THE NIGERIAN EXPORT PROMOTION COUNCIL AND NIGERIA'S ECONOMIC DEVELOPMENT

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A PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION, FACULTY OF ADMINISTRATION, AHMADU BELLO UNIVERSITY, ZARIA, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER IN BUSINESS ADMINISTRATION (MBA) DEGREE

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DECLARATION

I hereby declare that this project has been carried out by me under the supervision of MAL. DALHATU BASHIR. All materials used/consulted for this research has been acknowledged in the references.

ALIYU, ZUBAIRU SAMBO ----------

SIGNATURE

CERTIFICATION

This project entitled "*THE NIGERIAN EXPORT PROMOTION COUNCIL AND NIGERIA'S ECONOMIC DEVELOPMENT*" meets the regulation governing the award of the degree of Master in Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation in the field of management.

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DEDICATION

This project is dedicated to my children. I hope they will grow and achieve a higher educational status.

ACKNOWLEDGEMENT

With gratitude to Allah for making it possible for me to accomplish this project, I wish to first and foremost thank my Supervisor Mal. Dalhatu B. Imam for his continuous guidance and constructive criticisms throughout the duration of this exercise.

Many thanks also goes to my wives and children for the support and encouragement they gave me throughout the period of the programme.

I am deeply grateful to Mal. Nasiru maiturare and Mal. Bashir Bugaje for their assistance and understanding.

ABSTRACT

One of the characteristics of underdevelopment is the existence of a mono-cultural economy. This proves to be true in the case of Nigeria. Up to the late 1960s and early 1970s, Agriculture was the main stay of the economy. With the advent of crude oil, especially after the Arab - Israel War of 1973, oil began to replace Agriculture to such an extent that by the 1980s up to the present day over 90% of the foreign exchange earnings comes from its export.

Nigeria Export Promotion Council was set up by the government to help diversify the economic base of the country. Thus the effective management of this council will contribute immensely towards Rapid economic development.

The organization and concept of export promotion has been in existence for more than two decades in Nigeria, the meaning, importance and activities vis a vis contribution to the economic development of the nation are still wrapped in obscurity.

With the discovery of oil and its subsequent exportation, the nations export posture staffed from the exploration of agricultural products and other form of mineral resources to mainly oil. Due to the recent decline in the price of oil, the need arises for the nation to diversify to no oil export in order to have a balance of trade.

For the country to achieve this, the study attempts to look at the structure, functions, objectives and activities of the Nigerian export promotion council, as well as its problems and implementation of its various incentives schemes to assist Nigerian exporters.

Some functions of the council include to spear head the national effort in export development, to assist and advise government in the creation of necessary export infrastructure, to coordinate and monitor export promotion activities in Nigeria.

The NEPC is also without its problems. This has made the registration of exporters to continue to drop from 2,966 in 1995 to 1,349 in 1996 and 1,030 in 1997. These problems are: research and development, technological changes, price competitiveness, cost of production, smuggling, lack of documentation and political instability.

The NEPC implements regular incentive scheme in keeping with government policy stance of diversification of the country export base, through the promotion of non oil export. The export incentive schemes are the Duty Draw back scheme, Export Expansion Grant Fund (EEGF) ECOWAS Liberalization Scheme (ELS) and the manufacture In Bond Scheme (MIBS).

Some recommendations suggested for the NEPC to correct its problems are also highlighted in the study, they are; producing quality standard products, human resources should be highly trained, the various incentives schemes to be adequately publicized to manufacturers and smuggling to be seriously checked.

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Chapter One

1.1 INTRODUCTION

Nigeria, still deceived by a illusion of long term wealth from crude oil, has almost completely ignored non oil exports. Occasionally, government enthusiasm has never come out of a well thought, well planned and well packaged long term revenue generation and economic development policy.

Up to now Nigeria has been a one product based economy in respect of exports. In addition, with recent development of alternative sources of energy, there is no guarantee that oil will occupy the pride of place in the next century.

The recent drastic fall in crude oil price to levels which have been confirmed to be the lowest in more than ten years has suddenly reminded Nigeria that complete reliance on crude oil exports could have negative effects on the country's much sought economic recovery. Even Nigerian's budgeted income figures have occasionally become unrealistic due to the erratic and sharp down ward movement of crude oil price.

This has thought us to recognize the fact that for the country to develop, we must diversify its economic base. This caused the government in paying more attention to non oil export promotion as there is the need to get away from the monolitic product (oil),

more than ever before since the government has to explore other avenues for foreign exchange earnings.

To this end the government established the Nigerian export promotion council (NEPC) under decree 26 of June, 1976 with its attendant aims and objectives. The body has amongst other objectives, the responsibility to spare head the national effort in export development and promotion by generating ideas, measures, suggestions, designed to advance the course of Nigeria's export trade. To advice and assist the government in the identification of export oriented industries and to help stimulate the growth of non traditional (value added) exports from Nigeria. To assist the government in the creation of necessary export infrastructures such as export financing facilities export incentives, trade information service and other trade promotional activities. To supplement the effort of this body, seven commodity Boards were set up under commodity export decree of 1977.

Unfortunately, the establishment of the Nigerian export promotion council and the commodity Boards did not make any significant difference towards the export policy for many years of their establishment. For example, between 1976 and 1986, the foreign exchange earning on our non oil export declined from N330 million to N240 million. On the whole, the non oil sector contributed only 2.8 percent of the total export trade earning in 1986.

1.2 THE AIMS AND OBJECTIVES OF THE STUDY

The purpose of undertaking this study is to find out the extent of the performance of the Nigerian export promotion council since its establishment by decree 26 of June, 1976 and the councils response following the promulgation of the extent to which their various products could be exported in order to earn the much needed foreign exchange for their use and the nation at large.

The academic circles have embarked on ways of ensuring that sufficient input is provided to the business environment. This input have been in the form of academic teaching provisions for man power with required knowledge about exporting or development of products that could be exported.

Unfortunately, this two important elements in the crusade for development of our non oil exports have been operating on a different continum. The business organisations have been operating without the inputs from the academicians and vice versa. Most books or literature on export promotion or exporting are rather too theoretical while most exporting organisations have embarked exporting on trial and error basis, without first understanding necessary research work required for successful entry and capitalization in a foreign market.

This research is an attempt to bridge the gap that exists between both the academicians, and the business organisations, by

providing that link that would ensure successful export activities. The case study would attempt to provide business organizations (management) with some of the prerequisite for successful exporting operations.

The study is also relevant and significant in Export incentive Decree No 18 1986 as well as other official releases if any with the aim of encouraging non oil exports.

Today reality indicates that prices of oil, our major foreign exchange earner would continue to slide down wards or remain relatively low and unless the Nation encourages the exportation of non oil products, the survival and development of this country would be at stake.

It is with this gloomy picture that the export incentive Decree 18 1986 was promulgated by the Federal Government to redress the rather critical situation. This study there fore attempts to:

i. Provide business opportunities for persons and organisations that are export oriented;
ii. To examine the role of the Nigerian export promotion council in advising; encouraging and assisting the Nigerian exporters in producing and exporting of Nigerian non-oil exportable products;
iii. To suggest a comprehensive scheme for promoting a non-oil product export in Nigeria.

iv. To see and recognize whether the Nigerian non oil products could compete favourably in the overseas market.

1.3 SIGNIFICANCE OF THE STUDY

Export promotion, since the promulgation of 1986 Export incentive Decree has been the subject matter in virtually all business and academic circles including the media and various institutions .

The question is, to what extent have the Nigerian Export promotion council tried to pursue its aim and objectives as stated under decree 26 of June, 1976? And how has it addressed itself to the export incentive decree (Decree 18 of 1986)?

what are the obstacles faced by the council in pursuing her objectives?

It is a known fact that exporting or export marketing was never given a thought by almost all management in Nigerian companies. The neglect of this area of marketing by virtually all companies in the non oil sector of the economy was as a result of the abundant free flow of foreign exchange generated by oil . With the fall in our foreign exchange base and the realization that unless we diversify from our over dependence on oil, our survival as a nation would be at threshold of western economies. The past administration, realizing this fact embarked on intensive and

extensive drive to encourage Nigerian firms to export, and proved its seriousness, the 1986 Export incentives decree was promulgated.

This decree paved the way for Nigerian firms or companies to think about exporting for survival and to utilize the incentives as contained in the decree for their benefit. This incentives led to a rush into the unknown field of exporting, misconcepting the general notion about what exporting.

Finally this case study would serve as a basis for further study in many industries and companies. Thereby providing yet another contribution to the general uplifting in the way Nigerian companies have approached exporting following the export promotion incentives decree of 1986.

1.4 STATEMENT OF THE PROBLEM

Balance of payment disequilibrium is the most crucial problem facing Nigeria currently. Balance of payment refers to a comprehensive statement showing all sources of supply of the foreign bills and all sources of demand for foreign bill of exchange within a stipulated period of time normally one year. It is the actual balance of what a country earns from the activities of export goods, technology, services, persons etc. which enables it to raise vital foreign currency and what it spends for the importation of other

goods and services for certain consumption or domestic use.

When a country's value of its total imports is greater than the value of its total exports, is known as balance of payment deficit or *disequilibrium. Also when its exports exceeds its imports, there is* a balance of payment surplus that is, it is realizing foreign exchange in excess of what it spends on the importation of foreign goods and services for purchasing their needed raw materials and spare parts, others see it as following what other firms are doing by the federal government. Most of these companies never for once sat and thought about this specialized areas of marketing before embarking on it.

Most companies have infact embarked on exporting on a haphazard basis only to be confronted with myriad of problems. Here lies the big obstacle to successful exporting, because during the course of exporting, the firms encounter various problems or obstacles which they have never envisaged.

1.5 **SCOPE OF THE STUDY**

The scope of this study will entail the operation of the Nigerian export promotion council from inception to date. The study will describe the rules and regulations, functions and techniques of operation of export market to the Nigerian export promotion.

Finally, we will consider the specific contribution of the NEPC to the economic development of the country.

1.6 LIMITATION OF THE STUDY

Sufficient time and availability of fund are the most important elements in any research work. As a result of time limitation and lack of adequate funds, the study covered only some basic issues that are central to the subject. Extensive detail into peripheral matters are avoided in order to cope with the time and financial constraints.

1.7 DEFINITION OF TERM

EXPORT It is the process of sending items, services or persons from one country to another in return for goods, money or other services.

IMPORT: Is the process of bringing items, services and or persons from one country to another in exchange of items, money or other services.

EXPORTER Is any "Person or organisation that is engaged in selling goods of his country origin in other countries in order to earn foreign exchange for the country. And this exporter may not necessarily be the producer of goods being produced and exported

IMPORTER Is any person or organisation that is engaged in buying goods or services from other countries.

EXCHANGE CONTROL

Is any kind of restriction, regulation or prohibition. Exchange control is the restriction on the transmission of fund between residents and non residents to preserve a country's foreign reserves.

NIGERIAN EXPORT PROMOTION COUNCIL

The Nigerian export promotion council is the principal government institution established in 1976 and reviewed in 1988 purposely to advise, encourage and assist the Nigerian exporters of non oil Nigerian products.

PROMOTION

Promotion is a set of activities that stimulate sales through directing persuasive communication to the buyers. These activities are advertising personal selling, sales promotion and publicity.

BILL OF LADING

This is a receipt for the goods in a contract between the shipper (Exporter) and shipping company for the carriage and delivery of the goods to the order shipment to the consignee at a named port or

destination.

CONVERTIBLE CURRENCY

Is a currency of one nation which can easily or freely be exchanged for another countries main currencies.

EXCHANGE RATE

Is the value of a country's currency expressed in terms of another country's currency or gold.

COST INSURANCE AND FREIGHT

These are the charges paid in respect of the goods from time of loading in the country of export to their arrival at the named part of destination, place of transaction or frontier post.

COMMERCIAL INVOICE

This invoice describes the goods, price and shipping terms for the export.

BILL OF EXCHANGE

This is the most commonly used method of obtaining payment in international trade. It is an unconditional order from an imported to his bank . Instructing his bank to pay the exporter certain amount of money within a specified time upon the presentation of certain documents.

Chapter Two

REVIEW OF RELATED LITERATURE

2.1 INTRODUCTION

Export promotion should be defined to reflect all the activities of encouraging Nigerians to export goods and services not merely the process of communication with prospective importers and consumers. Export promotion is a way of stimulating business men to go into business by providing them with some incentives. It is also a way of improving the country international image.

Since export business generally improves the welfare and conditions of the economy as well as international image of any country, in consideration of the current Nigerian economic conditions, the present government of the country has actually engaged in export business stimulating activities solely to improve the welfare of the economy.

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In Nigeria, the emphasis is now placed in the exportation of non oil exportable products. This is generally aimed at shifting the economy, to a well diversified one by having equal balance among all the sectors of the economy. In order to achieve this, government engaged in numerous promotional activities purposely to enhance confidence in its potentials.

2.2 HISTORICAL BACKGROUND OF NEPC

The Nigerian Export Promotion Council (NEPC) was established through the Nigerian Export promotion Decree No 26 of 1976, and was formally inaugurated in March, 1977. This decree was amended by decree No 72 of 1979 which introduced some slight changes in the membership of the governing council and made formal provision for the establishment of the secretariat of the council. This was amended by the Nigerian Export promotion Act CAP 306 and decree No 41 of 1988 which resulted in the redefining of its functional responsibilities, thus strengthening it in properly spearheading and sustaining a dynamic export development programme and implementing the various incentives contained in the export (incentives and miscellaneous provisions) decree No 18 of 1986. Both decrees (No. 41 of 1988 and 18 of 1986) Were further amended by decree Nos. 64 and 65 of November, 1992 respectively in order to enhance the quality of services rendered by the council to the exporting community.

These series of actions resulted in the creation of the following four departments headed by a Director each, namely;

i. Personnel and administration;

ii. Finance and supplies;

iii. Trade information and incentives; and

iv. Product and market development.

In addition, the office of the executive Director (OED) was strengthened by creating three units under his direct supervision, namely;

a. Legal and public affairs

b. Zonal offices coordination

c. Internal audit

The exercise also resulted in the establishment of five zonal offices located in Lagos, port Harcourt, Kano, Jos and Enugu. The council's head office is based in Abuja. The council is headed by an Executive Director, while the zones are headed by zonal controllers

2.3 FUNCTIONS OF NEPC

Among the aims and objectives of government in setting up the Nigerian export promotion council are the followings:

i. To spear head the national effort in export development and promotion by generating ideas, suggestion and measures designed to advance the course of Nigeria's export trade.

ii. To advise and assist the government in the identification of oriented industries and to help to stimulate the growth of non traditional (value added) exports from Nigeria

iii. To assist the government in the creation of the necessary export infrastructures, such as export financing facilities, export incentives, trade information services and other trade

promotional activities.

Other day to day operating objectives to be pursued by the council are as follows:

I. To coordinate and monitor export promotion activities in Nigeria;

II. To collect and disseminate to local manufacturers and exporters information on foreign markets;

III. To collect and disseminate information on product available for export;

IV. To 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 other similar areas;

V. Maintain adequate and effective representation in other countries;

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

VII. Organize and plan the participation of Nigeria in trade fairs and exhibitions in other countries;

VIII. Administer grants and other benefits related to export promotion and development;

IX. Undertake studies of the current economic condition with special attention to the export section with the aim of advising government on necessary policies and measures;

X. Cooperate with other institutions on matters relating to export financing, export incentives and specialized services to exporters;

XI. Establish specific trade promotion facilities in Nigeria and in other countries including the establishment of permanent show rooms at important commercial centres in other countries;

XII. Engage in export promotion publicity;

XIII. Pursue the simplification and stream lining of export procedures and documentation on continuos basis;

XIV. Assist in finding appropriate solutions to practical problems encountered by exporters in the process of exportation;

XV. Plan and organize outward trade missions and provide support from Nigeria;

XVI. Service to in ward missions from other countries ;

XVII. Perform such other functions as may be conducive to the achievement of the objective of the Export decrees

2.4 NATURE OF NEPC ACTIVITIES

The council carries out the following core activities:

i. TRADE INFORMATION SERVICE

a. The council endeavours to satisfy the information needs of exporters in the following areas;

b. Dissemination of both domestic and world wide commodity prices.

c. Publication and servicing of trade enquiries and opportunities from abroad.

d. Publication of information briefs on countries, degree of market access and market structures, and procedures of specific Nigerian products in target market.

e. Publication of products briefs, exporters directory,, export information publications aimed at educating and enlighten the community of exporters.

