONNEMENT DE LOTS JUSQU'AU .....

1. Reference N° – N° de référence, O — Country code / Code du pays — Port code / Code du port — Serial Number / N° d'ordre

2. Producing country – Pays producteur

3. Country of destination* – Pays destinataire*

4. Name of ship or other carrier – Navire ou autre moyen de transport

5. Port of embarkation – Port d'expédition

6. Date of shipment – Date de l'expédition

7. Intermediate ports – Ports de transit

8. Port or point of destination* – Port ou lieu de destination

9. Description (Mark X in appropriate box – Insérer X à l'emplacement approprié) – (specify – à préciser)

Cocoa beans – Fèves de cacao	Butter – Beurre	Cake or powder – Pâte débeurrée ou poudre	Paste or nibs – Pâte ou amandes décortiquées	Other – Autre
☐	☐	☐	☐	☐

10. Shipping marks or other identification – Marques d'expédition ou autres signes d'identification

Weight of shipment – Poids de l'envoi
11. Unit of weight – Unité de poids: ☐ kg ☐ lb
12. Gross – Brut
13. Net

14. Observations**

15. It is hereby certified that the cocoa described above was grown in the above-mentioned producing country – Il est certifié par la présente que le cacao décrit ci-dessus a été cultivé par le pays producteur précité.

16. Custom stamp of issuing country – Cachet de la douane du pays de délivrance

Date of stamp / Date du cachet ..... Authorized Customs signature / Signature du fonctionnaire autorisé .....

17. Name of certifying agency – Organisme de certification

Date of issue / Date de délivrance ..... Authorized signature of Certifying Officer / Signature du fonctionnaire autorisé .....

PART B, FOR USE WHEN DOCUMENT IS COLLECTED – À REMPLIR LORS DE LA REMISE DU DOCUMENT

18. NOTATION BY CUSTOMS AUTHORITY FOR IMPORTATION – RENSEIGNEMENTS A CONSIGNER PAR LA DOUANE A L'IMPORTATION

Certificate collected and cocoa imported – Certificat recueilli et cacao importé

At – A ..... Date .....

CUstom stamp – Cachet de la douane

19 NOTATION BY CERTIFYING AGENCY when splitting consignments – RENSEIGNEMENTS A CONSIGNER PAR UN ORGANISME DE CERTIFICATION lors d'un fractionnement de lots

Certificate collected for the purpose of splitting – Certificat recueilli aux fins de fractionnement

At – A ..... Date .....

Name of certifying agency – Organisme de certification

Stamp of certifying agency – Cachet de l'organisme de certification

Authorized signature – Signature autorisée .....

Where destination is not known insert "Member" ou "non-membre"— Lorsque la destination n'est pas connue, inscrire la mention "Membre"

In the case of a shipment of cocoa in a form other than beans, the net weight in beans equivalent obtained in accordance with the conversion factors in Article 32 (2) shall be indicated here—Dans le cas d'une expedition de cacao sous une forme autre que des feves, on indiquera ici le poids net en equivalent feves obtenu par application des coefficients de conversion indiques a l'article 28, paragraphe 1.

F O R M ICC-1
FORMULE

Note: This certificate is valid only when it has been properly completed and valid Cocoa Export Stamps corresponding to the net weight of cocoa beans shown on the obverse in space 13 or, in the case of cocoa products, the net weight in beans equivalent in space 14, have been affixed and duly cancelled.

Affix Cocoa Export Stamps here

Note : Le présent certificat n'est valide que s'il a été correctement rempli et qu'y sont apposés et dûment oblitérés des timbres valides d'exportation de cacao correspondant au poids net des fèves de cacao comme indiqué au recto à la case 13 ou, dans le cas de produits dérivés du cacao, au poids net en équivalent fèves a la case 14.

Apposer ici les timbres d'exportation de cacao

VI 127

Form N.C.D. 3

FEDERAL REPUBLIC OF NIGERIA

EXCHANGE CONTROL ACT, 1962 XB №

EXPORTS FROM NIGERIA

NOTE: The Notes on page 2 and 4 should be read before the Form is completed.

1.	Name and full business address of shipper.	
2.	Name and full business address of consignee.	
3.	Short description and quantity of goods.	Export Licence No.
4.	Amount to be received in payment, stating in what currency.	
5.	Approximate date on which payment is to be made.	

6. *(Delete whichever is inapplicable)*

(a) I am the seller of the goods to the importer in the country to which they are consigned.

(b) I, the shipper, am the agent of (i) ..... and I undertake on behalf of my principals who have authorised me in that behalf that they will complete paragraph 7 of this Form and that they will accept payment only by the means described in that paragraph.

(c) I, the shipper, am not the seller of the goods to the importer in the country to which they are consigned.

The goods have been sold by me to (ii) .....

Date..... *Signature* .....

(i) Insert full name and business address of principals; (ii) insert full name and business address of dealer to whom the goods have been sold.

7. Method of payment (to be completed by seller responsible for delivery of foreign currency as nominated in paragraph 6).

Payment of the amount mentioned in paragraph 4 has been/will be made by means of:

(a) Sterling from an account of a person resident in .....
(State Territory)

(b) Sterling from an External Account of .....
(State Territory)

(c) Other foreign Currency .....
(State Currency)

(d) ** from an External or Scheduled Territory account of a person resident in .....
(State Territory)

I certify that the sterling or other foreign currency received will be sold to an authorised dealer in Nigeria and the proceeds in Nigeria Naira will be credited to an account maintained with an authorised dealer in Nigeria.

Date..... *Signature* .....

Page 2

NOTES—PROCEDURE AT TIME OF EXPORT

See also Notes on Page 4

BEFORE FILLING IN THE FORM YOU SHOULD READ THE NOTICES TO EXPORTERS OBTAINABLE FROM YOUR BANK OR ANY COLLECTOR OF CUSTOMS AND EXCISE.

1. This Form must be completed and handed to the Customs at the time the goods are pre-entered for export. (See Note 3 below as to exports by post).

2. *Action by Customs:* The complete form (pages 1 to 4)will be forwarded by Customs to the Nigerian Exchange Control who will return pages 3 to 4 to the exporter or his agent who will deal with them as explained in the Notes on page 4 of the form.

3 *Exports by Post:* Where merchandise is exported by post, pages 1 and 2 of the Form must be placed in an envelope marked "Currency Declaration" which must be attached firmly to the package in such a manner as to be readily detachable. The outer cover of every postal package for which a Form is furnished must be clearly marked "Currency Declaration" followed by the serial number of the Form used. Where a single Form covers a batch of parcels the envelope containing the Form must be marked "..... percels Nos....., refer" and each parcel must be marked "one of a batch of ..... parcels covered by one Currency Declaration." Failure to observe these requirements may lead to delay in despatch. Pages 3 to 4 of the Form must be retained by the sender to be dealt wit ı as explained in the notes of page 4 of the Form.

