EXPORT PROMOTION DRIVE IN NIGERIA:

A CASE STUDY OF NIGERIAN EXPORT PROMOTION COUNCIL

BY

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MBA (1998)

DECLARATION

I hereby declare that this Research Work is the result of an original study conducted by me under the Supervision and guidance of Mr John K. Yere. I therefore, accept responsibility for all errors of omission and/or commission therein.

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Signature

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We certify that this Research Project has been carefully read and approved as adequate in scope and quantity in partial fulfillment of the requirements for the award of the Degree of Masters in Business Administration (MBA) of the Ahmadu Bello University, Zaria.

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DEDICATION

To Pat, Na'andem, Na'ankoeloeng and Takfuna'an. Thanks unlimited.

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This work materialized by the special grace of God. He gave vision and inspiration and raised people to assist in various forms at different points in time. I am grateful to Mr M. S. Adams for financial assistance and Messrs S. S. Sani and M. R. Agbogun (Staff of NEPC) who created time from their busy schedules to attend to me. Thanks are also due to Mrs A. N. Okolo and Mr V. S. C. Azie who contributed in no small measure towards this project and my MBA Programme at large. My thanks also go my Supervisor, Mr John K. Yere for his patience, understanding and fatherly advice.

Last but not the least, I am grateful to Mrs Lydia B. Makah for taking pains to typeset this research.

May God Bless all of you and many others too numerous to mention.

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ABSTRACT

Exports serve several purposes in any given economy whether it is a developing or developed country. It is with this notion that Nigeria as a Nation strives to enhance its export trade through various means of which the establishment of Nigerian Export Promotion Council (NEPC is notable.

This study is aimed at determining the extent of success or failure of the council in increasing exports generally, and more specifically non-oil exports. Thus, the study began with examination of the historical background of exports from Nigeria and the functions of NEPC as contained in the legal document establishing it. It continued with statement of the research problem and thereafter postulated hypotheses upon which the study is hinged.

Relevant literature were reviewed, giving tie author greater insight of the whole concept of export trade the world over and in Nigeria in particular.

Data were collected by both primary and secondary methods with regards to the classes of export incentives in Nigeria. Collected data were then subjected to tests in the light of formulated hypotheses.

In the course of the study, the researcher made a number of findings. The major findings include the following:-

A. The Nigerian Export Promotion Council has clearly defined statutory functions and responsibilities which if implemented will greatly enhance non-oil exports from Nigeria.

B. The Council has so far registered achievements in the areas of generation of export consciousness, export potential survey/market development and establishing of commercial desks and trade centres in the overseas. Other achievements are in the areas of increased participation of Nigeria in Overseas International Trade Fairs and Administration of export incentives to deserving exporters.

C. Slow implementation of export incentives Of the seventeen (1 7) existing export incentive schemes in the country, the researcher found that only four (4) are active.

D. Major reasons for poor implementation of export policies are poor funding, inadequacy of technical (expertise) personnel and management.

E. False notion of export drive. The researcher discovered that most people wrongly believe that exports from Nigeria have increased since the

establishment of NEPC. The truth is that exports have not increased but their value has risen steadily due to the inflationary trend in the economy.

Based on the analysis of data, appropriate summary, recommendations and conclusion were drawn. The study serves as a veritable piece which assesses factually the Nigerian Export Promotion Council's attempt to promote exports from Nigeria.

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CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction:

Nigeria became an independent Nation State in the year 1960 several years after the amalgamation of the Northern and Southern protectorates in 1914 by Sir Lord Lugard. Since then, the country has been struggling to establish itself on a sound footing by working towards the protection of it's sovereignty and improving/increasing the general well being of its peoples. One of the ways in which the country strives to improve its lot is by going into trade relations with other people/nations of the world. At this juncture, one may ask - why does Nigeria trade with other people and nations of the world ? The answer to this question is to be found in the reasons for export trade which includes:-

i. *Profits:*

The goals of business firms differ but economists generally opine that the firm's major goal is profit maximization. Social critics of business say the same thing (though with a negative connotation). However, it should be noted that striving for profit is not bad in itself. As one author argues, "indeed, the unprofitable firm (corporation) is serving neither society nor itself".[1]

Similarly, the major goal of a country should be maximization of it's lot (resources). This of course cannot be adequately addressed if a country does not trade with other countries.

ii. Survival and growth;

"Self preservation" it is said "is the first law of nature". Every country is concerned for its survival as a pre-requisite for reaping its other goals.

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A country that is serious about survival cannot afford to ignore the lucrative sphere of export trade. It is no wonder then that trade liberalization is now the vogue all over the world.

iii. Excess capacity:

A country may not be desirous for profits per se but it could be compelled by the circumstances of excess capacity to go into exports. By "excess capacity" is meant the situation whereby the productive resources of a firm (country in this case) lie idle due to market saturation, i.e. inability of demand to use up available supplies. In Nigeria, excess capacity is amongst the least reason for exports. This is because most firms do not produce enough to meet local demand.

iv. Differences in natural endowment:

This is one of the major reasons for export trade in Nigeria. Generally, nature did not bestow its natural resources evenly over the world. Some countries are so endowed in particular resources to the extent that the resources become almost valueless while others are in dire need of particular resources. Consequently, nations trade with each other so as to have a means of balancing off their needs against their endowments.

Generally, trade relations with other people, unless premeditated, does not result in true improvement because it could result in long run impoverishment if the flow is negative. Thus, trade needs to be export oriented so that the flow will be positive or at least balanced. However, throughout most of the post-independence era, Nigeria pursued an industrialisation strategy based on import substitution. The economy benefited from increased foreign exchange earnings from petroleum exports in the early to mid 1970's thereby wooing government to embark upon ambitious and often costly industrial projects. In fact, the

country neglected the marketing concept - ie finding out what the customers want and striving to give them, hence its dependence on oil.

By the late 1970s and the early 1980s, the country's oil fortunes began to dwindle and the high import dependence of the manufacturing sector became a serious liability on the economy. It became obvious that a re-structuring of the manufacturing sector was required. Government then adopted a number of strategies, one of which was increased export of manufactured goods. By this, government aimed at making Nigerian exports more competitive internationally and export activities more profitable for industrialists.

Government, against the background of serious foreign exchange problems that besieged the Nigerian economy during the period under review, was also prompted to establish the Nigerian Export Promotion Council (NEPC) by Decree No. 64 of 26th June, 1976. The Nigerian Export Promotion Council became the premier organisation responsible for the administration of various incentive schemes and measures aimed at encouraging non-oil exports from the country. Its establishment (NEPC) actually marked a turning point in the history of exports in Nigeria as it represented the first ever deliberate attempt by government to boost non-oil exports.

The Decree establishing Nigerian Export Promotion Council was later amended by Decree No. 72 of 1979. In 1980, an Act of the National Assembly further amended Decree 72. The council operated in line with this decree until Decree No. 41 of 1988 enlarged its administrative base to comprise of the Chief Executive, Executive Directors, Directors and Assistant Directors.

The Nigerian Export Promotion Council has its Headquarters in Abuja with five zonal offices located at Lagos, Enugu, Jos, Kano and Port Harcourt. Apart from

these, the Council has seven Commercial Desks abroad, namely: Abidjan, Brussels, London, New York, East Berlins, Geneva and Saudi Arabia, to facilitate export trade.

According to Mudi(1991)[2], The NEPC was established for the purpose of achieving these objectives:-

a. To spear-head the national efforts in export development and promotion by generating ideas, suggestions and measures designed to advance the course of Nigeria's export trade.