2. EXPORT DEVELOPMENT ACTIVITIES

The focus is to diversity the basket of exportable products from Nigeria. In doing so, the council undertakes supply base studies to identify potential products for development for exports. Other activities include:

a. Advising manufacturers on packaging, product design and adaptation;

b. Advising companies on quality standards;

c. Advising exporters on appropriate strategy to adopt to penetrate target markets;

d. Advising on pricing and costing for export;

e. Assisting companies to under take adequate publicity in target markets;

f. Assisting companies financially to undertake market research and other export related activities.

g. Planning and organisation of Nigerian's participation in international fairs and exhibitions.

3. EXPORT FINANCING AND INCENTIVES

The main activity is to ensure the effective administration and prompt payment of incentives to qualified exporters, it is also the responsibility of the council to review existing incentives and articulate new ones in the light of prevailing circumstances. The following export incentives are available to exporters through the NEPC; namely;

I. Export Development Fund

ii. Duty draw back scheme

iii. Export Expansion Grand Fund

iv. Duty Suspension Scheme

The council also plays a facilitating role in the administration and implementation of the following incentives, namely

i. Manufacture in Bond Scheme and

ii. Pioneer status

It also assists genuine exporters to secure investable funds from

NEXIM and other export financing institutions.

Some financing incentives used by the NEPC include.

a. Abolition of Export Licence:

The removal of this bottleneck is to encourage Nigerian marketers to widen their production base for export. What they need to do only is to register with Nigerian Export Promotion council before exporting their goods and services abroad.

b. Export Credit Guarantee and insurance Scheme

This is meant to provide guarantee to exporters for local pre shipment loans granted to them by local bankers and also to enable such bank to extend credit facilities to overseas importers or buyers. This scheme provides exporters with insurance cover against non payment by over seas buyers.

C. Currency Retention Scheme

Prior to the introduction of SFEM and sub sequently Bureau de change, the Nigerian exporters were initially allowed to retain only 25 percent of the proceeds earned from exports. But with the introduction of SFEM exporters have been allowed to retain 100 percent their foreign exchange earnings in export proceeds in their domiciliary account to take care of some export related activities, such as purchase of raw materials, spare parts, machinery etc.

d. Rediscounting of short term bills:

This scheme helps exporters to discount their bills of exchange and or promissory notes with banks in order to improve their liquidity positions and minimize each flow problems before the collection of export proceeds from oversea buyers. The bills should however, nurture within 180 days. This scheme was introduced by CBN in 1987 Act which provides facilities for purchasing , selling, discounting inland bills of exchange and promissory notes issued for the purpose of financing seasonal agriculture, operations, semi manufactured and or manufactured products designed mainly for export in Nigeria.

e. Capital Depreciation Scheme:

This scheme provides an additional annual depreciation allowance of 5 percent on plants and machinery to Nigerian Exports who export at least 50 percent of their annual turn over provided that the products has at least 40 percent local imputed or 35 percent value added. This incentives is only granted to manufacturing exporters who engage directly in the production process of the exportable product.

f. Tax Relief on interest income

This is an encouragement by the government to bankers to grant loans to exporters by executing from taxation interest accrued from such loans. The scheme is designed to stimulate banks to grant facilities to Nigerian Exporters and any interest

accrued from financial facilities will be exempted from tax.

4. HUMAN RESOURCES TRAINING AND DEVELOPMENT ACTIVITIES

- council organizes general seminar/workshops to enlighten exporters on new developments in the sector;
- organizes export forum to discuss latest development in the sector
- it undertakes enterprise level training for the staff of organisations that request for such training package.
- liaison with other training institutions (both locally and internationally) on training matters generally.

5. COORDINATION AND COOPERATION WITH MULTILATERAL INSTITUTIONS

- Cooperate with the trade promotion organization of other countries.
- Liaison with multilateral trade oranisations like ITC, CFTC, UNDP, CBI, IMPOD, TFOC, world bank etc for the purpose of maximizing the benefits accruable to exporters in Nigeria.

2.5 FACTORS ENHANCING EXPORT PROMOTION

For Nigeria to adequately utilize its export potentials, there must be the presence of certain factors . These factors contribute greatly towards enhancing a country's export business mission.

1. There must be the availability and adequate supply of raw materials. Industrial firms in the country must intensify their efforts in research for local raw materials which can be utilized in our industries for export business. As a result of high price of imported raw materials, it would be necessary to quantify the available raw materials and identify techniques for their development. Research into alternative raw materials in the country becomes necessary in order to supplement import bills.
2. There should be adequate supply or provision of infrastructural facilities. These include water, electricity, telecommunications etc for easy transportation and communication and the failure of any industry depend solely on the absence of any of these facilities.
3. Investors differ in their approach to risks, ie some are risk lovers, risk indifference while others are risk averts, there fore, certain financial incentives must be given and administered appropriately to exporters. Thus, this has been taken care of by decree No 18 of 1986 for export incentives and miscellaneous provision to take care of any export misfortunes and motivate the Nigerian exporters.
4. Information on recent technological development in the world market must be made available to exporters. Government

from time to time must conduct export resource and reveal to exporters the complex nature of technology and competition in the world market.

5. Other facilities such as well equipped laboratories must be provided so as to be able to cater for any research in international standard and requirements.

6. Adequate manpower must be trained and developed so as to meet the specification and consistency of the quality needed in the world market.

7. Currency convertibility centers, some financial and non financial institutions are required for converting the Nigerian exporter's, export proceeds to Nigeria and also help in the provision of foreign exchange. This will minimize the difficulties in securing foreign currency.

2.6 GOVERNMENT POLICY ON EXPORT PROMOTION NEPC (1994:3).

until fairly recently, there was virtually no coherent policy by the Federal Government for the development and promotion of exports from Nigeria. Even though the need for export development was recognized in the third National Development Plan, 1975 - 1980, very little happened in terms of actual accomplishment

Most of the projects programmed for implementation such as the export credit guarantee corporation, Overseas Trade Commission , Export Promotion Centers, Establishment of Trade offices in the state etc did not take off the ground immediately the council was established. Further more, several industrial projects such as gulp and papers, sugar and oil refineries, which were scheduled to produce not only for the domestic market but also for export were not realized owing to several constraints amongst which were lack of executive capacity, administrative bottlenecks and inadequate financial resources.

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However, a number of direct measures towards export promotion was introduced. The structural Adjustment Programme (SAP) was adopted the second tier foreign exchange Market (SFEM) was established, export licences were abolished, the marketing monopoly of the commodity Boards terminated and export duties were also abolished.

Another very important development was the promulgation of the export (incentives and miscellaneous provision) Decree in 1986, while that establishing the export Guarantee and Insurance Scheme has since been established. An unprecedented package of export incentives contained in the decree mentioned above included Export Development Fund, Export Expansion Grand Fund, Duty Drawback suspension scheme, Rediscounting of short term

bills for Export, pioneer status for manufacturing exports of more than 50 percent of turn over, capital assets depreciation allowance and tax relief on interest income.

The various export incentives are expected to encourage and support export which is a new culture to most of the Nigerian business concerns. The 100 percent retention of export proceeds in the exporter's domiciliary accounts in Nigeria is another incentives to encourage exporters to build up a hard currency account as against the old practice where exporters earned their proceeds in the local currency through the central Bank of Nigeria. This was meant to discourage smuggling goods out of the country. The problem of the over valued Naira which made Nigerian products uncompetitive abroad was finally solved through the introduction of the Second Tier Foreign Exchange Market which automatically devalued the Naira.

It is to appraise the effectiveness of these policy measures especially, since the government had to reintroduce the ban on the exportation of timber and grains which were earlier allowed under the trade liberalization policy. However, there is a greater awareness and enthusiasm demonstrated by Nigerians to engage in export trade. The Nigerian Manufacturers who are still to get over the problem of high cost of production are gradually imbibing these measures with a view to taking advantage of them.

2.7 THE NEED FOR DIVERSIFICATION OF EXTERNAL TRADE

As revealed by the proceeding analysis, Nigeria is currently basically a one product export economy, deriving the bulk of her foreign exchange earnings from the exportation of crude oil. However, for sustained long term industrial growth and development, there is need to formulate a long range plan aimed at expanding and diversifying the country's export, particularly in the area of manufactures and semi-manufactures.

Several arguments can be adduced in favour of export diversification into manufactures and semi manufactures, some of which are briefly high lighted below.

1. Nigeria as stated earlier currently derives over 10 percent of her foreign exchange earnings from crude oil. This over dependence on one single commodity is fraught with many dangers, chief of which is demand fluctuations leading to instability in revenues with consequent impact and disruptions on economic programme and policies. Therefore a programme of export diversification is essential to minimize the impact of the ups and downs in export earnings.
2. Closely allied to (i) above is the fact that oil is a wasting asset. Based on export opinion, the oil reserves of the country are expected to last between 20 and 25 years at the

current rate of exploitation. It is therefore timely to take a bold and imaginative step to develop alternative exports which will replace oil when the latter runs out.

Such a bold step will require the preparation of a medium to a long term export development plan over a period of about 5 to 15 years to develop new export, particularly of manufactures and semi- manufactures.

3. Nigeria is one of the most richly endowed countries of the world. She is blessed with abundant natural resources such as vast available land, water, minerals and forest resources, etc. one of the ways to exploit these resources is to develop integrated industries which will utilize local materials to produce not only for the domestic market, but also for export particularly in those areas where there are comparative advantage.

4. Nigeria is one of the ten most populous nations of the world. One way to take advantage of this abundant supply of manpower is to develop export oriented labour intensive industries which will make use of the surplus labour available. This will also help to reduce unemployment and underemployment in the country.

5. The development of export oriented manufacturing industries will lead to a greater use of local resources, there by

increasing the level of value added and the contribution of manufactures to the Gross Domestic Product.

6. The development, expansion and diversification of export oriented manufacturing industries should by itself have a multiplier effect on technological, scientific, industrial and management development in Nigeria. Such a development is bound to have a long term impact on future industrial growth in the country to the mutual benefit of all sections of the economy. Taiwan, South Korea, and Singapore are very good examples in this regard.

2.8 EXPORT PROMOTION AND NIGERIA ECONOMY NEPC (1984:6).

The impact of export promotion is to promote the development and diversification of Nigeria's export trade, assisted in promoting the development of export oriented industries in Nigeria, collect and disseminate information on product available for export and provide information to local manufacturers and exporters in foreign markets and to regulate on export producers and documentation in Nigeria.

Its main impact are to promote the development of export business in Nigeria, promote the development of export oriented industries, undertake studies of the current economic conditions

with a special attention to the export sector with a view to advising government on necessary policies and measures. To cooperate with other institutions on matters relating to export financing export incentives and specialized services to exporters and engage in export promotional publicity.

Tony (1999:12)

Chapter Three

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter seeks to state and explain the research methodology used in the collection of the data used in this project. However, before we make progress, it is very important to know what research methodology is and what it entails.

Research methodology is the process of arriving at dependable solutions to problems through planned and systematic collection, analysis and interpretation of data. The research is oriented towards the discovery of the relationship that exists among the phenomena of the world in which we live. Research is devoted to finding the conditions under which a certain phenomena occurs and the conditions under which it does not occur in what way appears to be similar circumstances.

3.2 RESEARCH DESIGN

The research design provides a net of principles, guidelines and steps which guides, the researcher in the research process. The research process (design) is made up of a number of related activities that overlaps continuously rather than following a strictly laid down sequencing ranging from problem identification to writing

the research report.

Jahoda et al (1962) identified the following steps in a research process:

1. A statement of purpose is made in the form of formulating the problems
2. A description of the study design is given
3. The methods of data collection are specified
4. The results are presented
5. Frequently, these follows a section on conclusion and interpretation.

It is however, presumed that a well developed research design can provide a device not only to focus the work of the investigator but also, provide a means of communicating to others the logic and reasoning for the project been conducted.

3.3 METHODS OF DATA COLLECTION

In order to have a comprehensive solution to the problem or to make a sufficient findings of the problem under study, a combination of research methods is used in order to exploit the advantage of each method while minimizing the disadvantages associated with each method

a. PRIMARY SOURCE

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To gather original information about the study, July 28, 1999 the use of questionnaire, personal interview and observation are employed.

Questionnaires are drawn and presented to various manufacturing industries under consideration. This is done as to get a reliable information about the councils contribution to the nations economic growth.

Secondly, personal interview is used especially to the councils staff as a stand by method of the questionnaire. Interview method, particularly personal ones help in extracting a great deal of information. It also has an advantage of being flexible as the researcher and the respondents have the chance of explaining themselves very well. The research can also motivate the respondents switch to the way he can get responses from them. It is because of these advantages and others that personal interview is again chosen as a means of gathering information for the study.

b. SECONDARY SOURCE

Documents containing similar or related writeups are used for the project work. Such documents included text books, News papers/Magazines, NEPC annual report and bullions. Others included original booklets of the Nigerian export promotion council. Also used are materials like seminar papers, journals, unpublished materials and papers presented, during several meetings.

Historical methods was also used and the reason is to ease the task of relying solely on fresh findings. There is however, a caveat in using documents as a means of research for a solution to a problem. With this in mind, an alternative method is taken so as not to rely on such information that could be false or inaccurate.

3.3.1 DESCRIPTION OF STATISTICAL PROCEDURE

It has been stated earlier that both primary and secondary sources of data collection were used in collecting information for the purpose of this research project with most of the data obtained through questionnaire. The questionnaire were administered to different manufacturing industries and other officers in the council on the contribution of Export promotion council to economic growth of Nigeria. It is therefore the core of this study since it reports the research findings based on the questionnaire administered.

TABLE 1: BREAKDOWN OF QUESTIONNAIRE

DETAIL	TOTAL NO OF QUESTIONNAIRE	NO OF RETURNED	NO OF NON RETURNED
TOTAL	56	48	8

From the table above out of a total of fifty six (56) copies of the questionnaires administered only 48 making a total of 85% were returned.

TABLE 2: CLASSIFICATION OF RESPONDENTS

DETAIL	NO OF RESPONDENTS	PERCENTAGE
Agricultural industry	18	37.5%
Textile industry	14	29.2%
Tanneries & leather work	11	22.9%
Plastic work industry	5	10.4%
TOTAL	48	100%

From the above table, 37% of the respondent are agricultural industries, 29% are textile industries, Tanneries and leather work has 22.9% while the remaining 10.4% are for the plastic work industries.

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TABLE 3: RESPONDENTS BASED ON FORM OF BUSINESS OWNERSHIP

DETAIL	NUMBER OF RESPONDENT	PERCENTAGE
SOLE PROPRIETORSHIP	27	58.25%
PARTNERSHIP	12	25%
PUBLIC LIABILITY COMPANY	9	18.75%
TOTAL	48	100%

It is evident from the above table that 56.25% of the respondents are sole proprietors, 25% are in partnership form of business while the remaining 18.75% are public liability companies.

The service, contribution and the statistic of the procedure used in the data collection was highlighted in this chapter which was divided into three main categories for this purpose, thus we

have the breakdown of questionnaires, classification of industries and forms of business ownership of the respondents. These allows the research work to be efficiently and effectively accurate.

3.4 HYPOTHESIS

Hypothesis is a statement or proposition which explains the relationship between two or more variables. It is an intelligent quest, assumption or tentative statement of the existence of relationship variables and investigation about the truth of the relationship that exists between them. Therefore, hypothesis testing, is the meaningful interpretation of the findings, and it serves as the main key to the unknown.

In this research, the statistical data available revealed that the exportation of oil products dominate the total exports of the country. Below is a tabular presentation of total oil exports and non oil exports.