4 *Special Arrangements:* If in exceptional circumstances it would be impracticable to arrange for the identifying particulars required in note 4, page 4, to be given, an application for a special arrangement should be made to the Nigerian Exchange Control, Central Bank of Nigeria, Lagos.

5 *False Statements.* All persons are warned that by tampering with any part of the Form after signature or by making false statements in it they may render themselves liable to heavy penalties.

Form N.C.D. 3

FEDERAL REPUBLIC OF NIGERIA

EXCHANGE CONTROL ACT, 1962 XB №

EXPORTS FROM NIGERIA

NOTE: The Notes on page 2 and 4 should be read before the Form is completed.

1.	Name and full business address of shipper.	
2.	Name and full business address of consignee.	
3.	Short description and quantity of goods.	Export Licence No.
4.	Amount to be received in payment, stating in what currency.	
5.	Approximate date on which payment is to be made.	

6. *(Delete whichever is inapplicable)*

(a) I am the seller of the goods to the importer in the country to which they are consigned.

(b) I, the shipper, am the agent of (i) ..... and I undertake on behalf of my principals who have authorised me in that behalf that they will complete paragraph 7 of this Form and that they will accept payment only by the means described in that paragraph.

(c) I, the shipper, am *not* the seller of the goods to the importer in the country to which they are consigned.

The goods have been sold by me to (ii) .....

Date ..... *Signature* .....

(i) Insert full name and business address of principals; (ii) insert full name and business address of dealer to whom the goods have been sold

7. Method of payment (to be completed by seller responsible for delivery of foreign currency as nominated in paragraph 6).

Payment of the amount mentioned in paragraph 4 has been/will be made by means of:

(a) Sterling from an account of a person resident in .....
(State Territory)

(b) Sterling from an External Account of .....
(State Territory)

(c) Other foreign Currency .....
(State Currency)

(d) ₦ from an External or Scheduled Territory account of a person resident in .....
(State Territory)

I certify that the sterling or other foreign currency received will be sold to an authorised dealer in Nigeria and the proceeds in Nigeria Naira will be credited to an account maintained with an authorised dealer in Nigeria

Date ..... *Signature* .....

CERTIFICATE BY BANK OR AUTHORISED DEALER IN NIGERIA REGARDING THE PROCEEDS OF THE SHIPMENT

For methods of payment (a) and (b)

Amount and description of currency .....

Sold to the Central Bank on ..... 19....

or

Sold to .....
(Name of authorised dealer in Nigeria)

on ..... 19.... for Nigerian Naira credited to an account maintained with an authorised dealer in Nigeria. We confirm that the amount of currency specified above was received by us and disposed of as stated.

For methods of payment (c)

We confirm that payment of ₦..... has been received by a cheque drawn on (or a draft) reimbursable from .....

..... account.

Date ..... *Signature* .....
(On behalf of the bank)

Address _____

NOTES: RECEIPT OF PAYMENT

See also Notes on page 2)

BEFORE FILLING THIS FORM, YOU SHOULD READ THE NOTICES TO EXPORTERS OBTAINABLE FROM YOUR BANK OR COLLECTOR OF CUSTOMS AND EXCISE

1. Pages 3 and 4 must be lodged with the appropriate bank, as explained in Note 2 below, for certification that payment has been dully received in an approved manner. At the time of lodgment, invoices or statements as described in Note 3 below must be attached.

2. *Certification of Payment.*

(a) Where the exporter is the seller of the goods to the importer in the country to which they are consigned *(declaration 6 (a) on page 1)*, pages 3 and 4 will be lodged with the Nigerian bank through which payment is received.

(b) Where the exporter is the agent of a principal outside Nigeria or is not the seller of the goods to the importer in the country to which they are consigned *(declarations 6 (b) and (c) on page 1)*, pages 3 and 4 will be forwarded by the exporters to his principal or to the intermediary to whom he has sold the goods, for lodgment with the principal's or agent's bank.

3 *Invoices or Statements*. In all cases, pages 3 and 4 when lodged with the bank for completion of the certificate of payment should have attached to them invoices and or statements as follows: either, certified copies of the sales invoices
or, if the goods had not been sold at the time of exportation, invoices or statements showing the computation of the amount declared in paragraph 4 of pages 1 and 3.

These invoices or statements must be endorsed with the following particulars if not already shown thereon:

(a) The serial number of the N.C.D. 3 Form.
(b) The quantity and description of the goods.
(c) A reconciliation (supported by any available documentary evidence) between the total amount of the invoice or statement and the amount received in payment.

It should be noted that these invoices are not returnable.

4 *Identification of Payments*. The exporter will be responsible for advising his bank of the serial number of the N.C.D. 3 Form to which each payment is to be written off. Where payment is received in several amounts or where one payment covers several consignments wholly or in part, suitable arrangement must be made for payments to be properly allotted to the Form covering the relative consignment.

5 *Charge of Facts as Declared*. Any change in the circumstances affecting the facts declared occuring after the Form has been lodged with the Customs should be notified with a reference to the serial number of the Form to the Nigerian Exchange Control, Central Bank of Nigeria, Lagos.

6 *False Statements*. All persons are warned that by tampering with any part of the Form after signature or by making false statement in it they may render themselves liable to heavy penalties.

131 VIA 179

CUSTOMS AND EXCISE NIGERIA
EXPORT ENTRY FOR PRODUCE/MANUFACTURES OF NIGERIA

FOR OFFICIAL USE ONLY

Form Sale 99

(1) Area.....
*Port/Air port/Station.....
(5) Name of *Ship/Aircraft.....
Date of Clearance and Rot. No.
Country of Registry.....
(7) Port of Discharge of goods.....
Final Destination of goods.....

(2) Documents attached:
(a).....
(b).....
(c).....
(6) Exporter's Name and Address (Not P.O. Box or P.M.B.)
.....
.....
.....

(3) Documents examined by:
.....
Index No. Proper Officer
Date.....

(4) Entry No. LD/1 .....
Amount received (if any)
Date.....

Bill of Lading No (8)	Packages Marks and Nos. (9)	Quantity and Description of Goods (10)	Statistical Export List Item No. (11)	State of Origin (12)	Value F.O.B. (inclusive of Export Duty (if any) (13) N		Rate (14)	Duty (If any) (15) N	k

Total number of packages, in words

Totals N

Amount of Inspection Fees or Royalty N

(16) *I/We _____ hereby declare that *the total export duty payable on the above declared goods
(Name of Exporter or Licensed Agent in Block Capitals)
is _____ / the above entered goods are free of export duty, and that the particulars stated above are
(in words)

.....
Signature of Exporter or his duly authorised employee

*Exporter
*Partner
*Director
*Secretary
*Duly authorised employee

Signature of Licensed Customs Agent or duly authorised employee

Date.....

Agent's Licence No.....

(17) *Note*– (1) This Entry Form may be used for dutiable or duty free goods.
(2) This form is not to be used as continuation sheet.