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

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

1.2 *Functions of Nigerian Export Promotion Council*

In order to facilitate the realization of its objectives, a number of functions were ascribed to the Nigerian Export Promotion Council. Section 4 Decree No. 41 of 1988 States the main functions as:-

- Product development
- Export Market development
- Export financing and incentives
- Export training
- Export Publicity
- Trade Information

- Trade Facilitation
- Representation Service
- Other Services

i. Production Development:

Product development connotes the improvement of the non-oil export market. In carrying out this function, the Nigerian Export Promotion Council strives to diversify the basket of exportable products in the agricultural, mineral, handicraft and manufacturing sub-sectors of the economy. It also lately explored the hitherto un-explored area of Services through the establishment of Technical Aid Corps - which serves as an avenue through which services (skills) provided by Nigerians are made available to other countries of the world.

ii. *Export Market Development:*

In carrying out this function, the Council sends out officers to various prospective countries. While there, (ie in the prospective markets), the officers work to get market facts about products in the market, sellers, buyers and their purchasing power, tariff structure, etc. These facts are then sent or relayed back home to the council which uses them in analyzing the prospective export markets for the country's benefit.

iii. Export Financing and Incentives:

The main activity is to ensure the effective administration and prompt payment of incentives to qualified exporters. The council also has it as a responsibility to review existing incentives and articulate new ones in the light of prevailing circumstances. The export incentives available to exporters through the NEPC include:-

a. Currency Retention Scheme

b. Export Development Fund

c. Export Expansion Grant Fund

d. Duty Drawback Scheme

e. Duty Suspension Scheme

In the area of export financing, the Council assists genuine exporters in securing investible funds from Nigeria Export and Import Bank (NEXIM) and other export financing institutions. (See appendix iv).

iv. Export Training and Manpower Development:

Nigeria Export Promotion Council undertakes human resources training and development activities for both the Private and Public sectors. In this regard, the Council offers the following:-

a. Organises general seminars and workshops to enlighten exporters on new developments in the sector.

b. Organises Export Fora to discuss latest developments in the sector.

c. Liaises with other training institutions both within and outside. The council is seriously working towards the establishment of a training school which could improve manpower development tremendously.

v. Export Publicity:

The Council carries out planned and sustained publicity for Nigerian products in foreign markets. It does this mainly through the collection

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and dissemination of information on products available for export. The NEPC is also responsible for planning and organisation of Nigeria's participation in International trade fairs and exhibitions thereby publicising Nigeria's non-oil export potentials.

vi. Trade Information:

The performance of this function by NEPC centres on satisfying the information needs of exporters in the following areas:

a. Dissemination of both domestic and world-wide commodities prices.

b. Publication of information briefs on countries, degree of market access and market structures as well as procedures for specific Nigerian products in target markets.

c. Publication of product briefs, Exporters Directory, Export Information Digest, Servexport and other publications aimed at educating and enlightening the export community in Nigeria.

Apart from these services, the Council also endeavours to satisfy prospective customers in foreign countries through publication and servicing of trade enquiries and opportunities from abroad.

vii. Trade Facilitation:

The establishment of NEPC would have little impact on the Export sector of Nigeria if positive steps are not taken to remove or at least reduce those factors militating against smooth exportation of goods and services from the country. Thus, trade facilitation which entails the provision of

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 a wide range of other areas are handled by NEPC. The Council goes a step further by assisting in finding appropriate solutions to practical problems encountered by exporters in the process of exportation.

viii. Representation Service:

The main activity here is serving as a link between local exporters and importers from Overseas. The Council is able to do this by planning and organising outward trade missions as well as servicing (attending to the needs of) in-ward missions from other countries. To crown it all, the NEPC maintains adequate and effective representation in other countries.

ix. Co-ordination and co-operation with multilateral institutions:

NEPC is the sole government organ in Nigeria entitled to co-operate with trade promotion organisation of other countries. Apart from this, the Council also liaises with Multi-lateral trade organisations like United Nations Development Programme (UNDP), General Agreement on tariffs and Trade (GATT), United Nations Conference on Trade and Development (UNCTAD), World Bank, etc for the purposes of maximising the benefits accruable to exporters in Nigeria.

Still in furtherance of its export promotion drive, government promulgated Decree No.18 of 11th July, 1986 which contains a variety of measures ranging from export Insurance to out-right grant to export Oriented industries.

The manufacturing sector received further boost as government continued its strive towards improving exports in that sector by way of

Import Duty Drawback. Under the Customs (Duty Drawback) Regulations 1959, Importers could claim repayment of import duty paid for material used in producing export goods.

Under Decree No.18 of 1986, the scheme was further 'liberalised' through duty suspension for qualifying exporters backed by bankers guarantees so as to encourage non-oil export development and to enable exporters compete effectively on International markets.

1.3 Statement of the Problem

Chukwudi and Henry [3] report that Rev. Chike Nwizu, president, Enugu Chamber of Commerce, Industries, Mines and Agriculture (ECCIMA), once contended that the marketing of goods and services worldwide has become a highly competitive venture demanding extra-ordinary entrepreneurship capabilities and that, "aggressive public relations, regular contacts and interactions among business consensus is the way forward" [4]. The Reverend's statement clearly depicts the reasons which underlie the establishment of Nigerian export Promotion Council. However, many Nigerians, even scholars and industrialists, if asked whether the council has achieved the goals for which it was established might not be able to give a straight answer. The study therefore sets out to discover and disseminate the facts about Nigeria's export promotion drive generally.

In an attempt to tackle the study problem stated above, answers will be sought to the following questions:-

i. How far has the establishment of Nigerian Export Promotion Council helped in raising Nigeria's status in relation to other countries of the world in terms of export ?

ii. What economic/social purpose do exports serve to the Nigerian economy generally ?

iii. What specific effects do exports have on the Gross Domestic Product (GDP) and Real income of Nigeria and Nigerians respectively ?

iv. Are there adequate tools (if any) to guard against the negative effects of export trade on the domestic economy ?

v. What safeguards/privileges exists which could encourage Investors to go into export business ?

vi. How far has the establishment of Nigerian Export Promotion Council increased exports from the country since inception to date ?

vii. How much has Export Income grown in relation to Trade Promotion Expenditure over the past five (5) years (1992 - 1997).

1.4 Hypotheses

1.4.1 Introduction

Determining whether Nigeria is making progress or not in the area of export, particularly through the establishment of Nigerian Export Promotion Council is quite a difficult task. However, as people often say - where there is a problem, there is always a solution. It is against this background that I proceed to pen some propositions concerning the performance of Nigerian Export Promotion Council.

1.4.2 Main Hypothesis:

Non-oil Exports from Nigeria to other countries have not increased since the establishment of Nigerian Export Promotion Council.

1.4.3 Sub-Hypotheses

A. Non-oil exports have no significant positive impact on the Gross Domestic Product (GDP) of Nigeria.

B. Non-oil exports do not serve any economic purpose in Nigeria.

C. There are no adequate policy tools to encourage non-oil export from Nigeria.

1.5 Objectives of the study

The aims of this study are multifarious ranging from personal to institutional. However, diverse as they are, the end result of the study may, and usually should not be these tempting promptings. The real objectives of the study lie in what is intended to be achieved when it might have reached a logical conclusion. Hence, the specific objectives of the study are as follows:-

i. Determining the extent to which Nigeria's attempt to increase non-oil export trade by companies and enterprises in the country has been successful.

ii. Assessing the adequacy or otherwise of incentives given by the Nigerian government to exporters.

iii. Ascertaining the contributions and hence impact of non-oil export on the Gross National Product (GDP) of Nigeria.

iv. Assessing the role of NEPC in promoting non-oil exports Vis-a-Vis its statutory functions.

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1.6 Significance of the study

Export trade, whether they are for manufactured goods, fruits, or services, do serve a useful economic purpose, primarily by providing a means by which surplus products can be sold to other nations. Generally, the current trend the world over has been to increase exports in realisation of the benefits that go with it. These benefits include among others, jobs creation, higher pay benefits, greater productivity and hence higher standard of living for all concerned. Gone are the days of cold war export controls that impeded the ability of firms to compete globally. We are now in an era of trade liberalisation and global economic co-operation.

By and large, the economic downturn has made export not only desirable but necessary as a means of survival. Moreover, there is so much capacity lying waste in the domestic economy hence the need to export. However, Nigerian firms/government can not successfully enter the world market if they are ignorant of the happenings in this regard. Herein lies the significance of this study which aims at providing a realistic and factual assessment of the performance of NEPC and so give government a basis for action to correct laxities.

1.7 Limitations of the study

A number of factors, beyond my control, affected this research work. Some of them delayed the work while others affected the final output.

These factors which therefore serve as limitations to the study include the following:

i. Bureaucratic bottlenecks

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ii. Financial constraint

iii. Scarcity of relevant data i.e. the problem of data bank.

iv. Ill-health

v. Time constraint.

1.8 Definitions of Terms

1.8.1 The Council: these two words used together or the word 'council' used alone in the text means the Nigerian Export Promotion Council (NEPC).

1.8.2 Committee's Secretariat: this refers to the Duty Drawback committee's secretariat, which is the NEPC Headquarters, Abuja.

1.8.3 OAU/AEC: Organisation for African Unity/African Economic Community.

1.8.4 MAN: Manufacturers Association of Nigeria

1.8.5 NACCIMA: Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture.

1.8.6 : GATT: General Agreement on Tariffs and Trade.

1.8.7: UNDP: United Nations Development Programme.

1.8.8: UNCTAD: United Nations Conference on Trade and Development.