TOTAL PERCENTAGE OF OIL AND NON OIL EXPORTS 1993 - 1997

YEAR	TOTAL EXPORT	OIL EXPORT	NON OIL EXPORT	% OF OIL EXPORT	% OF NON OIL EXPORT
1993	218,801.1	213,778.8	5.022.3	97.7	2.29
1994	206,059.2	200,710.2	5.349.0	97.4	2.5
1995	825,669.6	805,566.8	20,102.8	97.5	2.4
1996	1,125,690.3	1,105,630.8	20,059.5	98.2	1.78
1997	1,091,130.9	1,065,501.6	25,629.3	97.6	2.3

SOURCE: CBN REPORTS AND STATEMENT OF ACCOUNTS (1997)

From the above table, it is evidenced that between the two variables available above (i.e Oil products and non oil product(s), one of the variables takes products), one of the variables takes almost 100 per cent advantage of exportation which is the oil products.

The need to access the extent to which the Nigerian Export promotion council has been able to achieve the objectives in which it was established has been the main focus leveled against the export promotion.

Some of the hypothesis raised based on the table above to guide this research study are given below.

a. NEPC activities are not widely known by individual investors. One of the major criticism leveled against the NEPC is that many companies and individual investors are not aware of its activities, and even those who are, do not know how, or are not given the opportunity to benefit from its services.

How far is this criticism true of NEPC? This study attempts to find solutions to these questions and also provide recommendations as to how the various activities of the export promotion can be improved to the benefit of all potential exporters.

b. The NEPC contributed to the economic development of Nigeria. The whole system of the NEPC is to ensure that a country's economic resources are effectively utilized to the effect that this will lead to general economic development as well as achieving a better living standard for all Nigerian, with this in mind as well as the current economic recession being experienced in the country, what can we say of the existence of the NEPC?

c. Nigerian export promotion council has not fully achieved its objectives since inception, as one of the primary function is to provide a fair, orderly and efficient exportation of goods and services, and at the same time, to regulate and control activities of participants in such exportation , to what extent therefore have these objectives been achieved its inception in 1976 to date?

Chapter Four

ANALYSIS OF DATA

4.1 INTRODUCTION

The information gathered was collected and analyzed against the frame work of the objectives for the study. The basic promise for trade growth and development was examined vis a vis the trends in the export contribution to the overall economy. The economic importance of exportation was measured in part by its percentage of the overall Cross Domestic Product (GDP), employment figures, trade balance, value added etc.

An important aspect of the analytical procedures involved the supply and demand analysis. Market requirements for the different products were compared with the level of local production, and the supply gap evaluated with the purpose of determining when local production could realistically meet up with market demand.

For developing a viable export industry, it is important that necessary raw materials are readily and cheaply available. For this reason, export promotion needs were determined and the reality of the sources evaluated. Possible constraints to export growth are also identified and suitable remedies prepared e.g prices, quality, marketing, transportation etc.

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4.2 NEPC organizational structure and objectives

The functions of the Nigerian Export Promotion council as defined in the decree constitutes its corporate goals and broad organisational objectives. In order to utilize available material and human resources to achieve the given responsibilities, it is necessary to provide an appropriate structure of organisation that will enable the management and staff to carry out their assigned duties effectively and efficiently. Thus what is required in the NEPC is periodic organisational analysis to determine its operational strengths and weaknesses, in terms of its capacity to achieve the pre-determined objectives. It is also desirable that the statutory objectives should be reduced to operational targets. More over there is the need to create a modern organizational hierarchy for an effective chain of command, with well defined position and job descriptions and clear lines of authority. The structure should promote professionalism through specialization of tasks and persons within the organisation, with definite accountability and responsibility.

Accordingly, the following is the structural units of the Nigerian Export Promotion Council.

4.2.1 ***NEPC Head Office Structure and Objectives***

This comprises of the office of the Executive Director with three units, they are:

1. **Legal and Public Affairs Units.** This unit performs the function of legal Advisory services, servicing Board and committee meetings of council, press and public Relations, Protocol affairs, welfare of Board members and corporate affairs.

ii. Zonal Offices coordination Unit: It is aimed to work with the following organisations and institution with the need to securing export advantage for the country.

- International Trade Centers (I.T.C.)
- Export Market Division of the commonwealth secretariat
- African Trade centre for the Association of African Trade promotion organisations
- International commodity organisations
- Import promotion officer in Europe and America
- Other trade Promotion organisations

iii) Internal Audit which carries out the internal auditing of the council.

2. **Statutory Committees:-** The secretariats of the following committees are based in the NEPC Headquarters in Abuja to facilitate a more effective monitoring and coordination of their activities by the Chief executive.

I) Duty Drawback committee

ii) Nigerian Committee on trade procedures

iii) Non-Oil Export Monitoring Committee

3) **Headquarter Departments/Divisions/Units:** The council have the following four departments to enhance professionalism and proper allocation of functions.

i) Administration and personnel Department:

a) Personnel and Training Division- This division deals with personnel matter or services, Training and taking care of the general welfare of the staff

b) General administration Division - this is mainly concerned with central registry, Records, Transport and security, Estate maintenance and communication.

ii) Finance Department

This department comprises of Accounts Division; Budget and supplies Division

iii) Trade information and incentives Department

a) Research, statistics and publicity Division - this division performs the following functions

- To compile and keep up-to-date statistical information on the development of the country's export trade with the view to determining its performance on a regular basis.
- To assemble and analyze statistical data for the use of other Divisions.

country with a view to simplifying and streamlining their use.

- Serve the Nigerian Committee on Trade procedures
- Advice on alignment of Nigeria trade documents with the United Nations system.
- Prepare and issue from time to time bulletin on alignment documents unconformity with the United Nation layout key and in consultation with other export organisations and Institutions.
- Collect and disseminate on regular basis information on shipping, air, and land transportation that may from time to time be required by Nigerian Exporters.

d) **Export Incentive Division** - this division carries out the following function

- The administration approves package of incentives and implementation of relevant laws and regulations.
- To assist in determining the export ability of a product under incentive scheme.
- To represent the council in the Duty Drawback Committee.
- To screen applications of manufacturing exporters for pioneer status and make recommendations to the relevant industries.

The Export division undertakes to register exporters in accordance with the relevant provision of the Export Decree.

iv) Product and Market Development Department

Under this department we have the following division with their related functions:-

a) Product Development Division does the following:-

- To identify the range and assortment of products to be promoted.
- To undertake supply base studies
- To prepare profiles
- To assist in planning and executing product promotion.
- To undertake product design and adaptation including advice on quality standards, packaging and labeling.
- To develop product specialization.

b) Market Development Division - carries out the function of the following activities

- To undertake market studies and research
- To prepare market profiles
- To provide technical advice in drawing up export market plans and strategies.
- To assist in planning and executing product promotions.
- To analyze foreign market reports for use ....

c) Local and Foreign Export - Oriented Trade Fairs/Trade missions - this organ also performs the following functions or duties.

- To plan and execute export-oriented trade fairs/exhibitions overseas and within the country.
- To identify in collaboration with the market Development Division Products and exporters that should participate in overseas fairs
- To undertake necessary briefing of fair participants and pass on enquiries and orders generated at the fairs to the relevant Divisions for follow-up.
- To liaise and assist the chamber of commerce, manufacturers' Association of Nigeria, Association of Nigerian Exporters and other trade groups in organizing outward trade missions with the view to building into them some export objective.
- To assist the Government and the Chambery of Commerce, manufacturer's Association of Nigeria, Association of Nigerian Exporters and other trade groups in the reception and utilization of inward trade missions especially on issues related to exports.

4.3 IMPLEMENTATION OF EXPORT INCENTIVE SCHEMES

Figures of the amount of export incentives paid out to exporters as duty refunds and cash Grants within the context of Export Expansion grant Fund remains over the years, the most

reliable indicator of the performance and development of the non-oil export sector. Resulting from the further improved trading environment and the fact of the restoration of the powers to solely implement the incentives to the NEPC in 1996, there was significant improvement in non-oil export incentives approved.

1. **Duty Drawback Scheme (DDR)**

This makes provision for the refund on imported raw materials including packaging and packing materials used for producing export products on effective and documented exportation of the end product. It has been in existence since 1959 under the customs exercise management act, but was made more effective because it was reviewed through the provisions of 1986 export (incentives and miscellaneous Provision) Decree No. 18.

The duty Drawback Committee met twice in 1997 and approved 30 application filled by 20 companies for duty drawback refunds. Refunds totaling N152,673,109.79 were here by approved. This amount represents an increase of about 200% when compared with about N51 million approved in 1996. The committee in addition, also approved 16 applications for duty drawback rates. The scheme experienced the emergence of new products such as furniture components and galvanized roofing

sheets.

DUTY - Drawback Refunds

Year	No of application	No of companies	Amt of refund	Percentage
1988	5	5	645,009	100
1989	3	3	1,421,866	120.44
1990	15	8	2,799,185	96.87
1991	37	18	22,200,451	693.14
1992	41	17	36,440,849	-14.56
1993	18	13	31,128,003,	-76.57
1994	5	5	7,311,725	420.76
1995	24	19	38,076,894	34.99
1996	10	6	51,399,172	197.03
1997	30	20	152,673,109	
	188	144	344,096,168	
1998			89,159,168	

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2. Export Expansion Grant Fund (EEGF) scheme

Beneficiaries of this fund seem to be growing in number with each passing day. This is a clear testimony of the growing interest in the export sub sector especially since the fund is:-

a) Performance-oriented i.e only those exporters that repatriate export proceeds enjoy the benefit, and

b) The grant is only made available to those exporters that export value-added products in the form of processed or

manufactured.

Consequently in 1997 a total amount of N325,093.608.29 was approved as grants for 83 successful companies. The amount represents an increase of about 400 per cent when compared with N79,782,774.91 for 1996.

The huge amounts approved for both the Duty Draw back and Export Expansion Grant Fund for the year under review are yet to be successfully paid out as only N48.3 million and N39.6 million were released for EEGF and DDR respectively. This is as a result of the inability of the Ministry of Finance to release the necessary funds. To remedy this situation and to avoid denying exporters their hard earned cash benefits, the council has suggested the introduction of negotiable Tax Credit Certificate as an alternative mode of payment. This method is capable of relieving the Government the burden of searching for funds to pay beneficiaries as at when due since accurate budgetary provisions could hardly be made at the beginning of every year.

c) Export Expansion Grant Fund

Year	No of companies	Total Grant	Percentage Increase
1989	8	1,742,789	200
1990	27	4,363,577	150.38
1991	33	3,659,984	-16.12
1992	122	35,009,654	856.55
1993	97	67,469,628	92.72
1994	62	27,627,591	-59.05
1995	24	18,813,237	-31.90
1996	93	79,782,774	324.08
1997	45	75,100,302	
Total	511	313,569,531	
1998		466,155,09	

3. **Manufacture-In-Bond Scheme**

This is a scheme that provides for duty free importation of raw materials required by Exporters/producers for the production of export commodities. Once producers or exporters fulfil the Duty Suspension criteria and are responsible alone for importation of their raw materials and other inputs, production and export of final products, the Custom and Exercise Department will bound the affected factory or a unit of the factory in order to ensure that the raw materials are not used for the purpose intended or specified, appropriate customs Duty will be paid on such consignment by the exporter or producer.

Lately, 17 applications were recommended to the Ministry of Finance for this scheme in 1997.

4. Pioneer Status Scheme

Not a single application was received under this scheme in 1997. The cumbersome nature of the guidelines is likely to be responsible for this situation, hence there is a recent appeal by NEPC to the Federal Ministry of industry to simplify the procedure and documentation to enable more companies access to this incentive scheme.

5. Export Development Fund (EDF)

As in previous years the EDF has continued to suffer serious neglect in terms of funding. The fund, which would have been the only pre-shipment or pre-export incentive for activities such as market research, consultancy, product and market development, product adaptation, advertising in overseas countries etc. seems to be jinxed inspite of repeated requests and representation in the past for its adequate funding, the importance of this scheme for effective export development and promotion seems not to have been understood by the authorities.

6. **ECOWAS-** Trade Liberalization Scheme (ECOWAS - TLC)

Nine companies submitted their completed application forms for the scheme during the year under review. The companies are

- Miccom Engineering Works Ltd.
- Mabbs Limited,
- Metoxide Nig. Ltd.,
- Century Polyester Ltd.,
- Holborn Nig. Ltd.,
- Universal Spinners Ltd.,
- Universal Textile Industries Ltd.,
- Edysmat (Nig) Ltd., and
- West African Rubber Company Ltd.

The applications have been forwarded to the Ministry of National Planning for processing. In addition to those already admitted in the past, eight new companies were accepted into the scheme in 1997. The companies are:-

- West African Batteries
- Nigerite Limited;
- Khaki Textile Industry Ltd.,
- Vitamalt PLC.
- Prestrest Nig. Ltd.,
- Emily Millionaire Ltd., and
- Nigeria Distilleries

4.4 EXPORT FINANCING IN NIGERIA

Export, like any other business requires a lot of financing. The main concern of any exporter is the mode through which he will be paid in exchange of his products as quickly as possible with minimum ease. The Nigerian exporter must be prepared to invest a larger amount of money than in the domestic market in working capital, inventory, capital investment, trade credit, channel account receivables, market penetration and accommodation of merchandise adjustment. It has become increasingly necessary for all exporters to acquaint themselves with financial requirements, sources, problems and opportunities associated with financing of export marketing operations.

Export trade opens up markets for local products especially where the local markets cannot absorb the level of production. It also increases the level of production, the capacity utilization of the local producing units, and the level of employment. The level of exports effects the balance of payment of a country in terms of producing favourable or positive balance of trade. The relative contribution of export earnings to gross national income and the stability therefrom, are of tremendous significance to the economy's ability to sustain real sustainable growth and development.

For increased economic advantages, the export earnings capability of the economy must not only be broad - based, diversified and modified, but also be structurally changing from time-to time to reflect the challenges of export trade.

It is against this background that Export Financing in Nigeria will be examined.

4.4.1 *Role of banks in Export Financing*

1. Commercial and Merchant Banks

Commercial Banks in Nigeria are the most experienced in export financing. This stem from the age of these banks on the Banking scene. In the past, prior to the dominance of petroleum in the economy, commercial Banks owned ware house for storage of export merchandise they financed. They also have a wide spread network of branches close to the rural areas, where most of the exportable agricultural commodities are produced and traded. They are better placed to transmit funds from the cities to the rural areas to facilitate trade in exportable commodities. The merchant Banks, although relatively new on the scene, have assumed a leading role in the sphere of export promotion. Being highly skilled financial institutions and many have started with international connections are better equipped to play more innovative roles.

In terms of functions, services offered by commercial and merchant banks in the field of export finance and promotion are similar. Some of these functions are:-

i) Providing through their international correspondence banking relationships, status reports on the foreign buyers;

ii) Identification of export products, services and foreign markets;

iii) Providing consultancy and advisory services on incentives, regulations and documentation in Nigeria and the countries of the foreign importers through publication of guides, brochures and sponsorship and presentation of papers at seminars and workshops;

iv) Creation of primary and secondary markets to encourage mobility of trade papers such as warehouse and shipping documents;

v) Introduction of innovative trade financing , ware housing and collateral instrument;

vi) Financing of infrastructure, plantations, factories warehouse, transportation and other complementary services;

vii) Financing of all facet of export from production, packaging, storage, handling transportation and ultimate delivery to the foreign buyer;

viii) Promotion of exports at local and international trade

exhibitions and trade fairs;

ix) Collection and management of export proceeds on behalf of exporters.

2. The Central Bank of Nigeria

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Being the apex of the banking system, the central Bank of Nigeria has major structural, regulatory, marketing and supervisory roles to play. The roles to a large extent trigger and influence the performance of commercial, merchant, development and other specialized banks in financing and supporting export trade.

More than ever before, the central Bank of Nigeria in the spirit of deregulation having dissolved some of the function it used to perform to commercial and Merchant banks, and with its recently acquired autonomy, is now better positioned to guide banks to pursue national monetary objectives which it issues from time to time. Through appropriate rewards and penalties, the Central Bank of Nigeria directly or indirectly promotes export trade. The roles of Central Bank of Nigeria are:-

i) Ensuring through its credit and monetary policy guidelines that adequate loan portfolio of commercial and merchant Banks are of the non-oil export sector;

ii) Creating new financing and funding instrument in response to the peculiar needs of banks and exporters;

iii) Commodity price stabilization through regulatory and

intervention measures.

iv) encouraging and co-ordinating the establishment of a commodity exchange market backed by a well designed withholding and buffer stock scheme.

v) Undertaking market and product research and providing such research output and outcome at the disposal of exporters through journals and export-related development project;

vi) Establishment, funding and administering an export credit Guarantee and Insurance Scheme to cover exports and financiers against non-payment and

vii) Ensuring proper and adequate documentation of exports, monitoring the repatriation of export proceeds and operation of Domiciliary Accounts.