**Delete the inapplicable.*

CENTRAL BANK OF NIGERIA

EXCHANGE CONTROL ACT 1962

AS AMENDED BY THE SFEM DECREE 1986

FORM N. C. D. 3(A) TE/A Nº

COMMERCIAL EXPORTS

1.	Exporter's Name and Address	NEPC Rg. No.	
		Date of Shipment	
		FOB Price Per Unit	
2.	Consignee's Name and Address	Collecting Negotiating Bank in Nigeria	
3.	Description of Goods	Marks & Numbers	
		Quantity	
		Grade	
		Total Value in F/Currency	
4.	Method of Payment (To be declared by exporter). Payment of the amount mentioned as per contract has been will be made by means of: (a) ☐ Letter of Credit:..... (b) ☐ Bill for Collection:..... (c) ☐ Any other mode of payment (To be specified): ..... *I We certify that the foreign currency received will be deposited in my our Export Proceeds Domiciliary account in Nigeria within (3) months after shipment and that the proceeds will be applied in keeping with the approved guidelines.	Due date of Payment	
		Exporter's Official Stamp, Signature and Date	
5.	Department of Customs & Excise Certification is required in respect of all particulars stated above. The certifying officer must ensure that all portions of this form are completed by the exporter. Bill of Entry No.and Date: ..... Quantity Shipped: ..... *Signature & Name of Certifying Officer* — *Customs Endorsement Stamp and Date*		
6.	**CERTIFICATION BY AUTHORISED DEALER IN NIGERIA IN RESPECT OF THE PROCEEDS OF THE SHIPMENT**		
	Amount and Designation of Foreign Currency	Amount credited to Domiciliary Account of Exporter	
	We confirm that the amount of Foreign Currency specified above was received by us on..... 19.....and credited as stated. *Authorised Dealer's Stamp* — *Signature of Authorised Official*		

EXPORTERS ARE ADVISED TO READ THE GUIDELINES FOR COMMERCIAL EXPORTS FROM NIGERIA OBTAINABLE FROM ANY BANK OR DEPARTMENT OF CUSTOMS AND EXCISE OR THE NIGERIAN EXPORT PROMOTION COUNCIL, AS WELL AS THE FOLLOWING NOTES BEFORE FILLING THE FORM NCD3(A):—

1. **Mandatory Repatriation of Export Proceeds:**

The attention of all exporters is drawn to the Exchange Control Act 1962 as modified by the SFEM Decree of 1986 Sections 20 and 21 which, inter alia, provides that proceeds of exports from Nigeria shall be repatriated within 3 months from the date of export and credited to exporters' Foreign Currency Domiciliary Accounts in Nigeria. It is an offence to fail to repatriate export proceeds within the stipulated period or to utilise the proceeds in a manner other than that prescribed in the SFEM Decree and the Guidelines for Commercial Exports.

2. **Distribution of Completed Form N.C.D. 3(A):**

A Set of this form, after completion, will be disposed of as follows:

The exporter or his agent should first take the set of completed form N.C.D. 3(A) to the collecting/ negotiating bank for their stamping and endorsement. The bank will retain the original and duplicate copies and despatch the triplicate copy to the Central Bank of Nigeria while returning the quadruplicate and quintuplicate copies to the exporter. The exporter will take the quadruplicate copy along with relevant certified invoices to the Department of Customs & Excise at the time the goods are entered for exppport while retaining the quintuplicate or fifth copy. On the receipt of the export proceeds, the collecting negotiating bank will promptly certify and return the original form N.C.D 3(A) to the Central Bank.

3. **Extended Payment Period:**

Forms covering shipments for which payment cannot be made within 3 months must be forwarded to the Central Bank of Nigeria before lodgement with Department of Customs & Excise. Such forms must be supported with a letter of explanation stating the period of extension required and the reasons for such extension. Any extension authorised will be endorsed by the Central Bank of Nigeria on the reverse of the NCD 3(A) Form.

4. **Actions by Collecting/Negotiating Bank and Department of Customs & Excise:**

A complete set of the form will be forwarded along with the relevant certified invoices by the exporter to the collecting negotiating bank for stamping and endorsement before the form is handed to the Customs & Excise for pre-entry formalities. The Department of Customs & Excise shall certify the particulars stated in Sections 1 – 4 of the NCD 3(A) form and return the quadruplicate copy to the Central Bank immediately after exportation.

5. **Invoices and Statements:**

In all cases, the NCD 3(A) form when lodged with the bank for endorsement should have attached to it a set of invoices and or statements showing how the amount declared in Section 3 of the form was arrived at.

These invoices or statements must be endorsed with the following particulars if not already shown thereon and forwarded together with the certified NCD 3(A) Form to the Central Bank: –

(a) The serial number of Form NCD 3(A);

(b) The quantity and description of export.

In every case where there is a shortfall of more than 5% between the invoice amount and the actual proceeds received in payment, a reconciliation statement, supported by relevant documentary evidence explaining the shortfall, must be furnished with the certified form NCD 3(A).

It should be noted that these invoices and statements are not returnable.

6. **Identification of Payments:**

The exporter is responsible for advising his bank of the number of form NCD 3(A), against which each payment received is to be marked off.

7. **Change of Facts As Declared:**

Any change in the circumstances affecting the facts declared after the form NCD 3(A) had been lodged with the Department of Customs & Excise should be notified by the exporter to the Export Office, Exchange Control Department, Central Bank of Nigeria, Lagos indicating the serial number of the relative form NCD 3(A).

8. **Caution on False Statements:**

All persons are warned that tampering with any part of this form after signature or making false statements in it will attract appropriate penalties.

CENTRAL BANK OF NIGERIA,
TINUBU SQUARE,
LAGOS.

35

JULY, 1987

VI 134

Page 2

Shipper

C.R. Kennings Foundations Ltd.

BILL OF LADING

S/L No. 46

Reference No.

Consigned to order of

Unto order

Notify address

SWEDISH LLOYD

REDERIAKTIEBOLAGET SVENSKA LLOYD
GOTHENBURG

FAST REGULAR
ROLL ON - ROLL OFF CARGO SERVICE

GOTHENBURG-LONDON (TILBURY) - GOTHENBURG

CONTAINERS, FLATS, TRAILERS
CONVENTIONAL CARGO AND PASSENGERS

Pre-carriage by	From
Overseas vessel (or substitute)	London
Ebb House	Port of loading
Port of discharge	Final destination (if on-carriage)
Gothenburg	

Freight payable of Destination

Number of original s/L two

CRKF
Gothenburg
1-23

23 cartons TIGHTS

598 Kilos

Total gross weight. Total measurement

Applicable only when document used as a through B/L

Freight

Charges forward

Gross weight in Kilos

Measurement

For Port Agent's use only:

Role

Shipper/ Receiver

Payer

Code No

Received for shipment at the port or place first mentioned above including if hereby applicable pre-carriage to the sea terminal of the port of loading at the conveyance vessel the above mentioned goods in apparent good order and condition unless otherwise stated and to be carried to and delivered at the sea terminal at the port of discharge of the available vessel or if so provided for of the final destination named above.