FOOTNOTES

1. Essienesak J. Ubom, LECTURE NOTES ON INTERNATIONAL MARKETING FOR MBA STUDENTS,
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2. Mudi, Isah Malumfashi, THE ROLE OF THE NIGERIAN EXPORT PROMOTION COUNCIL IN NATIONAL ECONOMIC RECONSTRUCTION,
   MBA Project, A. B. U. ZARIA,(October, 1991, 16)

3. Chukwudi, Achife and Henry Ndiulo, "Convoking Investments", THE SOURCE, Submit Publications Ltd. (May 12, 1997 34).

4. Ibid. Pg 34

CHAPTER TWO:

REVIEW OF LITERATURE

2.1 Introduction:

A study of this nature can not be of any use, whether it be to the academics, general knowledge seeker or practising business executive, if the findings and conclusions of other authors are not given due consideration. In fact, I am like many other persons of the belief that the more I know about the methodologies, findings and conclusions in my area of research, I can tackle my research problem more adequately. It is with this belief in mind that I have taken it upon myself to explore into the work of others. However, realizing that "a blind dive into the achieves" will not do the study any good, I have tried to make the review relevant and selective but comprehensive.

2.2 The Concept of Export Marketing

Trade with foreign nations is as old as the history of man and civilisation. The Christian religious book - THE BIBLE[1] has this to say:

Who can find a virtuous wife? for her worth
is far above rubies. The heart of her husband
safely trusts her; so he will have no lack of gain.
She does him good and not evil all the days of her
life. She seeks wool and flax, and willingly works
with her hands. She is like the merchant ships,
she brings her food from afar. she makes linen
garments and sells them, and supplies sashes
for the merchants.

The oxford Advance Learners Dictionary of Current English states that "Merchants" means trade (usually wholesale), especially one doing business with foreign countries. Put simply, the above quotation means that one of the qualities of an excellent wife is that she sells to foreign countries. It then follows that a good country sells her products to foreign countries. Suffice to say that a country desirous of prosperity MUST of a necessity go into export trade.

In Nigeria, export promotion appears quite ancient. This statement is hinged on the fact that Nigerians participated in Trade Fairs in far away Europe as far back as the late 19th century. Messrs Chukwudi Achife and Henry Ndiulo [2], writing under the caption CONVOKING INVESTMENTS reported that "Trade Fairs in Nigeria date back to late 19th century, particularly about 1890, as a result of the economic revival taking place in Western Europe. Fairs then were prominent economic institutions and every part of Europe affected by the economic revival had them". The duo contend that "Africans especially those believed to have come from Northern Nigeria, made appreciable impacts at these fairs and in their quest for exposure, usually stormed the fairs with a wide range of local products like cotton, vegetable oil and wood [3]".
With such an ancient history, one wonders how far the country has gone on the path of export promotion. Questions that readily come to mind include:

i. Can the country boast of being on equal footing with her European counterparts in terms of export trade ?

ii. Is Nigeria ahead of other African countries in the area of export trade or is the reverse the case ?

iii. What factors have contributed to the country's present status in export trade and what are the appropriate things to do in order to sustain or improve the situation ?

According to Nigel Piercy[3],as quoted by Mudi[4] "Export marketing is made up of the marketing decisions necessary to direct the flow of goods and communications overseas". These marketing decisions include:- Product - market strategy, marketing mix decisions, market information, market definition and market selection. Said Piercy, "Export marketing, just like domestic marketing, is the process of providing the right product:

- in the right place
- in the right time, and
- at the right price".

Essentially, the process embraces all the activities required to get the product from the factory to the final consumer in the foreign markets.

An author in International Marketing-Warren J. Keengan [5], says the first step in choosing export market is to establish the key factors influencing sales and profitability of the product in question. Thus if a country is going into export marketing (as the case of Nigeria with regards to non-oil exports) the products profitability will have to be studied. Moreover, key factors influencing sales of the products will have to be observed with a view to adopting strategies aimed at minimising adverse drop in sales.

Kramer, R. J.[6] says that for a successful export promotion drive, a foreign

market survey should be undertaken, Said he, this involves consideration of factors that exert an influence upon the market itself, factors relating to the sale of the products under consideration as well as factors that influence the operation of the company concerned. The question is whether Nigeria has the capacity and ability to carry out these vital activities which are crucial to successful export promotion.

2.3 Contemporary Issues on Export

Micheal Kantor,[7] Chairman of United States Trade Promotion Coordinating Committee (TPCC), wrote: "the domestic and the world economics are now intertwined,..... American firms will simply not thrive at home unless they take full advantage of the tremendous opportunities abroad. It is no longer realistic to assume we live in a time when we make, buy and sell most products in the U.S." The Kantor Committee report revealed that the overall value of export trade to the United States increased from just 11% of Gross Domestic Product in 1970 to over 23% of the total U.S economic growth in 1995. The report continued that in 1995, some 11 million jobs in the United States depended on exports and that by year 2000, that number will have risen substantially. Mr Micheal Kantor asserts that "what this means to the average American is that his or her company will perform better if that company makes a commitment to export".

The fact is that as far as economic survival is concerned, Nigeria and virtually every other country, can no longer thrive on domestic trade alone. Exports must be given the full attention they deserve if the country is to survive present day economic climate. Just like the companies in America perform better on account of export, companies in Nigeria will perform better if they make a commitment to export.

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Taiwo, T. R.[8] appraising the 1986 Export Incentives of the Federal Government noted that the Export credit Guarantee and Insurance cover are very important for any successful export drive. According to him, in Asian countries like Taiwan and South Korea, export credits are granted to cover pre and post shipment exports. He then observed that while banks like Icon Merchant Bankers, International Bank of West Africa (IBWA) and Nigeria Merchant Bank are trying to boost credit for export the credit allocation to finance export trade by commercial banks has persistently remained below prescribed government targets.(See appendices II and III).

The afore mentioned was the situation in 1987. What obtains now (1998) is better guessed considering the rate of bank distresses occurring in the country.

Nigeria's late Head of State, General Sani Abacha [9], at the opening ceremony of the 7th OAU/AEC Trade and Tourism Fair in kaduna observed that "the economic development of Africa vis-a-vis other regions of the world gives little to write home about". Said he, "between 1989 and 1994, sub-Sahara Africa experienced negative per Capita Gross Domestic Product (GDP), fall in the volume of trade and export growth. This situation is compounded by increased imports in the region leading to loss of scarce foreign exchange".

It can be inferred from the above statement that exports, and NOT imports, go a long way to improve the Gross Domestic Product and hence the per capita of a country. The fact that export is a veritable foreign exchange earner is also clear from the statement.

Staff Reporter Sola Dixon[10], writing under the caption FRESH SAFETY TESTS FOR EXPORTS UNDERWAY, reported that "Exporters of manufactured products will soon be required to fulfil stiffer requirements on environmental management

if their goods are to be acceptable in the developed countries". He reported further that among the requirements of the new International Standard Organisation (ISO) 14,000 series is the condition to make all products environment-friendly to the ecosystem from the raw material level until its disposal. Dixon's report stem from pronouncements by the Director - General of standard organisation of Nigeria (SON), professor Joseph Abalaka. Professor Abalaka had at a function early in 1998 informed his audience that "Nigeria being a signatory to the Uruguay Round of Multilateral Agreements and World Trade Organisation (WTO) is yet to set its environmental regulations in line with this set standard"[11].

Professor Abalaka's statement was obviously not good news for Nigerian Industrialists who are still battling to fulfil the old requirements of the International Standard Organisation. With the recent requirements, there is every probability that Nigeria's export drive will be hampered. This is because the country has not attained a level of industrialisation which would ensure high class manufacturing and products output.

FOOTNOTES

1. The Holy Bible, Proverbs 31:10-14 & 24, Thomas Nelson Publishers, (The New King James Version)

2. Chukwudi Achife and Henry Ndiulo, "Convoking Investments", THE SOURCE, Submit Publications Ltd. (May 12, 1997) page 34.

3. Obid. page 34.

4. Mudi I. Malumfashi, THE ROLE OF NIGERIAN EXPORT PROMOTION COUNCIL IN NATIONAL ECONOMIC RECONSTRUCTION, MBA PROJECT, A. B. U. ZARIA. (October, 1991,16).

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design:

In carrying out this study, the researcher had to first of all think-out the things to be done bearing in mind his targeted goal. These would-be activities, which can not be described as sequential in the strict sense were noted, re-examined and assessed for suitable fitting into text, relevance and so on.

The activities thought-out included the following:-

- Statement of the purpose/research problem
- Study design, and
- Presentation of the research report.