A unique and significant role of the central Bank of Nigeria is the administration of credit guidelines on banks lending to export sector.

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4.5 NIGERIAN EXPORT PROMOTION COUNCIL STRATEGY

To further strengthen the export awareness created at the grass root, the state committees on export promotion experienced improved funding in 1997. The yearly subvention to the committees was thus increased from the previous N35,000 to N50,000 with the prospect of further increasing it in 1998. It is,

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however, disheartening that most state Government still refuse to implement the effort of the Federal Government in this area.

4.5.1 ***Product Development***

The council's activities here under, include:-

a) Identification of the range and assortment mode-in-Nigeria products with export potential

b) Undertaking of supply - base studies;

c) Preparation of products profiles for the benefit of exporting companies and potential exporters;

d) Assisting exporting companies in product design and adaptation including advice on quality standards packing and packaging as well as labeling for the export market; and

e) Assisting in developing product specialization.

Deriving from the above, the council in 1997 conducted surveys on:-

i) Toiletries and cosmetic

ii) Cassava and its by-products

iii) Solid minerals;

iv) Pharmaceutical products; and

v) Leather and leather products

The above-listed product groups had previously being identified as having prospects in overseas markets as revealed by

feed backs from Nigeria's participation in overseas international journals.

The survey on pharmaceutical products was aimed at having a conpedium of active pharmaceutical companies that could be launched or introduced into the international market with necessary promotional assistance from NEPC. The potential of this sub-sector, especially in West Africa is very high.

At the conclusion of surveys on leather and leather products, the council is embarking on the production of a catalogue to provide visual display of products selected. The publication will put a stop to the lack of literature on Nigerian leather and leather products in addition to serving as reference materials for interested importers of the products.

The result of the survey on fresh fruits, vegetables and floriculture was published and released during the 2nd quarter of the reviewed period. The publication was served as valuable guide to Nigerian Exporters on the available fresh produce in Nigeria for export. It also provided information on product quality, sourcing, marketing techniques, names, and addresses of Nigerian Producers/Companies engaged in the production and exportation of these products.

Door-step-Export Campaign

This is an export promotion strategy aimed at reaching out

to manufacturers of exportable products with a view to identifying constraints militating against their effective performance. Consequently during the year under review, the council visited NIYYA Farms Ltd. In Kaduna , NEITAL Nig. Ltd., Maiduguri, and Gum Arabic plantations in Yobe State. Possible solutions were discussed with the management of the companies as they affect their products namely fresh fruits and livestock for NIYYYA and leather for NEITAL

4.5.2 ***Market Development***

The council, in 1997, prepared and up-dated the profiles/market briefs of some potential importing countries of Nigerian products and commodities. The countries are Ghana, Egypt, Morocco, Turkey, Niger and United Arab Emigrate.

International Trade Fair.

Participation in overseas international trade fairs and exhibitions still remain a veritable tool applied in export trade promotion and world - wide. Through such participation, exhibition and potential buyers, agents and distributions come face-to-face to negotiate and possibly include deals that would other wise have taken longer period and huge costs to conclude.

In realization of the above, the council in 1997 sponsored the participation of Nigerian companies to the following fairs and exhibitions

a) 4th Ghana Industry & Technology fair

b) Cairo International trade fair, Egypt;

c) Morocco International Trade fair

d) 6th Izmir international Trade fair Turkey

e) Guinea International Trade Fair and

f) United Arab Emirate (U.A.E.) International Trade fair, Dubia.

4.6 CONTRIBUTION AND ACHIEVEMENTS OF NEPC

It is necessary to present a brief analysis of the contribution of Nigerian Export promotion council to export development in Nigeria over the last years since its establishment. The council has gained a tremendous achievements in the economy by changing the mono-cultural nature of the economy to a well diversified one.

Since the inception of the council, Nigerian export has actively engaged in the exportation of both agricultural and other non-oil exportable products to the world market. These products are exported in form of raw, processed and finished products. This generally improves the export earnings for the country.

No any single country can produce everything it requires, therefore, it is imperative that some of these things (goods and

services) would have to be imported. Likewise some countries have to export some of such goods to countries that need them. By so doing, a country exports its goods and services adequately to earn foreign exchange with which they import needed goods. These generally helps to maintain a good balance of payment and balance of trade.

The council has helped through the identification of exportable products and the attachment or provision of appropriate financial incentives, provided business activities for persons and organisations that are export-oriented.

Export business also contributes to stimulate economic growth, generate employment and make possible a better standard of living through the provision of goods and services. Many export-oriented companies are established in the country with the aim to foster the economic growth and provide employment to many Nigerians. The contribution of Nigeria's major agricultural Export commodities is shown below:-

Year	Average Major Agric-Exports	Percentage Change Over preceding year
1993	1247.0	
1994	1525.0	22.3
1995	5978.0	292.0
1996	5933.7	-0.7
1997	6083.6	2.5

The average growth rate between 1993 - 1997 => 79.0
Source: CBN Annual Report, Dec. 1997

Among some achievements of the NEPC, it will be worth pointing out that the council has taken a number of laudable steps to translate some request of the general public into reality. Some of such initiatives are as follows:-

1. Publicity of its activities to create a general awareness of its existence to the public at large and to potential exporters in particular
2. Organizing courses and seminars in export marketing techniques. So many of such courses have been organized.
3. Undertaking marketing research studies on behalf of potential exporters in identified foreign markets.
4. Judiciously administering the export Development fund to the benefit of potential exporters.
5. Setting in motion the machinery for the management of the Export credit Insurance Schemes

6. Organizing trade mission to the ECOWAS countries.

7. Taking steps in conjunction with appropriate government agencies to remove or reduce bottlenecks where they exist.

8. Preparing policy papers for government consideration in several vital areas of export development.

4.6 PROBLEMS OF EXPORT PROMOTION IN NIGERIA

There are quite a number of constraints hindering the speedy growth and development of non-oil exports in Nigeria. The truth is, it is not easy to sell goods and services overseas as selling in the domestic markets. In the international markets, certain rules and regulations governing the business activities against foreign exchange preservation, domestic industries protections and employment provision within the local economy.

Apart from international problems, Nigerian exporters face some problems within the country, these problems range from foreign exchange constraints, lack of raw materials, Ineffective and Inefficient flow of information etc.

Some of such major problems hindering the growth of export promotion are highlighted below:-

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1. Technology

Technology is very dynamic and ever changing. Our products must meet the requirement of the most recent technology. Any

country that is always in arrears in technological adaptation cannot expect to sell its manufactured products to a market that is more advanced in technology.

2. One of the most important constraints is in the area of research and development activities. Most manufacturers still see research as an expensive luxury which they can ill afford. Nigeria needs to develop through Nigerian products. A sustained and profitable export drive can only be achieved where research is seen as a rule rather than the exception.

3. Most manufacturing companies in Nigeria produce goods that are franchised from overseas. Such patent licenses and franchise carry specific territorial limitations, violations of which could lead to a breach of technical with agreement companies entered into with their foreign partners.

4. **Price competitiveness**

   If Nigerian products are to find market outside, they must be price competitive. Unfortunately, one of the biggest problems facing manufacturers in Nigeria today is the high cost of production resulting from various factors. Nigeria does not maintain price stability which is crucial since export takes a long time to mature from quotation to delivery of orders. With the unstable exchange rate of currency, manufacturers find it difficult to guarantee that the prices they quote will

remain stable for up to specific months.

5. **Cost of Production**

Production inefficiency owing to poor management have been responsible in part for the high cost of production of products destined for export. Import duty tariff imposed on imported raw materials also contribute to high cost of production. Because the unit cost of production is higher than those of competing countries, the prices of the products are usually higher.

6. **Smuggling**

The smuggling of Nigerian manufactured products to neighbouring countries has denied the nation of a legitimate revenue. The much needed foreign exchange is thereby directed into the personal pockets of smugglers. But, even the earnings from legitimately transacted export business have often not returned to Nigeria. The foreign exchange earnings thus lost to the nation, from these illegalities, constitute a severe drain on her production capacity.

7. **Lack of documentation**

Many exporters do not have appropriate documentation and this makes it difficult for their company's products, prices and past achievements to be well introduced to the international Business community. For any product to break into the

foreign market successfully, careful documentation of the use and the standard of the product have to be well articulated, and put across to the foreign consumers.

8. **Political Instability**

Frequent change of government in any country affects its international business relationships. Political instability in a country may necessitate new policies and programmes which ultimately affect the entire economic system of the country. Some governments well come importation of some commodities to their countries while some impose certain restrictions which ultimately affect export business. Therefore, every potential exporter is expected to be conversant with the political nature of the country he wishes to have business to deal with.

Chapter Five

This chapter will focus on the summary, conclusion and recommendations collected for the study. This will include a summary of findings, preferred solutions and recommendations.

5.1 SUMMARY

In this study, an attempt has been made to examine the origin of the Nigerian Export Promotion Council and its operations, and factors that adversely effect the effective operations of this important council. To highlight these factors, certain objectives were formulated. These objectives have provided the finding's light and perspective for the collection of data and the analysis undertaken.

The study began with the overall view of what export promotion is all about, with the aim of understanding the rational, as well as the motivation behind the establishment of the NEPC.

Secondly, the role it plays in economic development of Nigeria and its functions were also enumerated.

In the review of related literature, a brief mention was made of Government's policy on exportation of goods and services. The main methods of data collection were questionnaire observation and personal interview. Further more, the analysis of data collected

explained the Council's organisational structure, implementation of its various incentive schemes, export financing, strategies used by the council, its contributions and problem faced by the council.

In the study, the economic recession which has made the country highly dependent on the exportation of crude oil, highlighted the importance of developing a strong base for exporting non-oil products. Thus, reconstruction of a well performing export promotion council within the country will satisfy the idea.

The prime aim of this study is to access the performance of NEPC and analyze the structure and growth of non-oil export as well as the benefit it would bring. The period under review in the project, in measuring the performance and development of the NEPC, was from its establishment in 1976 till date. It was discovered through the research carried out in pursuance of the project that the performance of the NEPC has not measured up to the standard required. This is due to some problems and reasons such as attitude of the Nigerian exporters, socio-cultural constraints, management of the council, technological problems and manpower shortage.

5.2 **CONCLUSION**

The truth is that export promotion cannot be developed

overnight. Export development is a long term proposition which requires a lot of hard work.

The Government has helped to put in place a network of institutions and incentives in order to achieve its goal, prominent among these institutions and incentives are NEXIM, and Duty draw back schemes, manufacture -in-bond scheme among others. However their contribution to total non-oil export revenue has not improved substantially mainly because of favourable factors in the market for oil products.

A lot still needs to be done if we are to join the league of leading exporting nations of Europe and Asia. We must tackle our production bottlenecks like inadequate infrastructure, substandard quality of products and so on.

Our exports must learn the dos and don't of export business fast. Such negative attitudes as late delivery dates, incomplete supplies, adulteration of products etc. must be stopped.

Finally, I will say without hesitation that if the foregoing suggestion will be adhered to, the opportunities for non-oil exports in Nigeria are boundless.

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5.3 RECOMMENDATION

The following recommendations are made as a contribution towards alleviating export promotion problems and improving

exporting in Nigeria as well as some the problems being faced by the NEPC.

1. **Human Resources**

Without a highly trained and enlightened workers in the country, it is difficult to keep pace with development in other parts of the world and try to adapt. Nigeria being the largest black Nation with a large number of highly educated and intelligent people, is in a better position to utilize its human resources. We should seriously think of exporting our services to at least, the less developed countries. We should also tie our aids to other countries with supply of goods and services to the recipient countries as done by other developed countries.

2. **Quality standard**

In export marketing, quality standard is the most critical factor. No country imports all its needs from any one country. This means that all countries buy some of their needs from various countries. This leads to competition between exporting countries and ultimately only the country with the highest standard of quality required by the importing country with reasonable prices, will retain the market. In the ECOWAS sub-region, Nigerian products face stiff competition from the more industrially advanced countries of western Europe. It is necessary therefore, that exporters pay more attention to the enhancement of the quality of their products.

They should ensure that the quality of a product for a market meets the quality requirement in that market as there is no single international quality standard for a product, the company should adopt and specify that the product is produced for that market.

3. **Packaging**

Packaging is the by product of quality standard. It carries the physical impression of the quality of a product although, it should not be pursued at the expenses of the quality on the product. A beautifully packaged poor quality can only catch the customer once with a devastating consequence and the deceptive packaging is seen as a tactic to sell. What is needed is good packaging standard for high quality products.

4. The duty draw-back scheme and manufacture-in-bond incentives should be adequately publicized to manufacturers and reduce the paper work required to get refund if the prices of our products are to be competitive in the world market.

5. We should not deceive ourselves by thinking that the developed economies will willingly transfer technology to us. We must develop our own technology or imitate from existing ones. To do this, both the government and private sector must put greater premium on research.

6. Smuggling should be checked seriously. It may be essential

for the government to embark in a massive enlightenment campaign to the public to expose the negative effects of smuggling and the virtues of patriotism.

7. The tediousness of the export procedures and documentation in Nigeria be reduced or eliminated completely where possible certain protocols in the Nigerian ports Authority be reduced considering the fact that most of the Nigerian exporters are illiterates as such encountering difficulties in clearing their consignments both to and from Nigeria.

8. Export promotion committee should be established in major local government areas in the country. This will enable the NEPC to educate the Nigerian peasants who produce both food and cash crops in large quantity to be export-oriented.

9. Government should provide adequate infra-structured facilities such as electricity, better and available transportation and better communication network that will help in linking different areas with one another. Facilitate easy movement of raw processed and finished products from one area to another and subsequently to abroad.

10. Finally, the Federal Government should ensure the proper finding of the NEPC to enable the council implement all the incentives approved by the government. Qualified and experienced staff should be employed and encouraged for

effective performance.

Competent and well established companies and exporters should be selected to take part in foreign trade fairs so that on return, they can satisfy the demand of their foreign customers.

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Questionnaire Schedule

PROJECT RESEARCH

TOPIC: THE CONTRIBUTION OF NIGERIAN EXPORT PROMOTION COUNCIL TO THE ECONOMIC DEVELOPMENT OF NIGERIA

QUESTIONNAIRE

INSTRUCTION: Please provide appropriate answers to the following questions

1. COMPANY BACKGROUND

1.01 Name of company:.....

1.02 Address:.....

1.03 *Nature of* business:.....

1.04 Form of business ownership:.....

1.05 Year of Incorporation:.....

1.06 How long has the company been in export business:.....

1.07 Did your company register with the Nigerian Export promotion council (NEPC) □ Yes □ No
(Tick which is applicable)

1.08 If yes, state the year and the registration Number .....

1.09 To what group does your company belong?
□ Manufacturing Exports □ Export Merchants
(Tick as applicable)

1.10 Type of production □ Manual labour □ Machinery
(Tick as applicable)

1.11 Type of product □ Consumer □ Industrial
(Tick as applicable)

2. EXPORT FINANCIAL

2.01 Name of your
Banker:.....

2.02 How long has the company been banking with them
□ one year □ Two years □ Three or more year
(Tick as applicable)

2.03 Does your company enjoy any export credit facility from the bank □ Yes □ No (Tick as applicable).

2.04 If yes, what type of credit facility?
□ over draft □ short term loan □ long term loan
(Tick as applicable)

2.05 For how long has your company been enjoying such credit facility?
□ one year □ two years □ more than two year
(Tick as applicable)

2.06 At what stage of the export process does your company require credit facilities most?
□ At pre-shipment □ At post shipment stage
(Tick as applicable)

2.07 What is your assessment of your credit from buyers
□ Readily available □ Available □ Not available
(Tick as applicable)

2.08 How do you explain the bank response to your company requirement for export credit facilities
□ Urgently □ Reluctantly
(Tick as applicable)

2.09 How would you describe the financial assistance your company obtain from creditors
□ Sufficient □ Not sufficient
(Tick as appropriate)

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3. GOVERNMENT INCENTIVES AND BANK SERVICES

3.01 Does your company maintain Domiciliary Accounts?

□ Yes □ No

(Tick as applicable)

3.02 If yes, since when? Comment briefly

.....