Weight, measure, marks, numbers, quality, contents and value as declared by the Shipper but unknown by the Carrier.

In accepting this Bill of Lading the Merchant expressly accepts and agrees to all its stipulations, exceptions and conditions, on both pages, whether written, printed, stamped or otherwise incorporated as fully as if they were all signed by the Merchant.

One of the Bills of Lading must be surrendered duly endorsed in exchange for the goods or delivery order.

In WITNESS whereof the original Bills of lading all of this tenor and date have been signed in the number stated above, one of which being accomplished the other(s) to be void.

Number of Packages (in words)	Twenty three
Dated at	London 17th March L9

Signed for the Master by

200000. 12.69. 691590. Holmqvists Gbg.

Bill of lading

SHIPPER'S LETTER OF INSTRUCTIONS FOR ISSUING AIR WAYBILL (AIR CONSIGNMENT NOTE)

CONSIGNEE
SHIPPER

NIGERIA AIRWAYS LIMITED

You are hereby requested and authorized upon receipt of the consignment described herein to prepare and sign the Air Waybill and other necessary documents on our behalf and despatch the consignment in accordance with your Conditions of Contract.

I certify that the contents of this consignment are properly identified by name. Insofar as any part of the consignment contains restricted articles, such part is in proper condition for carriage by air according to the International Air Transport Association's Restricted Articles Regulations.

Airport of Departure	Airport of Destination
REQUESTED ROUTING	
REQUESTING BOOKING	

MARKS AND NUMBERS	NO. & KIND OF PKGS.	DESCRIPTION OF GOODS	GROSS WEIGHT	MEASUREMENT

AIR FREIGHT CHARGES ☐ PREPAID ☐ COLLECT (Mark one to apply) (If Service Available)	OTHER CHARGES At Origin ☐ PREPAID ☐ COLLECT (Mark one to apply) (If Service Available)	INSURANCE – AMOUNT REQUESTED
DECLARED VALUE		DOCUMENTS TO ACCOMPANY AWB
For Carriage	For Customs	
HANDLING INFORMATION AND REMARKS		DATE. SIGNATURE

NAP/587/1/80/50,000c.

Shippers Name and Address | Shippers account Number

Non negotiable
Air Waybill
(Air Consignment note)
Issued by
NIGERIA AIRWAYS LIMITED,
Airways House, P.M.B. 1024 Ikeja, Nigeria.

NIGERIA AIRWAYS
Member of International Air Transport Association

Copies 1, 2 and 3 of this Air Waybill are originals and have the same validity

Consignee s Name and Address | Consignee s account Number

It is agreed that the goods described herein are accepted in apparent good order and condition (except as noted) for carriage SUBJECT TO THE CONDITIONS OF CONTRACT ON THE REVERSE HEREOF. THE SHIPPER'S ATTENTION IS DRAWN OF THE NOTICE CONCERNING CARRIERS' LIMITATION OF LIABILITY. Shipper may increase such limitation of liability by declaring a higher value for carriage and paying a supplemental charge if required.

Issuing Carrier s Agent Name and City

Accounting Information

Agent s IATA Code | Account No.

Airport of Departure (Addr. of first Carrier) and requested Routing

to	By first Carrier / Routing and Destination	to	by	to	by

Currency	CHGS Code	WT/VAL PPD	WT/VAL COLL	Other PPD	Other COLL	Declared Value for Carriage	Declared Value for Customs

Airport of Destination	Flight/Date / For Carrier Use only	Flight/Date	Amount of Insurance	INSURANCE - If shipper requests insurance in accordance with conditions on reverse hereof, indicate amount to be insured in figures in box marked amount of insurance

Handling Information

(For USA only) These commodities licensed by U.S. for ultimate destination ..... Diversion contrary to U.S. law is prohibited

No of Pieces RCP	Gross Weight	kg lb	Rate Class / Commodity Item No.	Chargeable Weight	Rate / Charge	Total	Nature and Quantity of Goods (incl. Dimensions or Volume)

Prepaid	Weight Charge	Collect	Other Charges
	Valuation Charge		
	Tax		
	Total other Charges Due Agent		Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains restricted articles, such part is properly described by name and is in proper condition for carriage by air according to the International Air Transport Association's Restricted Articles Regulations.
	Total other Charges Due Carrier		
			Signature of Shipper or his Agent
Total prepaid		Total collect	
Currency Conversion Rates		cc charges in Dest. Currency	
			Executed on (Date) at (Place) Signature of Issuing Carrier or its Agent
For Carriers Use only at Destination		Charges at Destination	Total collect Charges

087-

VI[D] 137 17[2]

NIGERIAN ASSOCIATION OF CHAMBERS OF COMMERCE, INDUSTRY, MINES & AGRICULTURE (NACCIMA)

1. GOODS CONSIGNED FROM (EXPORTER'S BUSINESS NAME, ADDRESS, COUNTRY) 2. GOODS CONSIGNED TO (CONSIGNEE'S NAME, ADDRESS, COUNTRY)	REFERENCE No? GLOBAL SYSTEM OF TRADE PREFERENCES CERTIFICATE OF ORIGIN (COMBINED DECLARATION AND CERTIFICATE) ISSUED IN _____ *(Country)* SEE NOTES OVERLEAF
3. MEANS OF TRANSPORT AND ROUTE (AS FAR AS KNOWN)	4. FOR OFFICIAL USE. TRIPLICATE

5. TARIFF ITEM NUMBER	6. MARKS AND NUMBERS OF PACKAGES	7. NUMBER AND KIND OF PACKAGES; DESCRIPTION OF GOODS	8. ORIGIN CRITERION (SEE NOTES OVERLEAF)	9. GROSS WEIGHT OR OTHER QUANTITY	10. NUMBER AND DATE OF INVOICES

11. DECLARATION BY THE EXPORTER The undersigned hereby declares that the above details and statements are correct: that all the goods were produced in _____ *(Country)* and that they comply with the origin requirements specified for those goods in the Global System of Trade Preferences for goods exported to _____ *(Importing Country)* _____ *Place and date, signature of authorised signatory*	12. CERTIFICATE. It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct. _____ *Place and date, signature and stamp of certifying authority*

I. General Conditions

To qualify for preference, products must:

(a) fall within a description of products eligible for preference in the schedule of concessions of the GSTP country of destination;

(b) comply with the GSTP rules of Origin. Each article in a consignment must qualify separately in its own right; and

(c) comply with the consignment conditions specified by the GSTP Rules of Origin. In general, products must be consigned directly within the meaning of Rule 5 hereof from the country of exportation to the country of destination.

II. Entries to be made in box 8

Preference products must be wholly produced or obtained in the exporting participant in accordance with rule 2 of the GSTP Rules of Origin, or where not wholly produced or obtained in the exporting participants must be eligible under rule 3 or rule 4.