3.1.1 Statement of the Purpose/Research Problem:

The idea of researching into export promotion drive in Nigeria stemmed from a cursory look at the domestic markets which contain mostly foreign goods to the detriment of locally made products. In trying to ascertain whether it was a case of one country craving for the goods of another while selling her goods to that other country, the researcher discovered that he could not come up with a tenable result by mere looking. It was at this juncture that the idea of studying a particular outfit which is most likely to give a general view came up. The Nigerian Export Promotion Council readily came to mind since it is the only agency whose establishment and existence is primarily for the promotion of

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export from the country. The purpose of the study is to determine how far the country has gone in terms of export promotion drive. The research problem, so to say, is the determination of how Nigeria has fared in her efforts towards enhancing exports. Put simply, it is the aim of this study to discover and communicate the facts as to whether exports from Nigeria are growing, declining or stagnant.

3.1.2 Study Design:

A survey of domestic markets will certainly prove inadequate in tackling the study problem. The design for this study was therefore made, taking this fact into consideration. Thus, the case study approach, by which a sample (NEPC) was adopted since this is the best way the researcher can give a very close look at the subject matter.

3.1.3 The Research Report:

Having gathered all the facts and figures which the study set out to get then what ? This question, unless left unanswered, brings us face to face with the need for presentation of the result of the study. Various methods abound for doing this and so the researcher had to determine before hand which of them he would adopt. Should the report be a brief summary of the findings without boring the reader (s) with background information or the reverse ? Should it, for instance, contain the details of what it took the researcher to obtain the required information, what he got and what he was unable to get ?

After careful consideration of the purpose of the research and bearing in mind the prospective users,the researcher decided that the report to have meaning will have to be mid-way between the extremes. That is, the report would contain

some (not all) background information, some data and their analysis. It would also have a summary of the findings and finally draw conclusions upon the study generally. The "report language" is to be "watched" because the readership is diverse-scholars, industrialists, business executives and even foreign investors/businesses.

3.2 Procedure used in Data Collection:

Various methods were adopted in gathering data in the course of this research. These included the postal questionnaire, personal interview, and library search approaches.

3.2.1 Postal Questionnaire:

By this approach, specially designed questions were prepared and sent by mail to some organizations (export manufacturers and members of the Duty Drawback Committee) which, in the opinion of the researcher, had useful information about the topic of discussion. The respondents were provided with self-addressed envelops for the return of answered questionnaires. They were also informed that additional information and/or data considered relevant by them could be attached to the questionnaire being returned.

3.2.2 *Personal Interview:*

By the interview approach, the researcher prepared questions which served as guides during face to face discussions with interviewees. In adopting the technique, both the structured and un-structured approaches were used.

Early in the research, interviews conducted were generalised (questions were open ended), but as the study progressed the structured technique was used in order to elicit more precise responses which could serve as valuable data. Also, respondents were encouraged to support their responses with data where such are available. Thus by this approach, the researcher was able to gather very vital information as well as already collated data.

The researcher in the course of the interviews bore at the back of his mind one serious demerit of the interview technique i.e. the "Hawthorne effect". This does not however, mean that he suspected every response he got. It simply means that he knew that is possible for some interviewees to orient their responses towards the Sociable or hostile depending on their mood or the circumstances at particular points in time.

3.2.3 Library Search:

Apart from using the two popular methods of data collection (questionnaire and interview) the researcher added the unpopular but useful library search approach.

By this approach, the researcher delved into various literature to see if relevant information or data could be found therein. Because the subject of study cuts across various fields and areas of endeavour in the economy as a whole, magazines (Local and International), Reports, Newspapers, and even textbooks had to be consulted. The search was therefore tedious but it paid off because even posters turned out to be a source of vital information. It became a case of-the more you look, the more you see, as against the popular adage which states that "the more you look, the less you see".

It might as well be known here that not all materials consulted are listed in the bibliography and references since not all of them contained relevant information.

3.3 Method of Choice of Subjects

At first thought, the researcher felt he could simply walk over to the offices of the Nigerian Export Promotion Council and collect all information required. However, as the method of data collection was re-examined for suitability and effectiveness, it became obvious that independent or at least near-independent

respondents had to be found. Two reasons account for this. Firstly, it is (humanly speaking) impossible for the NEPC, a single organisation to have answers to all the questions the researcher might ask. Secondly, a fair view or an unbiased assessment of the case in view may not ordinarily come from the council since it is the sole organisation which was primarily established to promote exports. It is in the light of these that two main groups of respondents - exports manufactures and members of the duty Drawback Committee, were chosen as respondents. As for the actual number of export manufacturers and Duty Drawback Committee members to contact, this was left to chance. Thus, as many of them as were reachable were either interviewed or sent questionnaires to fill and return.

Apart from the groups mentioned above, a few individuals were contacted and if they indicated that they know something about NEPC, they were asked a number of general questions.

The above sample composition is considered most relevant because it accorded the researcher the opportunity to get information from persons who are directly involved or actually on the field. For example, export manufacturers can give information bearing on the type of incentives they are aware of or benefit from. These same people are also in a better position to highlight the problems they face practically in carrying on export business.

Still on the sample, members of the Duty Drawback Committee being contacted on individuals basis have an opportunity to air minority opinions/views which ordinarily will not feature at the committee's Secretariat which incidentally is the NEPC.

The sample for this study-ie particular subjects so chosen no doubt give a "Capture" which is most suitable for a true and fair view of the performance of the country in the area of export promotion.

3.4 Statistical Design/Analysis used in the study:

The Statistical design and statistical analysis used in this study is tabulation and graphical presentation of data.

Collated data were presented in tabular form thereby making it possible for the researcher to have the facts in a form that is easy for comparism. However, since not all end users of the research study may have the time to study such complex data or could even be incapable of comprehending the figures, the researcher went a step further, this further step entailed presentation of selected data on graph by way of Bar Charts.

The Bar Charts made the facts to stand out thereby solving the probable problems stated in the preceding paragraph. Though not the only method of statistical design open to the researcher, careful examination of the nature and class of data to be analyzed showed that the Bar Chart excelled above other methods like ratio and pie chart. Thus, Bar Charts were drawn on the basis of tabulated data and then the graphs analyzed.

In the analysis, considerable attention was paid to the relativeness of facts and figures. For example, in analyzing the data and bar chart relating to total non-oil exports between 1991 and 1995, the quantity of non-oil exports in 1991 is compared with that of say 1995 to see which of the two is greater. similarly, the value of exports in the respective years are compared to determine which years exports earned greater income for the exporters. This system of analysis is considered effective because it makes for easier determination of the general trend of exports from Nigeria. It will be recalled that the study set out primarily to determine whether exports from Nigeria are growing, declining or stagnant.

CHAPTER FOUR

DATA ANALYSIS

4.1 Export Incentives In Nigeria

In its determination to enhance the contributions of the non-oil export sector to the national economy, the government articulated some export incentives. These incentives aim at encouraging and assisting Nigerian Exporters to increase and diversify the total value and volume of non-oil exports from Nigeria.

Below are the incentives articulated as contained in Export Incentives and Miscellaneous Decree No.18 of 1986, and as amended by Decree No.65 of December, 1992 and the 1996 National Budget.

- Currency Retention Scheme
- Export Development Fund
- Export Expansion Grand Fund
- Duty Drawback Scheme
- Duty suspension scheme
- Manufacture - In-Bond Scheme
- Pioneer status scheme
- Export Price Adjustment Scheme
- Tax Relief on Interest Income
- Capital Asset Depreciation Allowance
- Export Processing Zones
- Export Processing Factories
- Buyback Arrangements
- Ecowas Trade Liberalisation scheme
- Fiscal Incentives
- Financial Facilities
- Risk Bearing Services

i. Currency Retention Scheme:

The Currency retention allows exporters to retain 100 percent of their foreign exchange earnings in domiciliary accounts in any authorised bank of their choice. This enables exporters have foreign exchange at their disposal which can be utilized for export-related activities. Furthermore, exporters are free to convert their foreign exchange earnings to Naira equivalent at prevailing rate of exchange.

The scheme is operated by banks, hence exporters wishing to utilise this facility should contact their bankers directly.

ii. Export Development Fund:

This (EDF) is a special fund provided by the Government to give financial assistance to exporting companies to cover part of their initial expenses in respect of activities such as:

a. Participating in training courses, symposia and workshops in all aspects of export promotion.

b. Advertising and publicity campaigns in foreign markets.

c. Export market research studies.

d. Product design and consultancy, and

e. Participating in trade Missions, buyer oriented activities, overseas trade fairs, exhibitions and store promotion.