3.03 What are your views about your bank officials

□ Co-operative □ Unco-operative

(Tick as appropriate)

3.04 Please comment briefly on your choice for the above question(3.03)

.....

.....

3.05 Did your company ever apply for Duty-Draw-Back Scheme:

□ Yes □ No

(Tick as appropriate)

3.06 If yes how does it normally obtain the refund?

Comment:.....

3.07 How would you describe the operation of export Development Funds

□ Satisfactory □ Unsatisfactory

(Tick as appropriate)

3.08 Did your company ever qualify to receive export expansion grant Funds?

□ Yes □ No (Tick as applicable)

3.09 If yes, how do you describe the procedure?

□ Satisfactory □ Unsatisfactory

(Tick as appropriate)

3.10 What do you consider to be the general problem of Export Promotion in Nigeria? Comment briefly:

.....

3.11 Apart from financial incentives are there any other promotional activities being carried out by NEPC to encourage Nigerian exporters, please comment:

.....

3.12 In your opinion what do you think are the basic achievements of the

NEPC:.....

3.13 Please suggest apart from incentives, other possible schemes that would help in enhancing export promotion in the country:

.....

3.14 What do you think are reason for export promotion in Nigeria? Please comment :

.....

3.15 How can you describe the tediousness in the procedure and documentation for export from Nigeria

□ Favourable □ Unfavourable

Please comment freely:

.....



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NIGERIAN EXPORT PROMOTION COUNCIL

[redacted] ORGANISATIONAL STRUCTURE

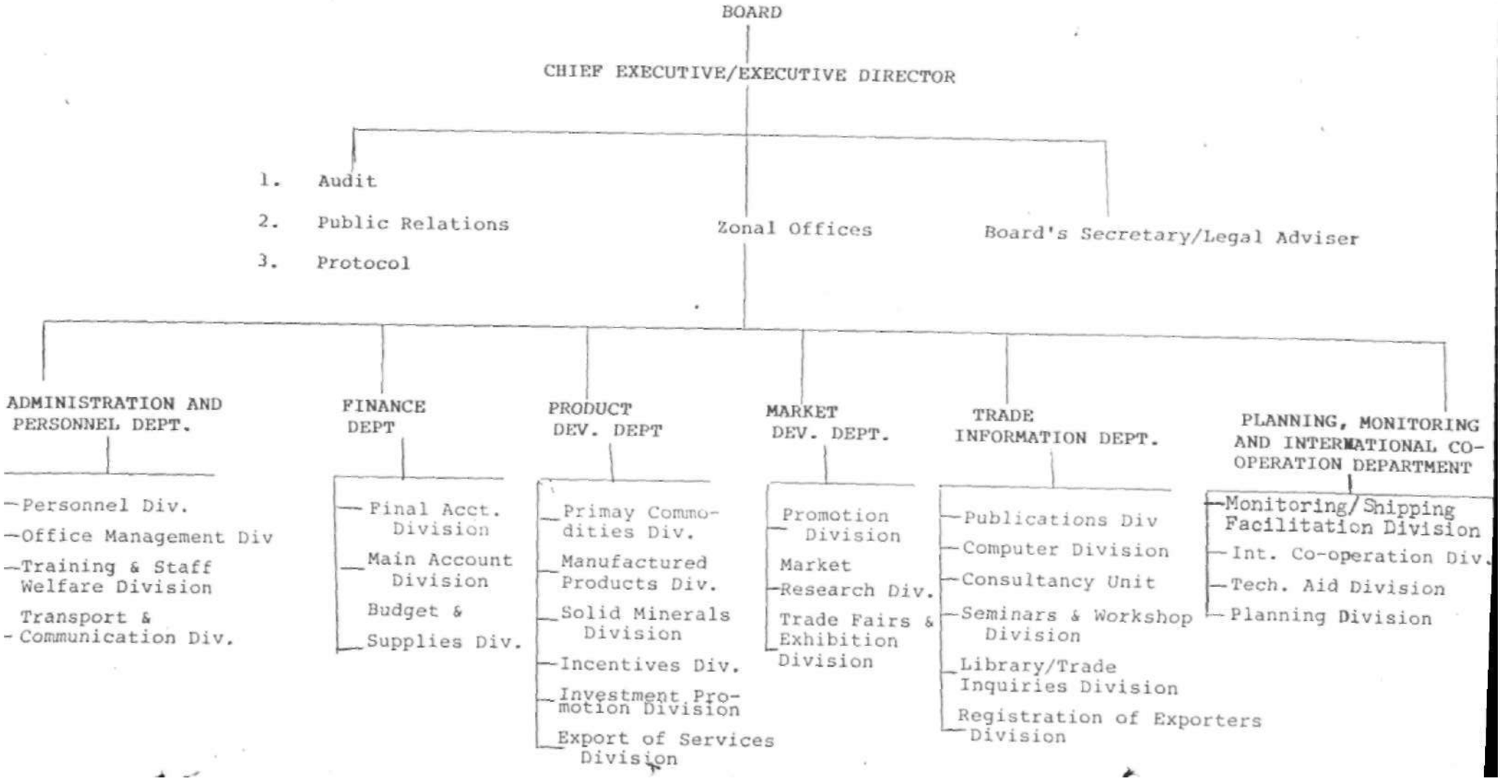


FIGURE 3.10
COMMERCIAL BANKS' LOANS AND ADVANCES
CLASSIFIED BY PURPOSE

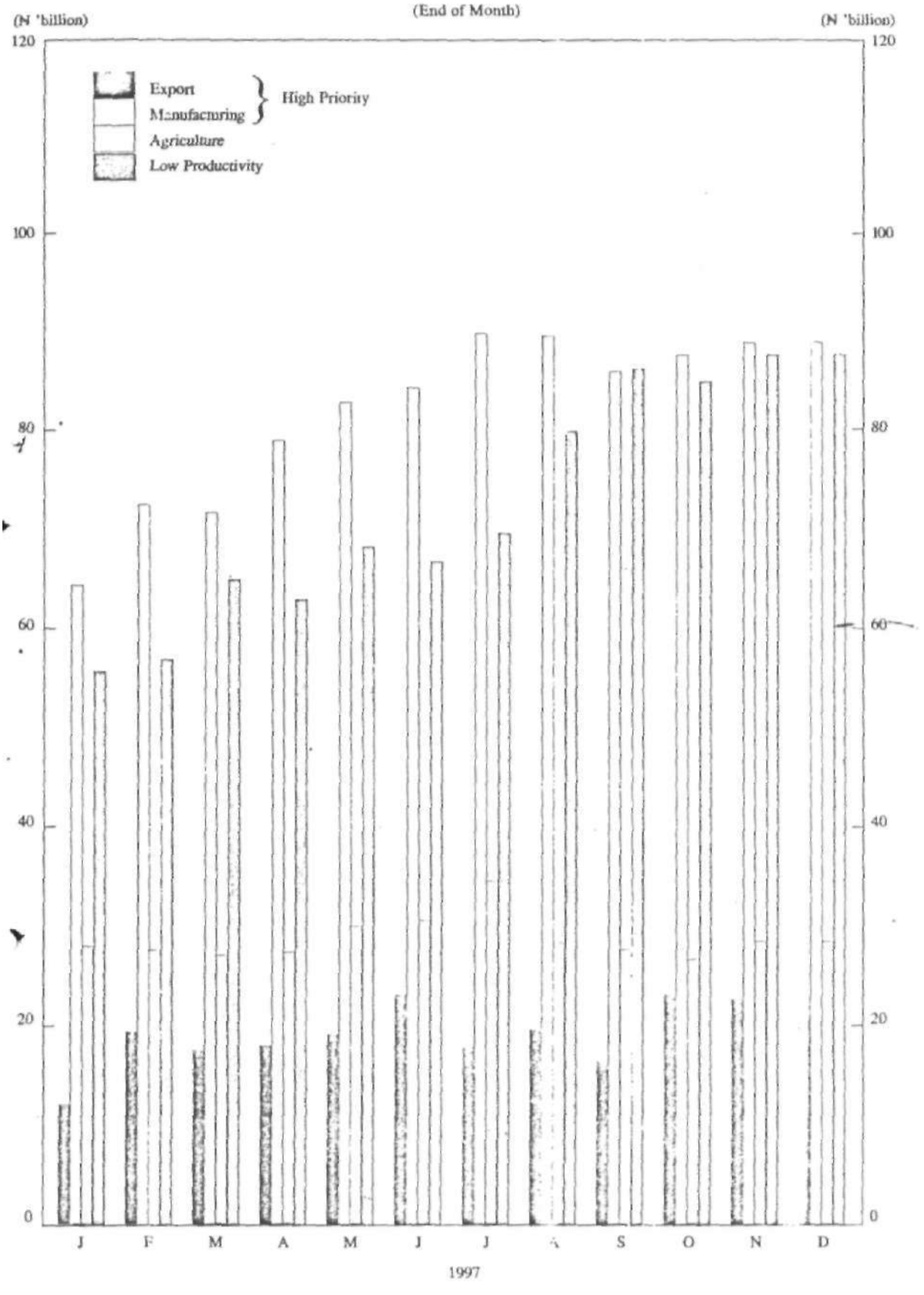


TABLE 5.3
NATIONAL INCOME AT 1984 CONSTANT MARKET PRICES

(₦ billion)

Components	1993 (1)	1994 (2)	1995 (3)	1996 [1] (4)	1997 [2] (5)	Annual Percentage Change Between (Growth Rate) (1)&(2) (6)	(2)&(3) (7)	(3)&(4) (8)	(4)&(5) (9)
1. Gross Domestic Product (At Current Market Prices)	697.1	911.4	1977.7	2833.2	3127.9	30.7	117.0	43.3	10.4
2. Gross Domestic Product (At 1984 Constant Market Prices)	100.2	101.4	103.6	107.1	111.1	1.2	2.2	3.4	3.7
LESS:									
3. Net Factor Income from Abroad	2.0	1.5	1.3	1.5	2.4	-25.0	-13.3	15.4	60.0
4. Gross National Product	98.2	99.9	102.3	105.6	108.7	1.7	2.4	3.2	2.9
LESS:									
5. Consumption of Fixed Capital (Depreciation)	1.3	1.3	1.3	1.3	1.3	0.0	0.0	0.0	0.0
6. Net National Product	96.9	98.6	101.0	104.3	107.4	1.8	2.4	3.3	3.0
LESS:									
7. Net Indirect Business Taxes	0.2	0.1	0.1	0.6	0.3	-50.0	0.0	500.0	-50.0
8. National Income	96.7	98.5	100.9	103.7	107.1	1.9	2.4	2.8	3.3

[1]*Revised.*

[2]Estimates of the National Planning Commission.

Source: (i) Federal Office of Statistics (ii) National Planning Commission.

2.2 per cent and ₦0.3 billion or 0.3 per cent, respectively, compared with ₦1.5 billion (1.4 per cent) and ₦0.6 billion (0.6 per cent) in 1996. The consumption of fixed capital or depreciation of capital assets stood at ₦1.3 billion or 1.2 per cent of the total, the same level as in the previous year (Table 5.3).

V.2 AGRICULTURE

V.2.1 Agricultural Production

The steady growth in agricultural production observed in the preceding five years continued in 1997. At 234.1 (1984 = 100), the aggregate index of agricultural production increased by 4.1 per cent, compared with 3.7 per cent in 1996 and the average of 3.5 per cent for the period 1993 to 1997 (Table 5.4). All the sub-sectors contributed to the growth in the level of output. Crop production rose by 4.3 per cent, compared with 3.6 per cent in 1996 and the average of 3.6 per cent for the period 1993 to 1997. The output of staples grew by 4.2 per cent compared with 3.3 per cent in 1996. All the major staples recorded significant output increases over the preceding year's level (Table 5.5). Cash crop production also rose by 5.4 per cent, compared with 5.5 per cent in 1996 with all major components recording increases in output: sheanuts (1.5 per cent), rubber (2.0 per cent), cotton (2.7 per cent), coffee (3.4 per cent) and benniseed (7.8 per cent).

A national survey conducted by the Central Bank of Nigeria showed that the sustained increase in agricultural production during the year was due mainly to favourable weather conditions as rainfall was largely timely and well distributed throughout the country. Average annual rainfall increased from 1,087 mm in 1996 to 1,199 mm (Table 5.6), thus encouraging intense farming activity. This development, coupled with intensified effort by the National

TABLE 5.4
INDEX OF AGRICULTURAL PRODUCTION BY TYPE OF ACTIVITY

(1984 = 100)

Sub-Sector	1993[1] (1)	1994 (2)	1995 (3)	1996 (4)	1997[1] (5)	Percentage Change Between (1)&(2) (6)	(2)&(3) (7)	(3)&(4) (8)	(4)&(5) (9)	Average Growth Rate 1993-1997 (10)
Crops	241.1	249.4	257.0	266.2	277.7	3.4	3.0	3.6	4.3	3.6
(a) Staples	266.3	276.8	285.4	294.9	307.3	3.9	3.1	3.3	4.2	3.6
(b) Others Crops	146.1	146.0	149.8	158.0	166.3	- 0.1	2.6	5.5	5.3	3.3
Livestock	161.6	164.1	171.0	176.0	180.4	1.5	4.2	2.9	2.5	2.8
Fishery	62.9	67.1	74.0	89.4	99.5	6.7	10.3	20.8	11.3	12.3
Forestry	124.7	128.0	130.2	131.5	132.7	2.6	1.7	1.0	0.9	1.6
Aggregate	203.7	209.7	216.8	224.8	234.1	2.9	3.4	3.7	4.1	3.5

[1]Provisional.

Sources: Derived from data compiled by the Federal Office of Statistics (FOS).

TABLE 5.7
INDICES OF AVERAGE WORLD PRICES (C.I.F) IN DOLLARS OF NIGERIA'S MAJOR AGRICULTURAL EXPORT COMMODITIES

(1985 = 100)

Commodity	1993 (1)	1994 (2)	1995 (3)	1996 (4)	1997 (5)	Percentage Change Between (1)&(2) (6)	(2)&(3) (7)	(3)&(4) (8)	(4)&(5) (9)	Average Growth Rate (1993-1997) (10)
Cocoa	55.0	67.0	70.0	71.9	73.7	21.8	4.5	2.7	2.5	7.9
Coffee	63.0	138.0	142.0	105.7	137.0	119.0	2.9	-25.6	29.6	31.5
Copra	95.0	128.0	140.0	158.3	139.9	34.7	9.4	13.1	-11.6	11.4
Cotton	123.0	170.0	209.0	171.2	167.5	38.2	22.9	-18.1	-2.2	10.2
Groundnut	—	—	—	—	—	—	—	—	—	—
Groundnut Oil	92.0	163.0	136.0	125.6	120.0	77.2	-16.6	-7.6	-4.5	12.1
Palm Oil	96.0	135.0	162.0	131.0	134.4	40.6	20.0	-19.1	2.6	11.0
Palm Kernel	—	—	—	—	—	—	—	—	—	—
Soya Bean	142.0	149.0	151.0	186.3	188.1	4.9	1.3	23.4	1.0	7.7
Ginger	44.0	45.0	53.0	76.4	84.4	2.3	17.8	44.2	10.5	18.7
Rubber	—	—	—	—	—	—	—	—	—	—
All Commodities	63.0	78.0	84.0	81.6	83.7	23.8	7.7	-2.9	2.6	7.8

Sources: Computed from data published in the *Public Ledger* and *Financial Times*, London.