(a) Products wholly produced or obtained: enter the letter "A" in box 8.

(b) Products not wholly produced or obtained: the entry in box 8 should be as follows.

1. Enter letter "B" in box 8, for products which meet the origin criteria according to rule 3. Entry of letter "B" would be followed by the sum of the value of materials, parts or produce originating from non-participants, or undetermined origin used, expressed as a percentage of the f. o. b. value of the exported products: (example "B" 50 per cent).

2. Enter letter "C" in box 8 for products which meet the origin criteria according to rule 4. Entry of letter "C" would be followed by the sum of the aggregate content originating in the territory of the exporting participant expressed as a percentage of the f. o. b. value of the exported product: (example "C" 60 per cent).

3. Enter letter "D" in box 8 for products which meet the special origin criteria according to rule 10.

145

1. Goods consigned from (Exporter's business name, address, country)	Reference No. GENERALISED SYSTEM OF PREFERENCES **CERTIFICATE OF ORIGIN** *(Combined declaration and certificate)* **FORM A** Issued in..... (country) See Notes overleaf
2. Goods consigned to (Consignee's name, address, country)	
3. Means of transport and route (as far as known)	4. For official use

5. Item number	6. Marks and numbers of packages	7. Number and kind of packages; description of goods	8. Origin criterion (see Notes overleaf)	9. Gross weight or other quantity	10. Number and date of invoices

11. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct. ..... Place and date, signature and stamp of certifying authority	12. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in..... (country) and that they comply with the origin requirements specified for those goods in the Generalised System of Preferences for goods exported to ..... (importing country) ..... Place and date, signature of authorised signatory

NOTES (1988)

I. Countries which accept Forms A for the purposes of the generalized system of preferences (GSP):

Australia*
Austria
Canada
France
Japan
New Zealand
Norway
Sweden
Switzerland
United States of America

European Economic Community:
Belgium
Denmark
France
Federal Republic of Germany
Greece
Ireland
Italy
Luxembourg
Netherland
United Kingdom
Portugal
Spain

People's Republic of Bulgaria
Czechoslovak Socialist Republic
Hungarian People's Republic
Polish People's Republic
Union of Soviet Socialist Republics

Full details of the conditions covering admission to the GSP in these countries are obtainable from the designated authorities in the exporting preference-receiving countries or from the customs authorities of the preference-giving countries listed above. An information note is also obtainable from the UNCTAD secretariat.

II. **General conditions**

To qualify for preference, products must:

(a) fall within a description of products eligible for preference in the country of destination. The description entered on the form must be sufficiently detailed to enable the products to be identified by the customs officer examining them;

(b) comply with the rules of origin of the country of destination. Each article in a consignment must qualify separately in its own right; and,

(c) comply with the consignment conditions specified by the country of destination. In general, products must be consigned direct from the country of exportation to the country of desti-nation but most preference-giving countries accept passage through intermediate countries subject to certain conditions. (For Australia, direct consignment is not necessary).

III. **Entries to be made in Box 8**

Preference products must either be wholly obtained in accordance with the rules of the country of destination or sufficiently worked or processed to fulfil the requirements of that country's origin rules.

(a) Products wholly obtained: for export to all countries listed in Section 1, enter the letter "P" in Box 8 (for Australia and New Zealand Box 8 may be left blank).

(b) Products sufficiently worked or processed: for export to the countries specified below, the entry in Box 8 should be as follows:

(1) United States of America: for single country shipments, enter the letter "Y" in Box 8, for shipments, from recognized associations of countries, enter the letter "Z", followed by the sum of the cost or value of the domestic materials and the direct cost of processing, expressed as a percentage of the ex-factory price of the exported products; (example "Y" 35% or "Z" 35%).

(2) Canada for products which meet origin criteria from working or processing in more than one eligible least developed country, enter letter "G" in Box 8; otherwise "F".

(3) Austria, Finland, Japan, Norway, Sweden, Switzerland and the European Economic Community: enter the letter "W" in Box 8 followed by the Customs Co-operation Council Nomenclature (Harmonized System) heading of the exported product (example "W" 96.18).

(4) Bulgaria, Czechoslovakia, Hungry, Poland and the USSR for products which include value added in the exporting preference-receiving country, enter the letter "Y" in Box 8 followed by the value of imported materials and components expressed as a percentage of the f.o.b. price of the exported products (example "Y" 45%); for products obtained in a preference-receiving country and worked or processed in one or more other such countries, enter "Pk".

(5) Australia and New Zealand: completion of Box 8 is not required. It is sufficient that a declaration be properly made in Box 12.

For Australia, the main requirement is the exporter's declaration on the normal commercial invoice, Form A, accompanied by the normal commercial invoce, is an acceptable alternative, but official certification is not required.

Customs Form P-8210

Annex (1) Certificate of Origin (Form A) and Case Studies)

Certificate of Origin

Cas

Cas

NIGERIAN STANDARDS ORGANIZATION DECREE 1971

(1971 No. 56)

NIGERIAN STANDARDS CERTIFICATION MARK

APPLICATION FORM C.1

1. Name of Applicant:.....
(BLOCK LETTERS)
2. State whether Manufacturer, Agent or Vendor:.....
.....
3. Full Postal Address:.....
.....
4. Telephone No.....
5. Location of Business:.....
.....
6. Date of Establishment:.....
7. Registration No. And Date:.....
(ATTACH PHOTOCOPY OF CERTIFICATE)
8. Product for Certification and NIS Standards:.....
.....
9. Equipment for Certification:.....
10. Main Customers:.....
11. Business Background Information:
   (*i*) Products Manufactured:.....
   (*ii*) Type of Manufacturing Operation:.....
      (*a*) Assembly:.....
      (*b*) Complete Manufacture:.....
   (*iii*) Main Machines used:.....
   (*iv*) Production Rate:.....
12. Quality Control:
   (*i*) State Available Facilities:.....
   .....

(*ii*) Quality Control Checks carried out at and/or on:

(*1*) .....

(2) .....

(*3*) .....

(*4*) .....

.....

(*iii*) Quality Control Personnel:.....

.....

.....

.....

13. I declare that all the statements made in this form are to the best of my knowledge correct and complete and that if this application is successful, I shall comply with the terms and conditions of the Nigerian Standards Organization Certification Mark requirements.

Any statement found to be false or any failure to conform to NIS Standard or Certification Mark requirements, renders any permit given liable to revocation.

.....
(*Signature and Official Stamp of Applicant*)

Date:.....

FOR OFFICIAL USE

1. Above Particulars Checked by:.....
2. Designation of Officer:.....
3. Relevant NIS:.....
4. Quality Control System:.....
   ADEQUATE/NOT ADEQUATE)
5. Product/Process Quality:.....
6. Date Application Received:.....
7. Date Application is Approved/Rejected:.....