The fund covers only part of the total cost involved in any export-related activity. This, in simple terms, means that exporters are to meet the major part of such costs.

iii. Exports Expansion Grand Fund:

The fund is to serve as cash inducement for manufacturers who have exported a minimum of N50,000.00 (Fifty thousand Naira) worth of semi-manufactured or manufactured products. It is therefore meant to enable them increase the volume of export and diversify export products and markets. To benefit from the export expansion grand fund, prospective applicant(s) are to submit their claims on specially-designed forms which are available at NEPC Head Office as well as all the Zonal Offices. The total amounts of the incentives on this scheme are calculated on the basis of 4 percent of confirmed repatriated export proceeds.

iv. Duty Drawback Scheme:

The scheme provides for the refund of import duties and surcharges on raw materials as well as packaging and packing materials used for the manufacture of products meant for export.

The administration of the scheme is vested on the Duty Drawback Committee - an inter Ministerial Committee made up of representatives of the Federal Ministry of Commerce & Tourism, Federal Ministry of Finance (Budget Office) and the Nigerian Customs service. Other representatives are from the Standards Organisation of Nigeria (SON), the Manufacturers Association of Nigeria (MAN), and the Bankers Committee.

A prospective applicant under this scheme is required to complete the underlisted forms in triplicate and submit same to the Duty Drawback Secretariat (NEPC) viz:

a. Form DDC A (Application for Duty Drawback Rate DDRT)
b. Form DDC B (Application for Duty Drawback refund-DDRF)
c. Form DDC C (Bank Certificate of Repatriation of Foreign Exchange Proceeds)
d. Summary Sheets for imports and exports.

v. Duty Suspension Scheme:

This is a mechanism through which imported materials used for export production can be imported with a waiver of import duties and surcharges. Thus, raw materials and intermediate inputs, such as packing packaging materials and labels, used directly to manufacture export products can be imported free of customs, excise and other duties.

Companies desirous of benefiting from the scheme are required to apply for same at the Duty Drawback Secretariat with the following documents in quadruplicate:

a. Duly completed Form DDS-1
b. Certificate of registration with MAN or a chamber that is a member of NACCIMA.
c. Copy of factory license, factory site and premises plan indicating storage facilities for raw materials and finished products under the scheme.
d. Input requirement for one year exports
e. A copy of input-output coefficient schedule (ICS) for the export product as approved by S.O.N.

vi. Manufacture - In-bond Scheme:

The scheme is designed to enable manufacturers of export products that have a minimum value added of 20 percent to import, duty free, their raw materials requirements.

In order to prevent abuse, it is expected that the production takes place in an existing or new factory/unit of factory designed specifically for that purpose within (ie in) Nigeria. Also, the beneficiary company is required to produce Performance Bond from a very reputable bank to cover 110 percent of the customs duty due on each consignment of such imports. Furthermore, the Nigeria Customs Service would bond the affected factory/unit of factory in order to ensure that raw materials imported under the scheme are exclusively used for the purpose intended. Thus, in the event of any contravention of the conditions, appropriate customs duty will be charged on such consignment. Generally, every beneficiary company is expected to keep proper records of exports from the output of affected factories and render regular returns on the prescribed form (Form NEP). This helps in ensuring that export proceeds under the scheme are repatriated.

Manufacturers wishing to benefit from the scheme should apply using the stipulated application forms (Form MIBS-1) to the Ministry of Finance (Budget Office) for registration. Registration in principle for potential manufacturers is to be completed within one month of submission of the relevant documents. Final approval should be obtained within a period of two months and transmitted to the Nigeria Customs Service for implementation.

vii. Pioneer Status Scheme:

The scheme grants tax holidays on corporate income to manufacturers who export at least 50 percent of their turnover. It is designed to encourage the establishment of export-oriented industries in Nigeria. The Pioneer status could be granted to a public or private sector Limited Liability Company. It extends over a period of five years which can be consecutive or broken, depending on the annual evaluation of the Council.

Application for grant of the Status should be directed to the NEPC along with information on the total volumes/values of production and exports over a period of three years. Also required is the annual statement of accounts of the Company and copies of Form NXP.

viii. Export Price Adjustment Scheme:

This fund serves as a supplementary export subsidy and is conceived to provide a leverage after other incentives might have been exhausted. In other words, the fund is an additional provisional provision for dealing with the following:

a. High costs of production arising mainly from infrastructural deficiencies.
b. Purchasing commodities at prices higher than prevailing world market prices but fixed by government.
c. Other factors beyond the control of the exporters.

Manufacturers wishing to benefit from this scheme are required to provide detailed and accurate information on the costs of their export activities as well as other relevant information to the NEPC. It is important to point out here that the scheme is not yet operational.

ix. Tax Relief on Interest Income:

The scheme grants a tax exemption on interest accruing to banks for loans extended to export activities. The objective of the scheme is to stimulate and encourage banks to grant credit facilities to Nigerian exporters. Note that the tax exemption is subject to table 1 of schedule 3 to the companies income Tax Act of 1979 which stipulates the percentage of tax exemption on interest on foreign loans, viz:

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TABLE 4.1 **TAX EXEMPTION ON LOANS FOR EXPORT ACTIVITIES**

Payment Period including Moratorium	Grace Period	Tax Exemption (%)
Above 7 years	Not less than 2 years	100
5 - 7 years	Not less than 11/2 years	70
2 - 4 years	Not less than 1 year	40
Below 2 years	Nil	Nil

Source: Export Incentives in Nigeria, A Publication of NEPC Hqtrs. Abuja.

The facility is extended to all banks granting loans for export activities and covers interests accruing from such loans.

x. Capital Asset Depreciation Allowance:

The companies Income Tax Act 1979 as amended by the Finance/Miscellaneous Provisions Decree, 1985 and further amended by the Export Incentives Decree No.18 of 1986, provides for additional annual depreciation allowances of 5% on plants and machinery to manufacturing outfits who export at least 50% of their annual Turnover. The aim is to encourage production for export, enhance both forward and backward linkages and increase the export earning of Nigeria.

Applications for this incentive should be accompanied with detailed information on the annual volumes/values of production of each export transaction. Such application should be directed to the Nigerian Export Promotion Council which makes recommendation for qualified exporters to the Federal Inland Revenue Service.

xi. Export Processing Zones:

Decree No.34 of 1991 provides for the establishment of geographical enclaves within Nigeria in which normal customs regimes do not apply. So far the pioneer Export Processing Zone has been opened at Calabar with a liaison office in Lagos.

Participants in the scheme will enjoy duty free export production, elimination of all forms of bureaucracy, employment of foreign managers, and 100 percent ownership of business in addition to special incentives in specific Zones.

At the premier zone (Calabar EPZ), the following special incentives are obtainable:

a. Legislative provision pertaining to taxes, levies, duties and foreign exchange do not apply within the zone.

b. Tax Holiday

c. Repatriation of foreign capital investment in the EPZ at any time with capital appreciation on the investment.

d. Unrestricted remittance of profits and dividends earned by investors in the zone.

e. No import or export license required.

f. Rent free land during construction of factory space.

g. 100 percent foreign ownership of enterprises in the Export Processing Zone allowable.

h. "One-Stop" approvals.

i. Sale of up to 25 percent production permitted in the domestic market.

Applications for operation within the Zone (s) should be directed to the Nigerian Export Processing Zones Authority (NEPZA), a parastatal under the Federal Ministry of Commerce and Tourism.

xii. Export Processing Factories:

As a further boost to the Export Processing Zones concept of attracting foreign investments and stimulating industrial production for export, government approved the setting up of export processing factories. These factories shall be in any part of the Country and all the incentives applicable to Export Processing Zones shall also apply to such factories.

Manufacturers desirous of benefitting from this scheme are to apply to the Federal Ministry of Commerce and Tourism with all relevant documents duly attached.

xiii. Buyback Arrangements:

This scheme allows for the importation of foreign plants/machinery and inputs which when used for export production could be paid for with the output of the plant. The arrangement covers manufacturing activities for which the needed plants/machinery have to be imported and the output exported. It may also apply to inputs that are not available within the country or those that are considerably cheaper elsewhere, especially within the ECOWAS sub-region.

The objective of the arrangement is to ease the problems associated with sourcing the foreign exchange needed for importation. Applications for buyback arrangement should be directed to the Federal Ministry of Finance.

xiv. ECOWAS Trade Liberalisation Scheme:

This scheme focuses on the ECOWAS sub-region and is an incentive primarily geared towards export activities within the sub-region. The scheme advocates the removal of both tariff and non-tariff barriers to trade on goods originating from ECOWAS Countries.

The scheme is being implemented in stages and member countries now enjoy liberalisation (free movement) of unprocessed goods and traditional handicrafts> Gradual liberalisation of industrial products originating from member states started in 1990. Moreover, there are moves for the establishment of common external tariff.