TABLE 5.8
INDICES OF AVERAGE WORLD PRICES (C.I.F) IN NAIRA OF NIGERIA'S MAJOR AGRICULTURAL EXPORT COMMODITIES

(1985 = 100)

Commodity	1993 (1)	1994 (2)	1995 (3)	1996 (4)	1997 (5)	Percentage Change Over Preceding Year (1) & (2) 6)	(2) & (3) (7)	(3) & (4) (8)	(4) & (5) (9)	Average Growth Rate (1993-1997) (10)
Cocoa	1090.0	1318.0	4950.0	5235.6	5354.4	20.9	275.6	5.8	2.3	76.1
Coffee	1247.0	2721.0	9987.0	7723.4	9993.4	118.2	267.0	-22.7	29.4	98.0
Copra	1864.0	2500.0	10069.0	11527.6	10162.6	34.1	302.8	14.5	-11.8	84.9
Cotton	2429.0	3327.0	14934.0	12487.2	12189.1	37.0	348.9	-16.4	-2.4	91.8
Groundnut	—	—	—	—	—	—	—	—	—	—
Groundnut Oil	1810.0	3195.0	9550.0	9228.0	8726.0	76.5	198.9	-3.4	-5.4	66.7
Palm Oil	1893.0	2594.0	11486.0	9550.1	9857.1	37.0	342.8	-16.9	3.2	91.5
Palm Kernel	—	—	—	—	—	—	—	—	—	—
Soya Bean	2797.0	2921.0	11097.0	13579.1	13706.6	4.4	279.9	22.4	0.9	76.9
Ginger	858.0	872.0	3877.0	5510.3	6191.2	1.6	344.6	42.1	12.4	100.2
Rubber	—	—	—	—	—	—	—	—	—	—
All Commodities	1247.0	1525.0	5978.0	5933.7	6083.6	22.3	292.0	-0.7	2.5	79.0

Sources: Computed from data published in the *Public Ledger* and *Financial Times*, London.

prices of maize, rice, yam and white garri increased substantially by 3.6, 10.2, 21.7 and 24.9 per cent, respectively. The price increases were attributed mainly to rising costs of production and transportation arising largely from persistent shortage of fuel and high cost of maintenance of vehicles. The other factors included post harvest losses owing to poor handling (Table 5.10).

V.2.3 Activities of Selected Agricultural Agencies

(a) *Agricultural Research Institutes*

A number of breakthroughs were recorded during the year by some research institutes especially with respect to the development of high-yielding and disease-resistant varieties of seeds, plants and animals. The achievements of individual research institutes are discussed below:

(i) *National Cereals Research Institute, Badeggi*

The National Cereals Research Institute (NCRI), Badeggi has the mandate to research into the genetic improvement of rice, soyabean, benniseed and sugar cane and farming systems in the Middle Belt Zone. The NCRI also undertakes research and collaborative studies with the universities, international organizations such as the West African Rice Development Agency (WARDA) and the International Institute for Tropical Agriculture (IITA). New products developed by the Institute in 1997 included: threshing machines for rice, cowpea and soyabean; new single and double row planters; and rice parboilers. NCRI also initiated new techniques for

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.....

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.....

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□ Favourable □ Unfavourable

Please comment freely:

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NIGERIAN EXPORT PROMOTION COUNCIL

ORGANISATIONAL STRUCTURE

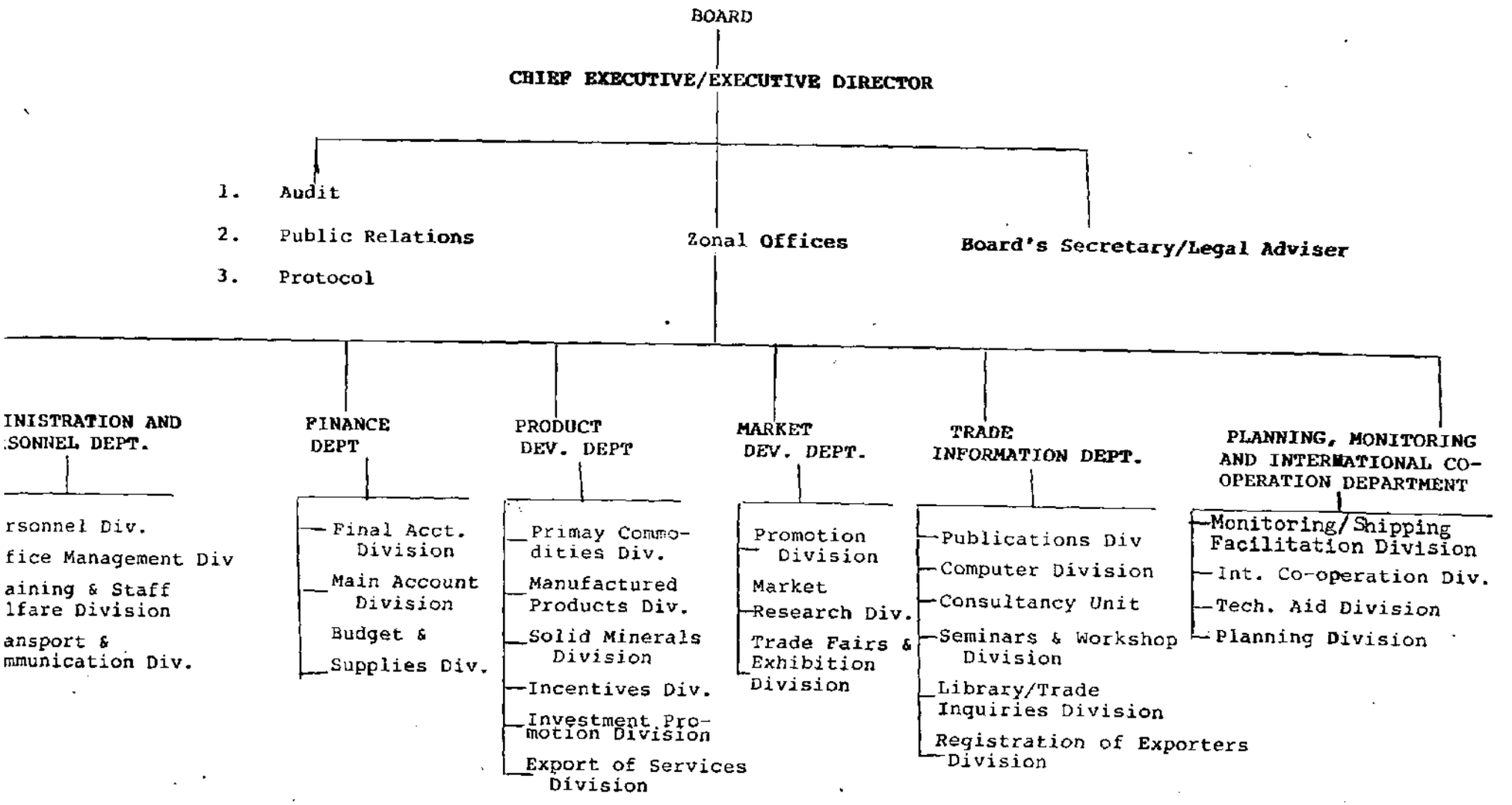


FIGURE 3.10
COMMERCIAL BANKS' LOANS AND ADVANCES
CLASSIFIED BY PURPOSE

(End of Month)

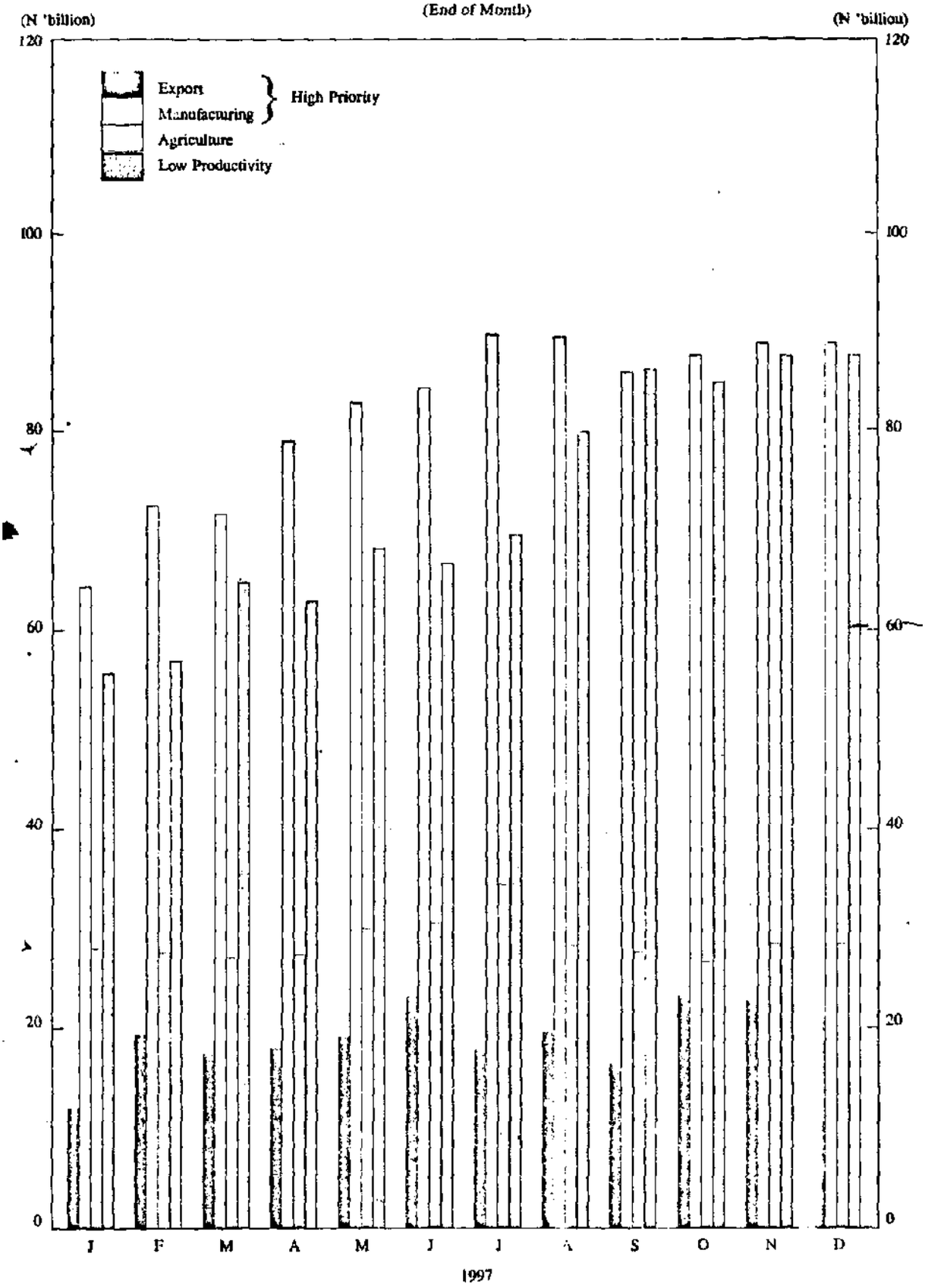


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LESS:									
5. Consumption of Fixed Capital (Depreciation)	1.3	1.3	1.3	1.3	1.3	0.0	0.0	0.0	0.0
6. Net National Product	96.9	98.6	101.0	104.3	107.4	1.8	2.4	3.3	3.0
LESS:									
7. Net Indirect Business Taxes	0.2	0.1	0.1	0.6	0.3	-50.0	0.0	500.0	-50.0
8. National Income	96.7	98.5	100.9	103.7	107.1	1.9	2.4	2.8	3.3

[1]Revised.

[2]Estimates of the National Planning Commission.

Source: (i) Federal Office of Statistics (ii) National Planning Commission.

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V.2.1 Agricultural Production

The steady growth in agricultural production observed in the preceding five years continued in 1997. At 234.1 (1984 = 100), the aggregate index of agricultural production increased by 4.1 per cent, compared with 3.7 per cent in 1996 and the average of 3.5 per cent for the period 1993 to 1997 (Table 5.4). All the sub-sectors contributed to the growth in the level of output. Crop production rose by 4.3 per cent, compared with 3.6 per cent in 1996 and the average of 3.6 per cent for the period 1993 to 1997. The output of staples grew by 4.2 per cent compared with 3.3 per cent in 1996. All the major staples recorded significant output increases over the preceding year's level (Table 5.5). Cash crop production also rose by 5.4 per cent, compared with 5.5 per cent in 1996 with all major components recording increases in output: sheanuts (1.6 per cent), rubber (2.0 per cent), cotton (2.7 per cent), coffee (3.4 per cent) and benniseed (7.8 per cent).

A national survey conducted by the Central Bank of Nigeria showed that the sustained increase in agricultural production during the year was due mainly to favourable weather conditions as rainfall was largely timely and well distributed throughout the country. Average annual rainfall increased from 1,087 mm in 1996 to 1,199 mm (Table 5.6), thus encouraging intense farming activity. This development, coupled with intensified effort by the National

TABLE 5.4
INDEX OF AGRICULTURAL PRODUCTION BY TYPE OF ACTIVITY

(1984 = 100)

Sub-Sector	1993[1] (1)	1994 (2)	1995 (3)	1996 (4)	1997[1] (5)	Percentage Change Between (1)&(2) (6)	(2)&(3) (7)	(3)&(4) (8)	(4)&(5) (9)	Average Growth Rate 1993-1997 (10)
Crops	241.1	249.4	257.0	266.2	277.7	3.4	3.0	3.6	4.3	3.6
(a) Staples	266.3	276.8	285.4	294.9	307.3	3.9	3.1	3.3	4.2	3.6
(b) Others Crops	146.1	146.0	149.8	158.0	166.3	- 0.1	2.6	5.5	5.3	3.3
Livestock	161.6	164.1	171.0	176.0	180.4	1.5	4.2	2.9	2.5	2.8
Fishery	62.9	67.1	74.0	89.4	99.5	6.7	10.3	20.8	11.3	12.3
Forestry	124.7	128.0	130.2	131.5	132.7	2.6	1.7	1.0	0.9	1.6
Aggregate	203.7	209.7	216.8	224.8	234.1	2.9	3.4	3.7	4.1	3.5

[1]Provisional.

Sources: Derived from data compiled by the Federal Office of Statistics (FOS).

TABLE 5.7

INDICES OF AVERAGE WORLD PRICES (C.I.F) IN DOLLARS OF NIGERIA'S MAJOR AGRICULTURAL EXPORT COMMODITIES

(1985 = 100)

Commodity	1993 (1)	1994 (2)	1995 (3)	1996 (4)	1997 (5)	Percentage Change Between (1)&(2) (6)	(2)&(3) (7)	(3)&(4) (8)	(4)&(5) (9)	Average Growth Rate (1993-1997) (10)
Cocoa	55.0	67.0	70.0	71.9	73.7	21.8	4.5	2.7	2.5	7.9
Coffee	63.0	138.0	142.0	105.7	137.0	119.0	2.9	-25.6	29.6	31.5
Copra	95.0	128.0	140.0	158.3	139.9	34.7	9.4	13.1	-11.6	11.4
Cotton	123.0	170.0	209.0	171.2	167.5	38.2	22.9	-18.1	-2.2	10.2
Groundnut	—	—	—	—	—	—	—	—	—	—
Groundnut Oil	92.0	163.0	136.0	125.6	120.0	77.2	-16.6	-7.6	-4.5	12.1
Palm Oil	96.0	135.0	162.0	131.0	134.4	40.6	20.0	-19.1	2.6	11.0
Palm Kernel	—	—	—	—	—	—	—	—	—	—
Soya Bean	142.0	149.0	151.0	186.3	188.1	4.9	1.3	23.4	1.0	7.7
Ginger	44.0	45.0	53.0	76.4	84.4	2.3	17.8	44.2	10.5	18.7
Rubber	—	—	—	—	—	—	—	—	—	—
All Commodities	63.0	78.0	84.0	81.6	83.7	23.8	7.7	-2.9	2.6	7.8

Sources: Computed from data published in the *Public Ledger* and *Financial Times*, London.