.....
(*Chairman*)
Nigerian Standards Council, (F.M.I.).

NIGERIAN PORTS AUTHORITY

ACCOUNTS COPY

SHIPPING NOTE

To be inserted by N. P. A.
No:.....

V14

Tin Can Island Port..... Export Advice Note(s) .

Shipper/Agent:..... Date.....

Address:..... Date.....

The Nigerian Ports Authority is requested to ship the under-mentioned

Goods to..... per (ship). ..... Date.....

RTN. No.....

Goods brought to the quay by Rail/Road/Water* Charges to be paid by cash.

*Delete as necessary

Quantity of Goods	Marks & Nos.	Description	WEIGHT Dead	WEIGHT Measurement	Freight

Customs & Excise
Bill of Entry No:.....
Date:.....
Officer's Name .....
Signature:.....

(Stamp)

Signature of
Shipper/Agent.....
Date:.....

FOR N. P. A. USE

Date cargo received.....19.....
Date cargo shipped.....19.....
Ex Shed..... .....S/A.....

Transfer/Haulage Charges..... tonne
Weighing Charges..... tonne
Other charges .....

Ship Commenced loading..... 19.....
Tally Sheets Nos.
.....
.....

..... Quay

DEBIT NOTE

..... 19.....

	CHARGES		UNIT	WEIGHT (TONNE)	RATE N	AMOUNT N
Wharfinger						
Rent	Rent Commenced	Days on Rent				
1st Period						
2nd Period						
3rd Period						
Wharfage						
Haulage/Transfer						
Others						
				TOTAL		

Rated by..... Date.....
(Signature & P/N)

Checked by..... Date.....
(Signature & P/N)

Traffic Manager

Date: .....

Cash Receipt No.....
Date:.....

Cashier's Signature.....

P/N:.....

PRINTED BY TCIP M/BOOK

NIGERIAN ASSOCIATION OF CHAMBERS OF COMMERCE, INDUSTRY, MINES & AGRICULTURE

1. NAME OF EXPORTER AND OFFICE ADDRESS (NOT P. O. BOX OR P.M.B.)	2. CERTIFICATE OF ORIGIN №
3. NAME OF CONSIGNEE AND OFFICE ADDRESS	
4. PARTICULARS OF TRANSPORT (WHERE REQUIRED)	

SPECIMEN

5 ITEM NO.	6 MARKS & NUMBERS	7 NUMBER AND KIND OF PACKAGES AND DESCRIPTION OF GOODS	8 ORIGIN CRITERION (SEE OVERLEAF)	9 WEIGHT		10 F. O. B. VALUE
				GROSS	NET	

11. DECLARATION BY EXPORTER/ MANUFACTURER/SUPPLIER

The undersigned hereby declares that the above details and statements are correct, that all the goods are produced in Nigeria.

Signature of Declarant

Place & Date

12. CERTIFICATE

It is hereby certified that the above mentioned goods originate in Nigeria.

Authorised Signature of Certifying Body.

Place and Date of issue

OFFICIAL STAMP

176

Rules for the Establishment of Certificate of Origin

(i) The forms may be completed by any process, provided that the entries are indelible and legible:

(ii) Neither erasures nor super-impositions should be allowed on the certificates (or application). Any alterations should be made by striking out the erroneous material and making any addition required. Such alterations should be approved by the person who made them and certificated by the appropriate authority or body;

(iii) Any unused spaces should be crossed out to prevent any subsequent addition.

(iv) If warranted by export trade requirements, one or more copies may be drawn up in addition to the original.

Origin Criteria

(i) That all the goods (mentioned) overleaf have been wholly produced or manufactured in Nigeria;

(i) That all the goods (mentioned overleaf) have been partially produced or manufactured in Nigeria;

(iii) That as regards those only partially produced or manufactured.

(a) the final process of manufacture have been performed in Nigeria;

(b) in the case of goods which have at some stage entered into the commerce of, or undergone process of manufacture in a foreign country, only that labour and material which are expected on, or added to the goods after their return to the exporting territory, shall be regarded as the produce or manufacture of that territory, provided the cost of such labour and/or materials is not less than 25% of the F.O.B. value of the finished article.

APPENDIX IV

LIST OF ORGANISATIONS ISSUING TRADE DOCUMENTS

1. EEC Delegate, 4 Idowu Taylor Street Victoria Island.
2. Nigerian Plant Quarantine Service, Pius Nwajei Street, Local Airport, Ikeja.
3. Standards Organisation of Nigeria, Federal Secretariat, Ikoyi, Lagos, Phase 1.
4. FPIS — 1, Creek Road, Apapa.
5. Food & Drug Administration — Medical Compound, Yaba, Lagos.
6. Federal Ministry of Trade & Tourism — (Liaison Office) 15 Awolowo Rd., Ikoyi.
7. Central Bank of Nigeria, Agric. Finance Department, 7th Floor, Savannah Bank Building, Tinubu, Lagos.
8. National Maritime Authority — 4 Burma Road, Apapa.
9. Nigerian Export Promotion Council:

ABUJA:

Open University Complex,
Area 3, Block A,
Garki — Abuja.

LAGOS:

15 A & B Oladipo Oluwole Road,
Apapa, Lagos.

KANO:

3A Ibrahim Taiwo Road,
Gidan Barwa,
Kano.

PORT HARCOURT:

28 Forces Avenue,
OROSI HOUSE,
Port-Harcourt

JOS:

14, Langtang Street,
Jos.

ENUGU:

NICON House,
3rd Floor,
8/14 Cathedral Drive,
Independence Layout,
Enugu.

10. SGS — Inspection Services (Nig.) Ltd., 4, Creek Road, Apapa , Lagos.
11. Nigerian Mining Corporation, Jos.
12. Federal Ministry of Mines, Power & Steel, Federal Secretariat, Ikoyi, 3rd Floor, Phase 1.
13. Department of Veterinary Health Services, Keffi Street, Lagos.
14. National Museum & Monuments, Onikan, Lagos,.
15. Department of Forestry — Ijeh Village, Obalende, Lagos.
16. Department of Customs & Excise — Federal Ministry of Internal Affairs, Federal Secretariat, Garki, Abuja.
17. NACCIMA — 15, Ikorodu Road, Lagos,
18. Nigerian Ports Authority, 26/28 Marina Lagos:
    - Apapa Port,
    - Tin Can Island Port,
    - Onne Port,
    - Warri Port,
    - Koko Port, etc.