To participate in the scheme, the product of an exporting company must meet the rules of origin of at least 40 percent of local raw materials content or 35% value-added. Furthermore, there must be some level of participation by Nigerians. Application forms for the scheme are obtainable from the Nigerian Export Promotion Council.

xv. Additional Fiscal Incentives:

A number of fiscal measures (other than those already treated in the proceeding sections) were enunciated in the 1996 and 1997 budgets by the Federal Government to further Stimulate Production for export.

These measures include:

a. Incentives for manufacturing enterprises-under this scheme, profits of small manufacturing companies are subjected to a low rate of tax (20%) for the first five years of commencement of business. Also, dividends derived from manufacturing companies in the petrochemical and liquefied natural gas sub-sectors and dividends from small companies are free of tax.

b. Incentives to Export of Solid Minerals - with effect from 1996, new companies going into mining of solid minerals are to enjoy a tax holiday for the first three years of their operations.

c. Tax Incentives for manufacturing of locally made Spare-parts, tools and equipment - Manufacturers and consumers of locally made spare - parts, tools and equipment would be supported thus:-

- All companies engaged wholly in the fabrication of tools, spare-parts and simple machinery for local consumption and export are given 25% investment tax credit on their qualifying capital expenditure.

- Any tax payer who purchases locally manufactured plant, machinery and equipment is entitled to 15% investment tax credit on such fixed assets bought for use.

- Beneficiaries of the interest-free loans under the Family Economic Advancement Programme (FEAP) are directed to source for their plant, machinery and equipment locally.

i. Financial Facilities:

These facilities are provided by the Nigerian Export-Import Bank (NEXIM) which has been set up to provide foreign currency to exporters either directly or through commercial and Merchant Banks in support of non-oil exports.

The facilities currently offered by NEXIM include:-

a. Re-discounting and refinancing for export - This facility (RRF) is designed to assist banks to provide pre-and post-shipment finance in local currency in support of non-oil exports. It (the facility) generally enables exporters to have access to the expanded export portfolio of banks at preferential rate.

To qualify for the RRF facility, a bank must have extended credit to an exporter at a concessionary rate. Under the re-financing scheme, a bank is provided longer term credit (up to one year) while the re-discounting scheme provides short-term pre-shipment credit with a maximum duration of 120 days and post-shipment credit with a maximum of 60 days.

b. Industrial Export Stimulation - This facility provides manufacturers of export products the needed foreign exchange for the importation of capital equipment, packaging and raw materials for the production of finished or semi-finished export products. The loan is however repayable in foreign exchange. To benefit from this facility, an enterprise should apply to its bankers. The bank in turn appraises the project proposal and if satisfied applies to NEXIM on behalf of the manufacturing exporter. Consequently, it is the exporter's bank that has the obligation of repaying the loan to NEXIM while the exporter pays back to his bank.

c. Stocking Facility - The facility is provided in local currency and it enables manufacturers of export goods to procure stocks of raw materials (which may be seasonal in nature) to keep their production at optimal levels even during periods of scarcity.

To benefit from this facility, an exporter should apply through his bank with the following supporting documents:-

- A warehouse warrant
- An Insurance Policy/Certificate on the goods, and
- A letter of hypothecation giving rights to the goods (manufactured with the stocked materials) to the bank through which the facility is disbursed. The facility is available for a maximum period of one year and granted at concessionary interest rate.

xvii. Risk Bearing Services:

The provision of these services is another major function of NEXIM. However some of the facilities under this scheme are not operated yet due to inadequate funding.

a. Export credit guarantee facility - This facility is similar to the agricultural credit guarantee scheme. Under it, NEXIM provides guarantees to banks for credit granted for export transactions. The primary objective of the facility is to increase the supply of credit by banks for export transactions.

b. Export Credit Insurance Facility - By this facility exporters are insured against risk of non-payment by buyers in as much as the cause of default is not political.

c. Insurance of market risks - This involves the provision of insurance cover by NEXIM for market related risks such as price, interest rates and exchange rates. It is worthy to note that this facility is not operated yet and when introduced will accord priority to price risks because of price fluctuations which characterise commodity markets.

d. Investment Guarantee and Insurance Facility - This facility like the preceding one is yet to be introduced but it is meant to encourage capital investment in export oriented enterprises. The insurance facility compensates investors for investment losses that can not be covered under regular commercial insurance.

4.2 Presentation and Analysis of Data:

The Nigerian Export Promotion Council in a publication on export incentives in Nigeria stated that "over the years, the Duty Drawback Scheme and the Export Expansion Grant Fund can be described as the most active of all the incentives in terms of participation and the total sums paid out to beneficiaries"[1]. The council also stated that a few companies have applied for participation in the Manufacture-In-Bond Scheme (MBIS) and the Pioneer Status during the period under review (i.e. 1988-1996).

In view of the above statements, my presentation and analysis of data will bear on the Duty Drawback Scheme and Export Expansion Grant Fund. The analysis will however be incomplete without a general look at non-oil export. Hence, the later part of data presentation and analysis will centre on non-oil export as a whole.

TABLE 4.2 YEARLY DUTY DRAWBACK REFUNDS GRANTED

(From 1988 to 1996)

Year	Number of Applications	Number of Successful Companies	Amount of Refund (N)	% Of Successful Application*
1988	5	5	645,009.78	100%
1989	3	3	1,421.866.40	100%
1990	15	8	279,185.76	53%
1991	37	18	22,200,451.29	48.65%
1992	41	17	36,440,849.39	41.46%
1993	18	13	31,128,003.98	72.22%
1994	5	5	7,311,725.16	100%
1995	9	18	58,076,894.85	200%
1996	10	6	51,399,172.34	60%
TOTAL	**143**	**93**	**191,423,158.95**	**65.03%**

Source: Export Incentives in Nigeria
A Publication of NEPC Headquarters, Abuja.
*The figures in this column were computed by the Research.

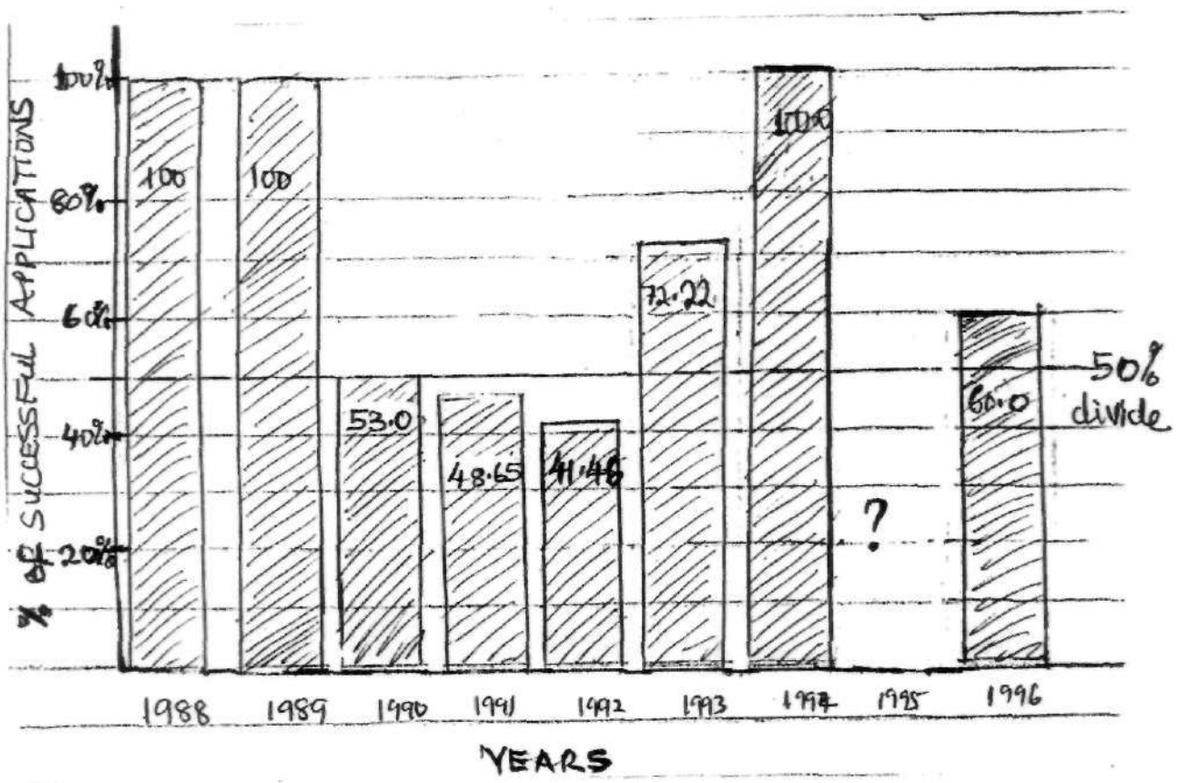
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From table 4.2 above, 93 out of 143 companies received Duty Drawback Refunds during the period 1988 to 1996. This represents an over all success of 65.03% which is quite good and encouraging. In fact, all companies which applied in the years 1988, 1989 and 1994 were paid Duty Drawback Refunds totalling over nine million Naira.