TABLE 5.8

INDICES OF AVERAGE WORLD PRICES (C.I.F) IN NAIRA OF NIGERIA'S MAJOR AGRICULTURAL EXPORT COMMODITIES

(1985 = 100)

Commodity	1993 (1)	1994 (2)	1995 (3)	1996 (4)	1997 (5)	Percentage Change Over Preceding Year (1) & (2) 6)	(2) & (3) (7)	(3) & (4) (8)	(4) & (5) (9)	Average Growth Rate (1993-1997) (10)
Cocoa	1090.0	1318.0	4950.0	5235.6	5354.4	20.9	275.6	5.8	2.3	76.1
Coffee	1247.0	2721.0	9987.0	7723.4	9993.4	118.2	267.0	-22.7	29.4	98.0
Copra	1864.0	2500.0	10069.0	11527.6	10162.6	34.1	302.8	14.5	-11.8	84.9
Cotton	2429.0	3327.0	14934.0	12487.2	12189.1	37.0	348.9	-16.4	-2.4	91.8
Groundnut	—	—	—	—	—	—	—	—	—	—
Groundnut Oil	1810.0	3195.0	9550.0	9228.0	8728.0	76.5	198.9	-3.4	-5.4	66.7
Palm Oil	1893.0	2594.0	11486.0	9550.1	9857.1	37.0	342.8	-16.9	3.2	91.5
Palm Kernel	—	—	—	—	—	—	—	—	—	—
Soya Bean	2797.0	2921.0	11097.0	13579.1	13706.6	4.4	279.9	22.4	0.9	76.9
Ginger	858.0	872.0	3877.0	5510.3	6191.2	1.6	344.6	42.1	12.4	100.2
Rubber	—	—	—	—	—	—	—	—	—	—
All Commodities	1247.0	1525.0	5978.0	5933.7	6083.6	22.3	292.0	-0.7	2.5	79.0

Sources: Computed from data published in the *Public Ledger* and *Financial Times*, London.

prices of maize, rice, yam and white garri increased substantially by 3.6, 10.2, 21.7 and 24.9 per cent, respectively. The price increases were attributed mainly to rising costs of production and transportation arising largely from persistent shortage of fuel and high cost of maintenance of vehicles. The other factors included post harvest losses owing to poor handling (Table 5.10).

V.2.3 Activities of Selected Agricultural Agencies

(a) *Agricultural Research Institutes*

A number of breakthroughs were recorded during the year by some research institutes especially with respect to the development of high-yielding and disease-resistant varieties of seeds, plants and animals. The achievements of individual research institutes are discussed below:

(i) *National Cereals Research Institute, Badeggi*

The National Cereals Research Institute (NCRI), Badeggi has the mandate to research into the genetic improvement of rice, soyabean, benniseed and sugar cane and farming systems in the Middle Belt Zone. The NCRI also undertakes research and collaborative studies with the universities, international organizations such as the West African Rice Development Agency (WARDA) and the International Institute for Tropical Agriculture (IITA). New products developed by the Institute in 1997 included: threshing machines for rice, cowpea and soyabean; new single and double row planters; and rice parboilers. NCRI also initiated new techniques for

TABLE 6.1
BALANCE OF PAYMENTS – ANALYTICAL STATEMENT

(₦ 'million)

Category	1993 (1)	1994 (2)	1995 (3)	1996[1] (4)	1997[2] (5)
A. CURRENT ACCOUNT	-19,488.8	-52,304.2	-186,084.8	240,180.3	36,033.7
Merchandise	72,060.4	61,335.9	247,177.6	676,000.8	409,402.6
Export (F.O.B)	218,801.1	206,059.2	825,669.6	1,125,690.3	1,091,130.9
Oil	213,778.8	200,710.2	805,566.8	1,105,630.8	1,065,501.6
Non-oil	5,022.3	5,349.0	20,102.8	20,059.5	25,629.3
Imports	-146,740.7	-144,723.3	-578,491.9	-449,689.4	-681,728.3
Oil	-41,136.1	-42,349.6	-135,370.9	-139,487.2	-146,653.7
Non-oil	-105,604.6	-102,373.7	-443,121.0	-310,202.2	-535,074.6
Services and Income (net)	-109,343.2	-124,592.5	-484,811.0	-497,053.5	-507,333.8
Services and Income (credit)	26,903.8	9,227.2	49,839.3	59,193.6	74,971.3
Investment Income (credit)	1,252.3	1,068.0	7,088.8	8,025.2	18,543.0
Interest on Reserves	1,252.3	1,068.0	7,088.8	8,025.2	18,543.0
Others	0.0	0.0	0.0	0.0	0.0
Non-factor Services	25,651.5	8,159.1	42,750.5	51,168.4	56,428.3
Services and Income (debit)	-136,246.9	-133,819.7	-534,650.3	-556,247.1	-582,305.1
Investment Income (debit)	-73,946.6	-67,435.4	-209,624.0	-219,117.4	-244,232.6
Oil	-28,671.1	-28,966.2	-94,198.8	-107,854.5	-126,818.9
Non-oil	-45,275.5	-38,469.2	-115,425.2	-111,262.9	-117,413.8
Interest Due on Loans	-44,331.9	-36,352.8	-106,270.9	-107,498.3	-114,126.3
Direct Investment	-943.6	-2,116.4	-9,154.2	-3,764.6	-3,287.5
Non-factor Services	-62,300.3	-66,384.3	-325,026.3	-337,129.6	-338,072.5
Unrequited Transfers (Net)	17,794.0	10,952.4	51,548.5	61,233.0	133,965.0
B. CAPITAL (EXCLUDING E)	-19,740.9	11,252.7	-3,254.0	-290,198.6	-30,490.5
Direct Investment	29,660.3	22,229.2	75,940.6	111,297.8	110,456.2
Portfolio Investment	-377.0	-203.5	-5,785.0	-12,055.2	-4,780.5
Other Capital Long Term	-38,176.3	-41,471.8	-108,037.0	-212,258.7	-206,871.7
Official (of which)	-38,176.3	-41,471.8	-108,037.0	-212,258.7	-206,871.7
Amortisation (DUE)	-47,707.1	-51,355.7	-188,206.7	-260,668.2	-255,176.2
Disbursement	9,530.8	9,884.0	80,169.7	48,409.5	48,304.6
Other Official	0.0	0.0	0.0	0.0	0.0
Private (Net)	0.0	0.0	0.0	0.0	0.0
Other Capital Short-term (Net)	-10,847.9	30,698.8	34,625.7	-177,182.5	70,705.4
C. NET ERRORS AND OMISSIONS	-2,507.1	-1,571.8	-5,875.8	-3,133.7	-4,339.3
D. OVERALL BALANCE = Total (A, B and C)	-41,736.8	-42,623.3	-195,216.3	-53,152.0	1,077.7
E. FINANCING	41,736.8	42,623.3	195,216.3	53,152.0	-1,077.7
a. Exceptional Financing	55,350.7	49,818.2	179,891.2	237,102.5	250,515.3
(i) Promissory Notes (arrears)	0.0	0.0	0.0	0.0	0.0
(ii) Deferred Debt Service	55,350.7	49,818.2	179,891.2	237,102.5	250,515.3
(iii) Others	0.0	0.0	0.0	0.0	0.0
b. Change in Reserves[3]	-13,613.9	-7,194.9	15,325.1	-183,950.5	-251,593.0
Memorandum Items:					
Current Account Balance as % of G.D.P	-2.8	-5.7	-9.4	8.5	1.2
Capital Account Balance as % of G.D.P	-2.8	1.2	-0.2	-10.2	-1.0
Overall Balance as % of G.D.P	-6.0	-4.7	-9.9	-1.9	0.03
External Reserves – Stock (US$million)	1,330.1	1,658.8	1,431.0	4,074.7	7,581.2
Number of Months of Foreign Exchange Disbursement	2.4	3.0	2.1	7.6	9.6
Debt Service Due as % of Exports of Goods and Non-Factor Services	37.7	40.9	33.9	31.3	32.3
Average Exchange Rate(₦/$)[4]	22.0468	21.8861	70.7632	69.8449	71.7505

[1]Revised.
[2]Provisional.
[3]Minus (-) sign indicates increase in reserves. Plus (+) sign indicates decrease in reserves.
[4]The conversion exchange rates used in 1995, 1996 and 1997 were derived from the weighted average of official and AFEM rates.

This category of imports almost doubled as it increased by 92.3 per cent from ₦207,453.2 million (US$2,553.4 million) in 1996 to ₦398,979.8 million (US$4,886.5 million). Similarly, imports valid for foreign exchange, that is, funded through the AFEM intervention, also rose by 63.5 per cent above the 1996 figure to ₦222,266.0 million (US$2,722.2 million). The residual, which is largely government imports, fell from ₦57,575.6 million (US$708.6 million) in 1995 to ₦55,301.6 million (US$677.3 million).

A breakdown of imports by end-use showed that the share of consumer goods in total imports decreased by 1.2 percentage points to 37.5 per cent while that of the capital goods and raw material imports as a group increased from 61.2 per cent in 1996 to 62.2 per cent. In the consumer goods sub-group, the durable goods component increased

TABLE 6.6
EXPORT OF MAJOR COMMODITIES BY ECONOMIC SECTORS

Commodity	Quantity (Thousand tonnes)					(Value ₦ 'million)					Percentage of Total Export Value				
	1993 (1)	1994 (2)	1995[1] (3)	1996[1] (4)	1997[2] (5)	1993 (6)	1994 (7)	1995[1] (8)	1996[1] (9)	1997[2] (10)	1993 (11)	1994 (12)	1995[1] (13)	1996[1] (14)	1997[2] (15)
Major Agricultural Products .. (including Forest Products)	422.9	263.2	304.1	174.8	691.4	3,437.3	3,818.8	15,512.0	17,202.6	19,826.1	1.6	1.9	1.6	1.3	1.6
Cocoa Seed	200.7	59.6	46.3	73.0	21.6	1,683.8	1,816.2	6,227.4	7,351.5	7,818.1	0.8	0.9	0.7	0.6	0.6
Palm Produce	106.7	49.7	17.4	11.2	38.1	137.2	131.3	102.7	489.6	1,282.6	0.1	0.1	0.0	0.0	0.1
Rubber	98.2	54.4	125.3	46.3	36.9	875.5	698.7	4,717.5	5,094.6	4,067.1	0.4	0.3	0.5	0.4	0.3
Pineapples	3.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Coffee	1.2	63.6	0.2	N/A	0.1	15.0	4.5	19.5	6.9	27.7	0.0	0.0	0.0	0.0	0.0
Fish & Shrimps	2.6	8.8	36.8	14.9	63.8	234.5	312.0	1,514.8	1,177.6	1,630.6	0.1	0.2	0.2	0.1	0.1
Cashew-nuts	9.1	8.0	13.8	2.9	18.3	N/A	81.0	732.0	405.2	440.9	0.0	0.0	0.1	0.0	0.0
Spices (Ginger, Vanila, etc)	0.7	0.5	3.6	0.2	N/A	12.4	476.9	20.1	47.3	149.0	0.0	0.2	0.0	0.0	0.0
Cotton & Yarn	N/A	5.6	N/A	16.0	454.4	119.7	232.4	1,309.8	1,692.6	3,359.6	0.1	0.1	0.1	0.1	0.3
Nigerian Shea-Nuts	N/A	0.3	N/A	0.9	1.0	N/A	4.1	N/A	20.3	5.8	0.0	0.0	0.0	0.0	0.0
Gum-Arabic	N/A	0.8	2.2	1.8	4.1	57.4	14.0	120.8	180.3	267.3	0.0	0.0	0.0	0.0	0.0
Cowhorn	N/A	N/A	0.1	0.5	0.5	N/A	5.4	2.4	18.3	56.5	0.0	0.0	0.0	0.0	0.0
Sesame seeds	N/A	0.6	4.1	4.1	2.3	N/A	5.1	269.9	393.4	586.1	0.0	0.0	0.0	0.0	0.0
Other Agric. Products	N/A	11.3	54.3	3.0	0.3	301.8	37.2	475.1	325.3	134.8	0.1	0.0	0.0	0.0	0.0
Manufactures & Semi-Manufactures of Agric. Products	38.6	9.6	2.4	24.2	5.3	376.7	384.6	1,570.8	3,115.6	4,492.7	0.2	0.2	0.2	0.2	0.4
Cocoa Butter	5.5	4.7	1.3	8.4	1.8	N/A	109.7	370.8	1,237.6	754.3	0.0	0.1	0.0	0.1	0.1
Cocoa Powder	0.3	0.3	0.1	0.7	0.1	N/A	6.0	20.2	N/A	62.9	0.0	0.0	0.0	0.0	0.0
Cocoa Cake	4.1	3.5	0.9	5.7	1.2	242.0	81.7	273.7	N/A	516.8	0.1	0.0	0.0	0.0	0.0
Cocoa Paste	0.3	0.3	0.1	0.7	0.1	N/A	6.0	20.2	N/A	62.9	0.0	0.0	0.0	0.0	0.0
Groundnut Cake	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Processed Skin	N/A	0.8	N/A	4.8	N/A	N/A	91.6	N/A	1,213.1	2,349.5	0.0	0.0	0.0	0.1	0.2
Wood Products/Furniture	28.4	N/A	N/A	N/A	N/A	134.7	89.6	798.2	381.9	629.8	0.1	0.0	0.1	0.0	0.1
Others	N/A	N/A	N/A	3.9	2.0	N/A	N/A	87.7	283.0	116.6	0.0	0.0	0.0	0.0	0.0
Textiles	N/A	N/A	N/A	13.8		202.1	140.0	1,638.3	1,254.3	2,007.1	0.1	0.1	0.2	0.1	0.2
Mineral Products	76,953.0	79,154.2	91,243.5	102,191.2	105,615.9	213,803.7	200,826.9	928,007.3	1,286,383.1	1,213,160.3	97.7	97.5	97.6	98.2	97.7
Petroleum[3]	76,953.0	79,143.0	91,232.9	102,186.6	105,609.3	213,778.8	200,710.2	927,565.3	1,286,215.9	1,212,499.4	97.7	97.4	97.6	98.2	97.7
Other Petroleum Products	N/A	0.4	7.8	0.4	0.3	N/A	3.1	29.2	0.3	81.1	0.0	0.0	0.0	0.0	0.0
Charcoal and Asbestos	N/A	10.5	N/A	1.6	N/A	—	32.9	N/A	14.4	39.6	0.0	0.0	0.0	0.0	0.0
Tin Metal (Ore)	N/A	N/A	N/A	N/A	5.6	22.4	68.7	N/A	3.7	0.9	0.0	0.0	0.0	0.0	0.0
Columbite	N/A	N/A	1.4	N/A	0.0	N/A	2.0	25.9	15.2	21.5	0.0	0.0	0.0	0.0	0.0
Aluminium	N/A	N/A	0.2	0.4	N/A	N/A	N/A	1.2	42.5	32.2	0.0	0.0	0.0	0.0	0.0
Scrap and Other Metals	N/A	0.3	1.2	1.1	N/A	2.5	10.0	36.0	12.2	4.5	0.0	0.0	0.0	0.0	0.0
Others	N/A	N/A	N/A	1.1	0.8	N/A	N/A	349.7	78.9	481.1	0.0	0.0	0.0	0.0	0.0
Manufactured Exports	241.8	59.3	78.5	238.6	54.2	330.2	678.9	3,792.7	722.0	2,010.7	0.2	0.3	0.4	0.1	0.2
Empty Bottles/Glasses	N/A	N/A	N/A	0.4	N/A	N/A	12.2	120.1	208.5	109.1	0.0	0.0	0.0	0.0	0.0
Plastics	N/A	N/A	N/A	0.2	0.1	N/A	1.1	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Insecticides	N/A	N/A	3.3	7.7	22.7	N/A	18.2	58.4	21.6	170.6	0.0	0.0	0.0	0.0	0.0
Chemicals	241.8	N/A	N/A	N/A	N/A	82.3	N/A	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Motor Veh/Machinery/Tubes/Tyres	N/A	N/A	N/A	2.0	N/A	N/A	0.5	8.1	52.5	91.9	0.0	0.0	0.0	0.0	0.0
Soap/Detergents	N/A	1.5	N/A	3.8	1.7	27.4	7.9	14.0	52.9	9.7	0.0	0.0	0.0	0.0	0.0
Beer/Beverages	N/A	N/A	0.1	0.2	4.8	N/A	4.8	6.0	4.6	36.8	0.0	0.0	0.0	0.0	0.0
Urea-Ammonia	N/A	57.8	75.1	111.0	24.8	N/A	96.2	1,218.1	6.9	523.8	0.0	0.0	0.1	0.0	0.0
Other Manufactured Exports	N/A	N/A	N/A	113.3	N/A	220.5	538.0	2,368.0	375.0	1,068.8	0.1	0.3	0.2	0.0	0.1
Other Exports	N/A	N/A	N/A	800.8	1.0	620.1	210.0	140.3	865.9	165.8	0.3	0.1	0.0	0.1	0.0
Total Domestic Exports	77,656.3	79,486.3	91,628.5	103,443.4	106,367.9	218,770.1	206,059.2	950,661.4	1,309,543.5	1,241,662.7	100.0	100.0	100.0	100.0	100.0
Re-Exports	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0
TOTAL EXPORTS	77,656.3	79,486.3	91,628.5	103,443.4	106,367.9	218,770.1	206,059.2	950,661.4	1,309,543.5	1,241,662.7	100.0	100.0	100.0	100.0	100.0

[1]Revised. [2]Provisional. [3] One Metric Tonne = 7.3 barrels of crude oil. N/A = Not Available.