APPENDIX VII

EXPORT PROHIBITION LIST

1. Timber (sawn and unsawn) except furniture, furniture components and gmelina.
2. Wild life: animals and plants classified endangered species and their products e.g. crocodile, elephant, lizard, eagle, monkey, zebra, lion, etc.
3. Beans and their derivatives.
4. Cassava tuber and its derivatives.
5. Yam tuber and its derivatives.
6. Maize and its derivatives.
7. Rice and its derivatives.
8. Sorghum and its derivatives.
9. Other grains.
10. All imported food items.
11. Artifacts and antiquities
12. Hides and Skins.
13. Palm kernel (1st Jan., 1931)

APPENDIX "H"

CUSTOMS SEA PORTS, AIRPORTS AND APPROVED STATIONS

AKWA IBOM STATE

Obokun
Mfum
Ekang

ANAMBRA STATE

Abakaliki
Onitsha

BENUE STATE

Utange

BENDEL STATE

Koko
Sapele
Madaho
Warri
Forcados
Burutu

BORNO STATE

Nguru
Geidam
Yo Abadan
Bega
Wango
Gamboru
Sigai
Julbe
Jammal
Kirawa
Ashigashiya

CROSS RIVER STATE

Oron
Akanba

GONGOLA STATE

Sahuda
Beiel
Gairin
Ganye
Kojola
Bissaula
Gembu

IMO STATE

Umuahia
Aba

KADUNA STATE

Zaria
Kongolam
Zango

KANO STATE

Babban Mutum
Maigalai

KWARA STATE

Chikada
Okuta

LAGOS STATE

Epe
Apapa
Tin Can Island
Idope
Ijofin
Yakeme Hulksentinel

NIGER STATE

Yauri
Luma

OGUN STATE

Idiroko

OYO STATE

Ijio
Meko
Ijoun
Igbo Ora
Ohumbe

RIVERS STATE

Brass
Bonny

SOKOTO STATE

Illela
Birini
Kaingawa
Dolle
Gusau
Kamba

CHAPTER FIVE

5.1 PROBLEMS AND PROSPECTS IN NON-OIL EXPORT IN NIGERIA

5.1.1 PROBLEMS

Despite the introduction of various measures by the government in its efforts to diversify the country's export base via the promotion of non-oil exports the growth in non-oil export earnings in the past years have not been significantly high.

It is the purpose of this section of this study therefore, to identify the problems that hinders the achievement of a bouyant export trade in Nigeria's non-oil commodities. Some of the crucial problems that transcends both the government and its establishments on one hand and the financial institutions and the exporters on the other are examined below:

1 FINANCE

In adequate funding of the NEPC in both local and foreign currencies have posed a great problem to its activities aimed at realising the required objectives for which it was established.

According to the Council's Executive Director Dr B. St. Matthew Daniel inadequate funding is one of the major problems that constraints their activities particularly in the following areas:

(a) Field market Research
(b) Planning and organising seminars, conferences, workshop and symposia on topical export issues.
(c) Attending international Trade fairs. "Poor funding of the council means that opportunity offered by these fairs and exhibitions will be lost to the nation for example only two fairs have been executed in 1992"
(d) Administration of all the incentive schemes
(e) Purchase of trade publications for the Trade Information Library at Headquarters and the Units at all the zones of the council.
(f) Staff Training, Welfare, Medical, Accommodation, Transport-ation, condition of service etc.

Also affected by financial constraint are the exporters and theirs was identified in the following ways:

(a) Some Nigerian Manufacturing companies whose products have been identified as having potential after the research in some target markets by the NEPC need to do

some product adaptation and oversea publicity/advertisement to launch their products. They, however, hardly develop further interest to tap the export opportunity identified owing to the financial constraint and the prevailing economic difficulties.

(b) Most of the companies sponsored to attend fairs/solo exhibitions find it difficult to do effective follow-up after the fairs, to execute the orders generated during the fairs, due mainly to poor financial standing of such organisations. The inability of these companies to meet their orders has created credibility problem for Nigerians in the target markets, thereby making it difficult for new entrants into the markets.

2. UNDER CAPACITY UTILISATION

Identified companies with export potential some times find it difficult to meet supply schedule on export orders because of supply bottle neck associated with under capacity utilisation. Thus, demand has increased without a corresponding increase in production. This could be due to increasing cost of production traceable in part, to the devaluation of the Naira, high interest rates, and high installation and operating costs of back-up such as water and electricity.

3. COST OF BORROWING/SCARCITY OF FOREX

Although, government's package of incentives for export promotion contains several elements of concessional financing, the resources available for assistance through such channels appear to be inadequate for off-setting the serious lack of competitiveness of Nigerian manufactured productes in the world market. An important element of this is high cost of borrowing and commercial rate and the problem of acquiring necessary forex to import the needed capital, machinery, and equipment.

4 PROTECTIONISM BY THE ADVANCED COUNTRIES

The advanced countries who are the major importers of our commodities build tariff walls against countries. These barriers are higher for manufactured products than for primary products. This policy is meant to reduce import of these commodities so as to limit competition between them and similar commodities produced at home. Protectionism by the the advance countries reduces the size of the market available to the developing countries.

5. LACK OF COMPLEMENTARITY IN ECOWAS SUB-REGIONAL TRADE

Countries in the ECOWAS sub-region are primary producers and produce identical products. It is therefore, not easy to intergrate the resources of the sub-region for the overal development of these countries without a concerted effort by those concerned. As presently composed, the exports of these countries cannot serve as complementary inputs in the production process of the individual countries. Backward and forward linkages, two important elements of growth cannot be employed to raise production and output in these economies since they produce similar commodities. A part from the identical nature of the goods produced, the limited site of the market is another factor hindering non-oil export trade in the sub-region. Apart from Nigeria the other countries are narrow both in terms of geographical size and population and economic well being. The demand for some of the non-oil exports even when it exist will be low compared with the demand for these items by the advanced countries.

6. MANUFACTURES LACK OF COMPETITIVENESS IN QUALITY AND COST

Manufactures from the developing countries are unable to compete favourably both domestically and internationally with similar products from the advanced countries. This reflects high production costs and poor quality. Costs are usually high largely because of lack of infrasturctural facilities to support production. Also while labour is abundant, its productivity is low. Also the price consumers are willing to pay for these goods is usually below the unit cost of production.

7. PROBLEM OF CURRENCY INCONVERTIBILITY

The non-convertibility of the currencies among trading partners often constitutes a major problem for them. This is because importers have to contend with exchange control etc. The possibility of exchange risk is lower when a common currency exists or where one currency is directly convertible into the other. As a result of this the volume of trade will not reach the optimum level.

8. THE BANKING SYSTEM

The banking system has not been playing its much expected role in export promotion. This could largely be traced to the banks' inflexibility in the matter of collaterals and too much scare about risks and failures of loan repayment. Except for CBN/NEXIM and a few commercial banks most banks are still yet to adjust to the needs of export promotion.

5.1.2. PROSPECTS

The prospects for Nigeria's non-oil exports will depend on the world demand for the country's commodities, competition from producers of similar products, the ease and extent of developing synthetic substitutes for these exports as well as the dedication of government and its establishments in implementing the various export incentives already in place, the the willingness of the financial institutions to extend their services more to the business of non-oil export and the adequacy of response to export incentives by the Nigerian exporters. For some products however, their exportation in the very short-term and medimum term is severely constrained largely by the need to satisfy domestic demand. These include palm-oil, cotton and groundnuts. Indeed the huge domestic demand for these commodities compelled government to ban their exportation. For cocoa, the picture is not that impressing given the depressed world prices and the country's lack of dominance in the production of this commodity. Tin metal exports which held out high hopes in the past are currently hampered by supply constraints.