Information on the last column of table 4.2 (i.e. percentage of successful applications) can be graphically presented as in figure 4.1 below.

FIGURE 4.1

ANNUAL PERCENTAGE OF SUCCESSFUL APPLICATIONS FOR DUTY DRAWBACK REFUNDS (1988 - 1996)



As can be seen from the graph, only two years (1991 and 1992) recorded below 50% successful applications. All the other years had over half of the applicants being granted refunds under this incentive scheme.

TABLE 4.3 YEARLY DISBURSEMENTS OF EXPORT EXPANSION GRANT FUND (From 1989 to 1996)

YEAR	NUMBER OF SUCCESSFUL COMPANIES	TOTAL GRANT (N)
1989	8	1,742,789.70
1990	27	4,363,577.33
1991	33	3,659,984.02
1992	122	35,009,654.93
1993	97	67,469,628.81
1994	62	27,627,581.96
1995	24	18,813,237.62
1996	93	79,782,774.91
TOTAL	**466**	**238,469,229.28**

Source: Export Incentives in Nigeria
A Publication of NEPC Headquarters, Abuja.

Table 4.3 above shows that 466 companies received incentives totalling N238,469,229.28 under the Export Expansion Grant Fund during the period 1989 to 1996. Since the incentives on this scheme are calculated on the basis of 4% of confirmed repatriated export proceeds, it means that export

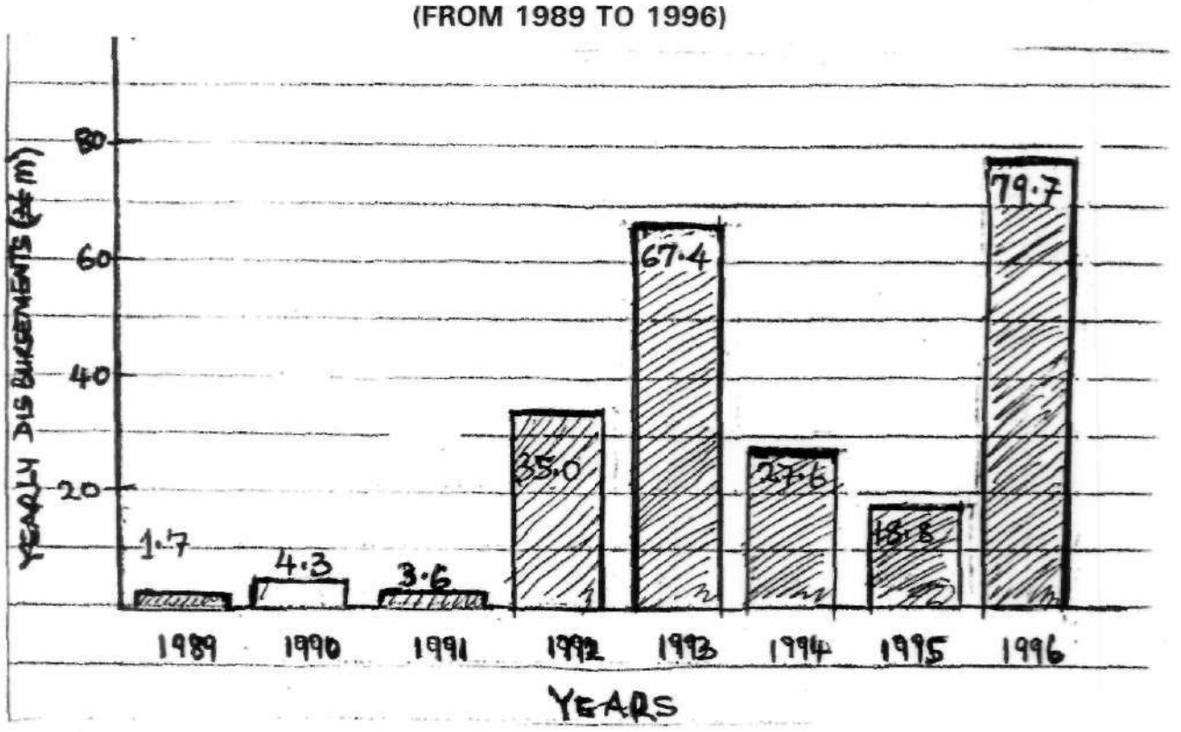
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manufacturers repatriated export proceeds to the tune of about Six Billion Naira between 1989 and 1996. This is quite encouraging as otherwise such proceeds would have been stacked away in foreign accounts to the detriment of the Nigerian economy.

Computing the average grant per company on a yearly basis shows that from 1994 to 1996, the average sum received by each successful company increased steadily. (Note: Average grant per company = total grant in a year divide by the number of successful companies in the particular year). Thus, in 1994, each of the 62 successful companies received an average sum of N445,606.16 while each of the successful companies in 1995 got N783,884.90 on the average. In 1996, the average grant received by every successful company increased to N857,879.30. What this trend means to the researcher is that companies repatriated increasingly higher amounts.

From table 4.3, a Graph of the yearly disbursements of Export Expansion Grant Fund can be drawn as in figure 2 below:

FIGURE 4.2 YEARLY DISBURSEMENT OF EXPORT EXPANSION GRANT FUND (FROM 1989 TO 1996)



From the graph (figure 4.2 above), it is clear that in the early years of the scheme, disbursements were very low. This could be due to either low (few) applications from companies or low level of successful applications. Also, it can be seen from table 4.3 that the number of successful applicants increased from 27 in 1990 to 33 in 1991 but the grant disbursed fell from N4,363,577.33 to N3,659,984.02 respectively. The likely reason for this anomaly is that most of the companies which benefited from the incentive in 1991 had very low repatriated export proceeds. Such a trend, if that is the reason, is not good because the incentive should grow both in terms of number of beneficiaries and amount of grant received by each successful applicant.

TABLE 4.4 EXPORT OF NON-OIL COMMODITIES BY SECTORS (From 1991 to 1995)

	QUANTITY (THOUSAND TONES)					VALUE (N MILLION)				
Commodity	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Agric Products	296.1	366.5	422.9	263.2	304.1	3425.0	3054.9	3437.3	3818.8	13441.1
Semi Manufactures	25.9	31.2	38.6	8.8	2.4	197.0	218.9	376.7	293.0	1361.1
Manufactures	317.9	162.4	241.8	60.1	78.5	923.8	788.9	532.3	910.5	4706.0
Solid Minerals	N.A	N.A	N.A	11.2	10.6	0.6	68.4	24.9	116.9	383.0
Other Exports	N.A	N.A	N.A	N.A	N.A	130.8	96.7	651.1	210.0	211.6
Total Non-oil Export	639.9	560.1	703.3	343.3	395.6	4677.2	4227.8	5022.3	5349.0	20102.8
% Change over preceding year	-	-	-	-	-	-	9.6	18.8	6.5	275.8

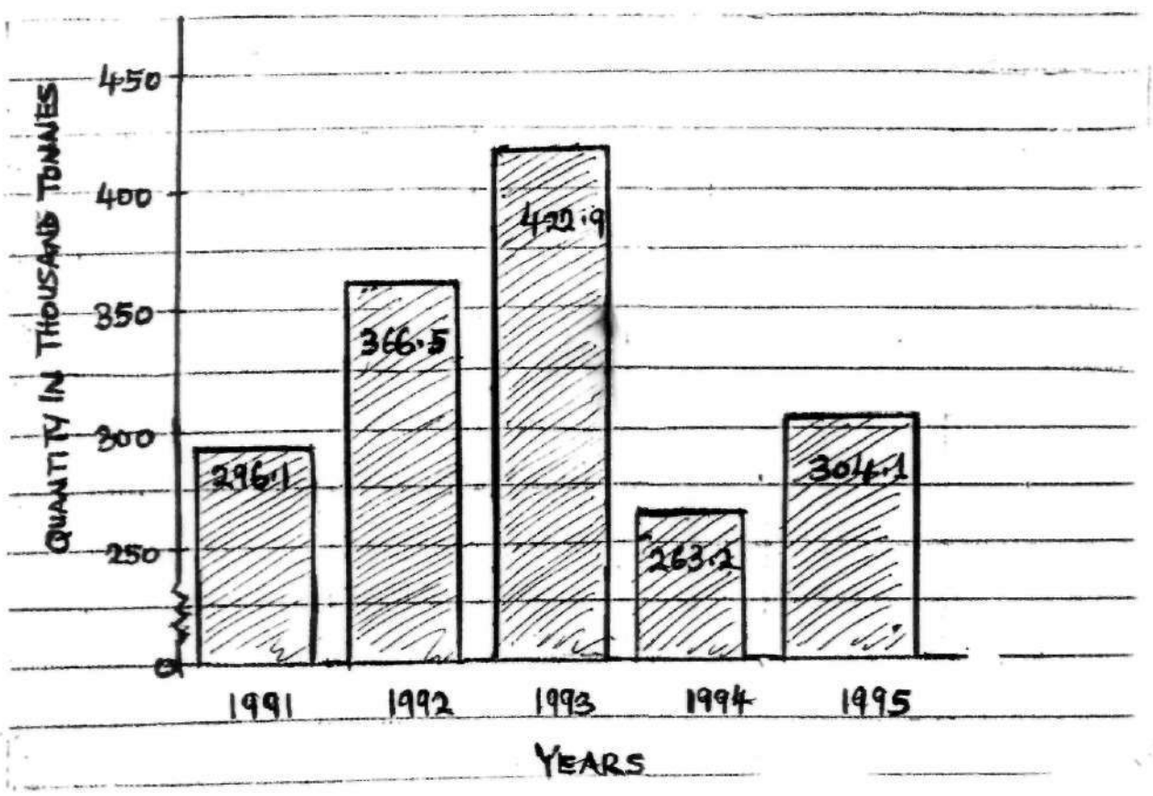
Source: CBN Report, 1995.