Note: Average AFEM rates of N81.0228, N81.2528 and N81.6494 = US$1.00 were used as conversion factors in 1995,1996 and 1997, respectively.

Sources: Compiled from data supplied by the CBN on non-oil export statistics from NNPC and crude oil mining and prospecting companies.

TABLE 6.1
BALANCE OF PAYMENTS – ANALYTICAL STATEMENT

(₦ 'million)

Category	1993 (1)	1994 (2)	1995 (3)	1996[1] (4)	1997[2] (5)
A. CURRENT ACCOUNT	-19,488.8	-52,304.2	-186,084.8	240,180.3	36,033.7
Merchandise	72,060.4	61,335.9	247,177.6	676,000.8	409,402.6
Export (F.O.B)	218,801.1	206,059.2	825,669.6	1,125,690.3	1,091,130.9
Oil	213,778.8	200,710.2	805,566.8	1,105,630.8	1,065,501.6
Non-oil	5,022.3	5,349.0	20,102.8	20,059.5	25,629.3
Imports	-146,740.7	-144,723.3	-578,491.9	-449,689.4	-681,728.3
Oil	-41,136.1	-42,349.6	-135,370.9	-139,487.2	-146,653.7
Non-oil	-105,604.6	-102,373.7	-443,121.0	-310,202.2	-535,074.6
Services and Income (net)	-109,343.2	-124,592.5	-484,811.0	-497,053.5	-507,333.8
Services and Income (credit)	26,903.8	9,227.2	49,839.3	59,193.6	74,971.3
Investment Income (credit)	1,252.3	1,068.0	7,088.8	8,025.2	18,543.0
Interest on Reserves	1,252.3	1,068.0	7,088.8	8,025.2	18,543.0
Others	0.0	0.0	0.0	0.0	0.0
Non-factor Services	25,651.5	8,159.1	42,750.5	51,168.4	56,428.3
Services and Income (debit)	-136,246.9	-133,819.7	-534,650.3	-556,247.1	-582,305.1
Investment Income (debit)	-73,946.6	-67,435.4	-209,624.0	-219,117.4	-244,232.6
Oil	-28,671.1	-28,966.2	-94,198.8	-107,854.5	-126,818.9
Non-oil	-45,275.5	-38,469.2	-115,425.2	-111,262.9	-117,413.8
Interest Due on Loans	-44,331.9	-36,352.8	-106,270.9	-107,498.3	-114,126.3
Direct Investment	-943.6	-2,116.4	-9,154.2	-3,764.6	-3,287.5
Non-factor Services	-62,300.3	-66,384.3	-325,026.3	-337,129.6	-338,072.5
Unrequited Transfers (Net)	17,794.0	10,952.4	51,548.5	61,233.0	133,965.0
B. CAPITAL (EXCLUDING E)	-19,740.9	11,252.7	-3,254.0	-290,198.6	-30,490.5
Direct Investment	29,660.3	22,229.2	75,940.6	111,297.8	110,456.2
Portfolio Investment	-377.0	-203.5	-5,785.0	-12,055.2	-4,780.5
Other Capital Long Term	-38,176.3	-41,471.8	-108,037.0	-212,258.7	-206,871.7
Official (of which)	-38,176.3	-41,471.8	-108,037.0	-212,258.7	-206,871.7
Amortisation (DUE)	-47,707.1	-51,355.7	-188,206.7	-260,668.2	-255,176.2
Disbursement	9,530.8	9,884.0	80,169.7	48,409.5	48,304.6
Other Official	0.0	0.0	0.0	0.0	0.0
Private (Net)	0.0	0.0	0.0	0.0	0.0
Other Capital Short-term (Net)	-10,847.9	30,698.8	34,625.7	-177,182.5	70,705.4
C. NET ERRORS AND OMISSIONS	-2,507.1	-1,571.8	-5,875.8	-3,133.7	-4,339.3
D. OVERALL BALANCE = Total (A, B and C)	-41,736.8	-42,623.3	-195,216.3	-53,152.0	1,077.7
E. FINANCING	41,736.8	42,623.3	195,216.3	53,152.0	-1,077.7
a. Exceptional Financing	55,350.7	49,818.2	179,891.2	237,102.5	250,515.3
(i) Promissory Notes (arrears)	0.0	0.0	0.0	0.0	0.0
(ii) Deferred Debt Service	55,350.7	49,818.2	179,891.2	237,102.5	250,515.3
(iii) Others	0.0	0.0	0.0	0.0	0.0
b. Change in Reserves[3]	-13,613.9	-7,194.9	15,325.1	-183,950.5	-251,593.0
Memorandum Items:					
Current Account Balance as % of G.D.P	-2.8	-5.7	-9.4	8.5	1.2
Capital Account Balance as % of G.D.P	-2.8	1.2	-0.2	-10.2	-1.0
Overall Balance as % of G.D.P	-6.0	-4.7	-9.9	-1.9	0.03
External Reserves – Stock (US$million)	1,330.1	1,658.8	1,441.0	4,074.7	7,581.2
Number of Months of Foreign Exchange Disbursement	2.4	3.0	2.1	7.6	9.6
Debt Service Due as % of Exports of Goods and Non-Factor Services	37.7	40.9	33.9	31.3	32.3
Average Exchange Rate(₦/$)[4]	22.0468	21.8861	70.0632	69.8449	71.7505

[1]Revised.
[2]Provisional.
[3]Minus (-) sign indicates increase in reserves. Plus (+) sign indicates decrease in reserves.
[4]The conversion exchange rates used in 1995, 1996 and 1997 were derived from the weighted average of official and AFEM rates.

This category of imports almost doubled as it increased by 92.3 per cent from ₦207,453.2 million (US$2,553.1 million) in 1996 to ₦398,979.8 million (US$4,886.5 million). Similarly, imports valid for foreign exchange, that is, funded through the AFEM intervention, also rose by 63.5 per cent above the 1996 figure to ₦222,266.0 million (US$2,722.2 million). The residual, which is largely government imports, fell from ₦57,575.6 million (US$708.6 million) in 1995 to ₦55,301.6 million (US$677.3 million).

A breakdown of imports by end-use showed that the share of consumer goods in total imports decreased by 1.2 percentage points to 37.5 per cent while that of the capital goods and raw material imports as a group increased from 61.2 per cent in 1996 to 62.2 per cent. In the consumer goods sub-group, the durable goods component increased

TABLE 6.6

EXPORT OF MAJOR COMMODITIES BY ECONOMIC SECTORS

Commodity	Quantity (Thousand tonnes)					(Value ₦ 'million)					Percentage of Total Export Value				
	1993 (1)	1994 (2)	1995[1] (3)	1996[1] (4)	1997[2] (5)	1993 (6)	1994 (7)	1995[1] (8)	1996[1] (9)	1997[2] (10)	1993 (11)	1994 (12)	1995[1] (13)	1996[1] (14)	1997[2] (15)
Major Agricultural Products .. (including Forest Products)	422.9	263.2	304.1	174.8	691.4	3,437.3	3,818.8	15,512.0	17,202.6	19,826.1	1.6	1.9	1.6	1.3	1.6
Cocoa Seed	200.7	59.6	46.3	73.0	21.6	1,683.8	1,816.2	6,227.4	7,351.5	7,818.1	0.8	0.9	0.7	0.6	0.6
Palm Produce	106.7	49.7	17.4	11.2	38.1	137.2	131.3	102.7	489.6	1,282.6	0.1	0.1	0.0	0.0	0.1
Rubber	98.2	54.4	125.3	46.3	36.9	875.5	698.7	4,717.5	5,094.6	5,067.1	0.4	0.3	0.5	0.4	0.3
Pineapples	3.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Coffee	1.2	63.6	0.2	N/A	0.1	15.0	4.5	19.5	6.9	27.7	0.0	0.0	0.0	0.0	0.0
Fish & Shrimps	2.6	8.8	36.8	14.9	63.8	234.5	312.0	1,514.8	1,177.6	1,630.6	0.1	0.2	0.2	0.1	0.1
Cashew-nuts	9.1	8.0	13.8	2.9	18.3	N/A	81.0	732.0	405.2	440.9	0.0	0.0	0.1	0.0	0.0
Spices (Ginger, Vanila, etc)	0.7	0.5	3.6	0.2	N/A	12.4	476.9	20.1	47.3	149.0	0.0	0.2	0.0	0.0	0.0
Cotton & Yarn	N/A	5.6	N/A	16.0	454.4	119.7	232.4	1,309.8	1,692.6	3,359.6	0.1	0.1	0.1	0.1	0.3
Nigerian Shea-Nuts	N/A	0.3	N/A	0.9	1.0	N/A	4.1	N/A	20.3	5.8	0.0	0.0	0.0	0.0	0.0
Gum-Arabic	N/A	0.8	2.2	1.8	4.1	57.4	14.0	120.8	180.3	267.3	0.0	0.0	0.0	0.0	0.0
Cowhorn	N/A	N/A	0.1	0.5	0.5	N/A	5.4	2.4	18.3	56.5	0.0	0.0	0.0	0.0	0.0
Sesame seeds	N/A	0.6	4.1	4.1	2.3	N/A	5.1	269.9	393.4	586.1	0.0	0.0	0.0	0.0	0.0
Other Agric. Products	N/A	11.3	54.3	3.0	0.3	301.8	37.2	475.1	325.3	134.8	0.1	0.0	0.0	0.0	0.0
Manufactures & Semi-Manufactures of Agric. Products	38.6	9.6	2.4	24.2	5.3	376.7	384.6	1,570.8	3,115.6	4,492.7	0.2	0.2	0.2	0.2	0.4
Cocoa Butter	5.5	4.7	1.3	8.4	1.8	N/A	109.7	370.8	1,237.6	754.3	0.0	0.1	0.0	0.1	0.1
Cocoa Powder	0.3	0.3	0.1	0.7	0.1	N/A	6.0	20.2	N/A	62.9	0.0	0.0	0.0	0.0	0.0
Cocoa Cake	4.1	3.5	0.9	5.7	1.2	242.0	81.7	273.7	N/A	516.8	0.1	0.0	0.0	0.0	0.0
Cocoa Paste	0.3	0.3	0.1	0.7	0.1	N/A	6.0	20.2	N/A	62.9	0.0	0.0	0.0	0.0	0.0
Groundnut Cake	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Processed Skin	N/A	0.8	N/A	4.8	N/A	N/A	91.6	N/A	1,213.1	2,349.5	0.0	0.0	0.0	0.1	0.2
Wood Products/Furniture	28.4	N/A	N/A	N/A	N/A	134.7	89.6	798.2	381.9	629.8	0.1	0.0	0.1	0.0	0.1
Others	N/A	N/A	N/A	3.9	2.0	N/A	N/A	87.7	283.0	116.6	0.0	0.0	0.0	0.0	0.0
Textiles	N/A	N/A	N/A	13.8		202.1	140.0	1,638.3	1,254.3	2,007.1	0.1	0.1	0.2	0.1	0.2
Mineral Products	76,953.0	79,154.2	91,243.5	102,191.2	105,615.9	213,803.7	200,826.9	928,007.3	1,286,383.1	1,213,160.3	97.7	97.5	97.6	98.2	97.7
Petroleum[3]	76,953.0	79,143.0	91,232.9	102,186.6	105,609.3	213,778.8	200,710.2	927,565.3	1,286,215.9	1,212,499.4	97.7	97.4	97.6	98.2	97.7
Other Petroleum Products	N/A	0.4	7.8	0.4	0.3	N/A	3.1	29.2	0.3	81.1	0.0	0.0	0.0	0.0	0.0
Charcoal and Asbestos	N/A	10.5	N/A	1.6	N/A	—	32.9	N/A	14.4	39.6	0.0	0.0	0.0	0.0	0.0
Tin Metal (Ore)	N/A	N/A	N/A	N/A	5.6	22.4	68.7	N/A	3.7	0.9	0.0	0.0	0.0	0.0	0.0
Columbite	N/A	N/A	1.4	N/A	0.0	N/A	2.0	25.9	15.2	21.5	0.0	0.0	0.0	0.0	0.0
Aluminium	N/A	N/A	0.2	0.4	N/A	N/A	N/A	1.2	42.5	32.2	0.0	0.0	0.0	0.0	0.0
Scrap and Other Metals	N/A	0.3	1.2	1.1	N/A	2.5	10.0	36.0	12.2	4.5	0.0	0.0	0.0	0.0	0.0
Others	N/A	N/A	N/A	1.1	0.8	N/A	N/A	349.7	78.9	481.1	0.0	0.0	0.0	0.0	0.0
Manufactured Exports	241.8	59.3	78.5	238.6	54.2	330.2	678.9	3,792.7	722.0	2,010.7	0.2	0.3	0.4	0.1	0.2
Empty Bottles/Glasses	N/A	N/A	N/A	0.4	N/A	N/A	12.2	120.1	208.5	109.1	0.0	0.0	0.0	0.0	0.0
Plastics	N/A	N/A	N/A	0.2	0.1	N/A	1.1	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Insecticides	N/A	N/A	3.3	7.7	22.7	N/A	18.2	58.4	21.6	170.6	0.0	0.0	0.0	0.0	0.0
Chemicals	241.8	N/A	N/A	N/A	N/A	82.3	N/A	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Motor Veh/Machinery/Tubes/Tyres	N/A	N/A	N/A	2.0	N/A	N/A	0.5	8.1	52.5	91.9	0.0	0.0	0.0	0.0	0.0
Soap/Detergents	N/A	1.5	N/A	3.8	1.7	27.4	7.9	14.0	52.9	9.7	0.0	0.0	0.0	0.0	0.0
Beer/Beverages	N/A	N/A	0.1	0.2	4.8	N/A	4.8	6.0	4.6	36.8	0.0	0.0	0.0	0.0	0.0
Urea-Ammonia	N/A	57.8	75.1	111.0	24.8	N/A	96.2	1,218.1	6.9	523.8	0.0	0.0	0.1	0.0	0.0
Other Manufactured Exports	N/A	N/A	N/A	113.3	N/A	220.5	538.0	2,368.0	375.0	1,068.8	0.1	0.3	0.2	0.0	0.1
Other Exports	N/A	N/A	N/A	800.8	1.0	520.1	210.0	140.3	865.9	165.8	0.3	0.1	0.0	0.1	0.0
Total Domestic Exports	77,656.3	79,486.3	91,628.5	103,443.4	106,367.9	218,770.1	206,059.2	950,661.4	1,309,543.5	1,241,662.7	100.0	100.0	100.0	100.0	100.0
Re-Exports	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0
TOTAL EXPORTS	77,656.3	79,486.3	91,628.5	103,443.4	106,367.9	218,770.1	206,059.2	950,661.4	1,309,543.5	1,241,662.7	100.0	100.0	100.0	100.0	100.0

[1]Revised. [2]Provisional. [3] One Metric Tonne = 7.3 barrels of crude oil. N/A = Not Available.

Note: Average AFEM rates of N81.0228, N81.2528 and N81.6494 = US$1.00 were used as conversion factors in 1995,1996 and 1997, respectively.

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