From the above analysis it does appear that cash crops such as cocoa, palm oil, cotton and ground-nuts have low potential for exports. Therefore, the logical step is to develop other classes of non-oil exports such as manufactures and semi-manufact-

6. Nigeria should be able to export its manufcatured and semi-manufactured products by continuously improving on the quality of these products to meet international standards. This is an effective way to penetrate the EEC market as from this year (1992). This is largely because those areas where we had some form of preference in trade as a result of colonial anticedents will be opened to competition from other developing countries.

7. Commitment to long range plan and avoidance of sudden "U" turns in government policies.

8. Timely and prudent investment in export oriented industries.

9. Provision of industrial infrastructures at reasonable costs and on steady basis.

10. Role of Embassies. The Nigerian embassies have a big role to play here. Their present role can be said to be largely passive and ineffective. This must be attributable to the limited training given to the dipomatic personnel in commercial and economic materials. For most of them, knowledge of their country's potentialities is highly limited if not vague, while the initiative to provide information materials to investors is often lacking or non-existent. There is a case for the injection of highly knowledgeable and nationalistic staff for the promotion of the country's exports.

11. The financial institutions and the government can jointly create awareness among the people by identifying opportunities for small scale industries with export orientation.

12. Financial institutions should devise ways and means whereby their export credit packages are skewed in favour of manufactured exports while taking full advantage of NEXIM's rediscounting and refinancing facilities.

13. Banks should not limit their role in the promotion of non-oil export to pre-shipment and post-shipment financing for direct exporters alone.

Equally important is the need for banks to provide term loans and overdrafts for the production of exportable commodities and help to import and pay for the needed raw materials and capital goods to be used in processing and manufacturing exports.

14. For more effective promotion of non-oil exports, interest on loans and advances to the agricultural sector should be highly subsidised so that the net effect to the borrower will not be much as the current high interest at commercial rate will not encourage investment in such longer gestation, but high priority ventures.

15. The CBN should mount a more stringent monitoring system to ensure that there are no unnecessary hold-ups in the commercial banks attending to the needs of the producers and exporters as stipulated by law or regulations.

To end the recommendations it will be suggested that if a concerted effort is to be mobilised to enhance the development of non-oil export, our existing institutional arrangement and structure must be re-assessed and activated for participation, evaluation, monitoring and research.

5.3 CONCLUSION

This study has attempted to analyse the role of NEPC and some financial institutions in non-oil export promotion. In doing so the various export policies before and especially after SAP were reviewed. It was found that while during the pre-SAP period policies for export promotion were not properly articulated and implemented in 1986 however, a new package of incentives addressing vital issues conceived effective in the promotion of non-oil exports were introduced. These policies/incentives appeared to be yielding positive results as non-oil exports resumed their upward growth albeit at an insignificant trend. It was also discovered that the structure of Nigeria's non-oil export trade was defective as it concentrated on a few primary products such as cocoa etc and on few markets especially of the advanced industrial countries.

Non-oil exports to the ECOWAS countries remain marginal. The low level of manufactures and semi-manufactures was also noted as a major problem responsible for the country's adverse terms of trade. Other problems identified include inconvertibility of the currencies in the West-African Sub-region, protectionism in advanced countries etc.

As for the prospects for non-oil exports, the assertion was made that there was little scope for substantial expansion of traditional export crops such as Groundnuts, Cotton etc.

The prospects for cocoa exports do not look bright also. However, some manufactured items (such as soaps, detergents, plastics) were identified as possible candidates for rapid exports expansion.

In the medium to long term, the diversification and substantial expansion of non-oil exports are expected to gather steam as the LNG and Petro-chemical projects come on stream. The conclusion is that the success of though modest already made with the introduction of SAP through the NEPC and financial institutions could be sustained and re-inforced if Government, exporters and financial institutions use and facilitate respectively more vigorously the various export incentives in place.

BIBLIOGRAPHY

TEXT-BOOKS

1. Freeman III A. M. (1971). International Trade: An Introduction to method and Theory (Harper & Row, Publishers: NEW YORK, EVANSTON AND LONDON).

2. Heller H. R. (1973). INTERNATIONAL TRADE: THEORY AND EMPERICAL EVIDENCE. (2nd Edition- prentice Hall Inc, Englewood cliffs. New Jersy).

3. Wells L. T. Jr (1972). INTERNATIONAL TRADE: THE PRODUCT LIFE CYCLE APPROACH IN THE PRODUCT LIFE CYCLE AND INTERNATIONAL TRADE Louis T. Wells Jr (ed) Harvard Business School, Division of Research Boston

4. Root F. R. (1978). INTERNATIONAL TRADE AND INVESTMENT (4th edition, Southewestern Publishing co. Ohio).

5. World Bank World Development Report 1992 Development and the Environment. Published for the World Bank Oxford University Press.

CONFERENCES/SEMINARS/WORKSHOPS

Adegbite, O. (1988) "Appraisal of Export Potential of made in Nigeria Goods" CONFERENCE ON STRATEGIES FOR EXPORT MOBILIZATION AND THE ROLE OF FINANCIAL INSTITUTIONS (February 2-4 Lagos)

Ogunniyi O. (1988) "The Role of Private Sector Organisations in Mobilising Export Trade" CONFERENCE ON STRATEGIES FOR EXPORT MOBILISATION AND THE ROLE OF FINANCIAL INSTITUTIONS (Feb. 2-4 Lagos).

Olalokun F. A. (1988) "Challenges and opportunities in Nigeria's Export Trade; An overview Assessment of the Non-oil sector" CONFERENCE ON STRATEGIES FOR EXPORT MOBILIZATION AND THE ROLE OF FINANCIAL INSTITUTIONS (Feb. 2-4 Lagos).

Anifowose O. K. (1988) "Nigerian Export Trade and the effects of the Structural Adjustment Programme" CONFERENCE ON STRATEGIES FOR EXPORT MOBILISATION AND THE ROLE OF FINANCIAL INSTITUTION (Feb.2-4 Lagos)

Itegbe B. N. (1992) "The challenge of export Incentives: A situation Apprisal of the performance of Non-oil Export Incentives in Nigeria" SEMINAR ON EXPORT FINANCE AND INCENTIVES. (N,E.P.C ZONAL OFFICE, JOS, 12-13 May, Bauchi

Adebiyi S. O. (1992) "The role of Nigerian Export - Import Bank (NEXIM) in a rapidly changing Eceonomic Environment" PRESENTATION AT A SEMINAR ON EXPORT FINANCE AND INCENTIVES (N.E.P.C ZONAL OFFICE, JOS 12-13 May; Bauchi)