Looking at the left half (i.e. quantity side) of the table, agricultural products have taken the lead in terms of sectoral performance throughout the five year period with total exports of 1,652.8 thousand tones. It is then followed by manufactures whose export during the period totalled 860.7 thousand tones. The performance of Semi-Manufactures, solid minerals and others is nothing to write home about.

In order that a clear picture of each sector's performance be depicted, it is decided that graphical presentations of Sectoral exports be made (ie figures 4.3A, B, C, & D) along with the corresponding values of such exports (ie tables 4.4A, 4.4B,4.4C &4.4D).

FIGURE 4.3A

AGRIC PRODUCTS EXPORT (1991 - 1995)



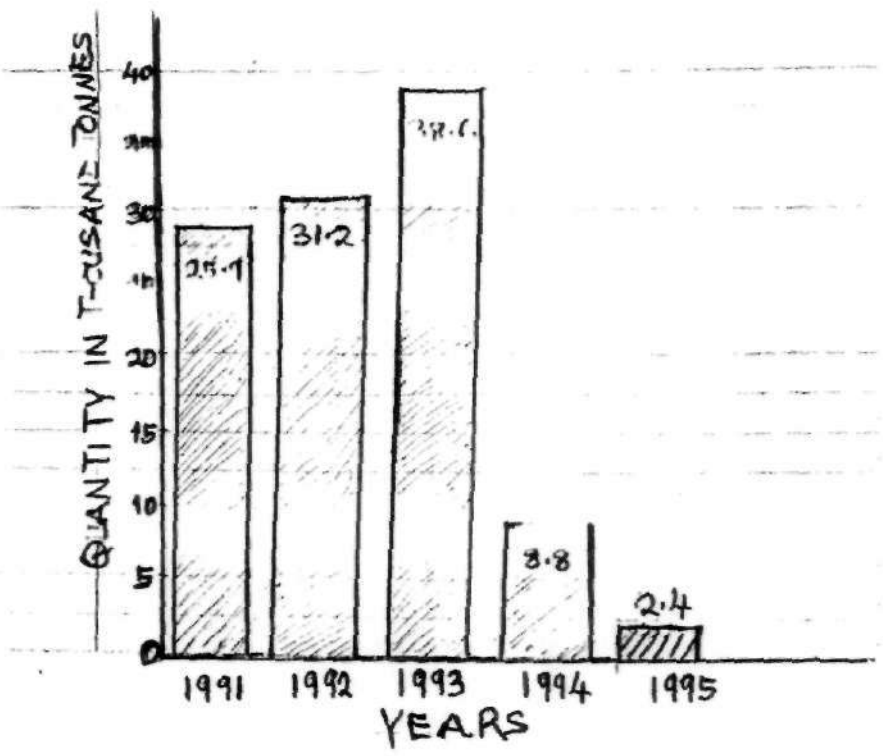
As per the above graph, exports in the agricultural sector showed a continuous rise from 1991 to 1993. It then dropped in 1994 before picking up to a little above the quantity exported in the previous year. The value of exports during the period under review (table 4.4A) tell a different story.

TABLE 4.4A (EXTRACTS FROM TABLE 4.4)
VALUE OF AGRIC. PRODUCTS EXPORT (1991 - 1995)

1991	1992	1993	1994	1995
N3,425.0m	N3,054.9m	N3,437.3m	N3,818.8m	N13,441.1m

In 1991, exports of agricultural products earned N3,425.0million then it went down slightly to N3,054.9 million in 1992. From then, it continued to increase to a peak record of N3,441.1 million in 1995. One would have thought that the continuous rise in value of exports in this sector is an indication of improved performance. However, the quantity of agricultural exports in 1995 is only slightly above that of 1991 implying that the rise in value of exports is not consequent upon quantity increases. The most likely reason for the tremendous rise in the value of exports then is inflation in the domestic economy. The fact becomes more glaring when we note from figure 4.3A that the quantity exported in 1993 was higher than that of 1994 but the corresponding values (table 4.4A) show that proceeds of 1994 exports were 11% above those of 1993.

FIGURE 4.3 B
EXPORT OF SEMI-MANUFACTURES (1991 - 1995)



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In the Semi manufactures sector, exports increased from 1991 to 1993 then dropped to discouraging 8.8 thousand tones in 1994 and finally a mere 2.4 thousand tones in 1995. (Figure 4.3B above refers).

TABLE 4.4B (EXTRACT FROM TABLE 4.4)
VALUE OF SEMI-MANUFACTURES EXPORT (1991-1995)

1991	19921	1993	1994	1995
N197.0m	N218.9m	N376.7m	N293.0m	N1,361.1m

The paradox earlier observed in the agricultural sector is also manifest here in that about 26 thousand tones of semi-manufactures earned only N197.0 million in 1991 whereas 2.4 thousand tones (i.e. 9% of 1991 quantity) of the same sector earned as much as N1,361.1 million in 1995. This phenomenon might as well be a further buttress of my earlier opinion that inflation could be the cause of such a paradox.

Export of Manufactures during the period under review is graphically shown below:

FIGURE 4.3C EXPORT OF MANUFACTURES

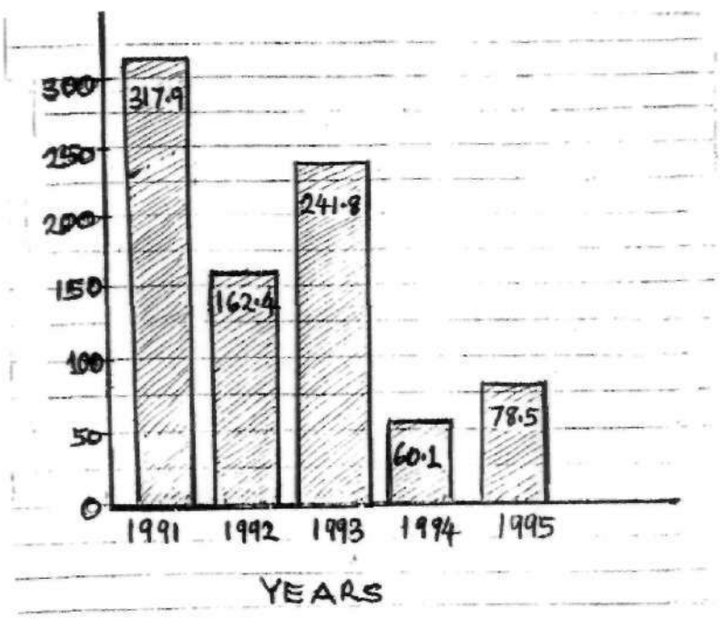


TABLE 4.4C (EXTRACT FROM TABLE 4.4)
VALUE OF MANUFACTURES (1991-1995)

1991	1992	1993	1994	1995
N923.8m	N788.9m	N532.3m	N910.5m	N4,706.0m

The quantity of export in the manufactures sector has not shown any particular trend as can be seen from the graph. The quantity of products in the sector which was exported kept rising and falling all through from 1991 to 1995. The value of exports (as per table 4.4C) has also been erratic throughout the period under consideration.

FIGURE 4.3 D
EXPORT OF SOLID MINERALS (1991 - 1995)

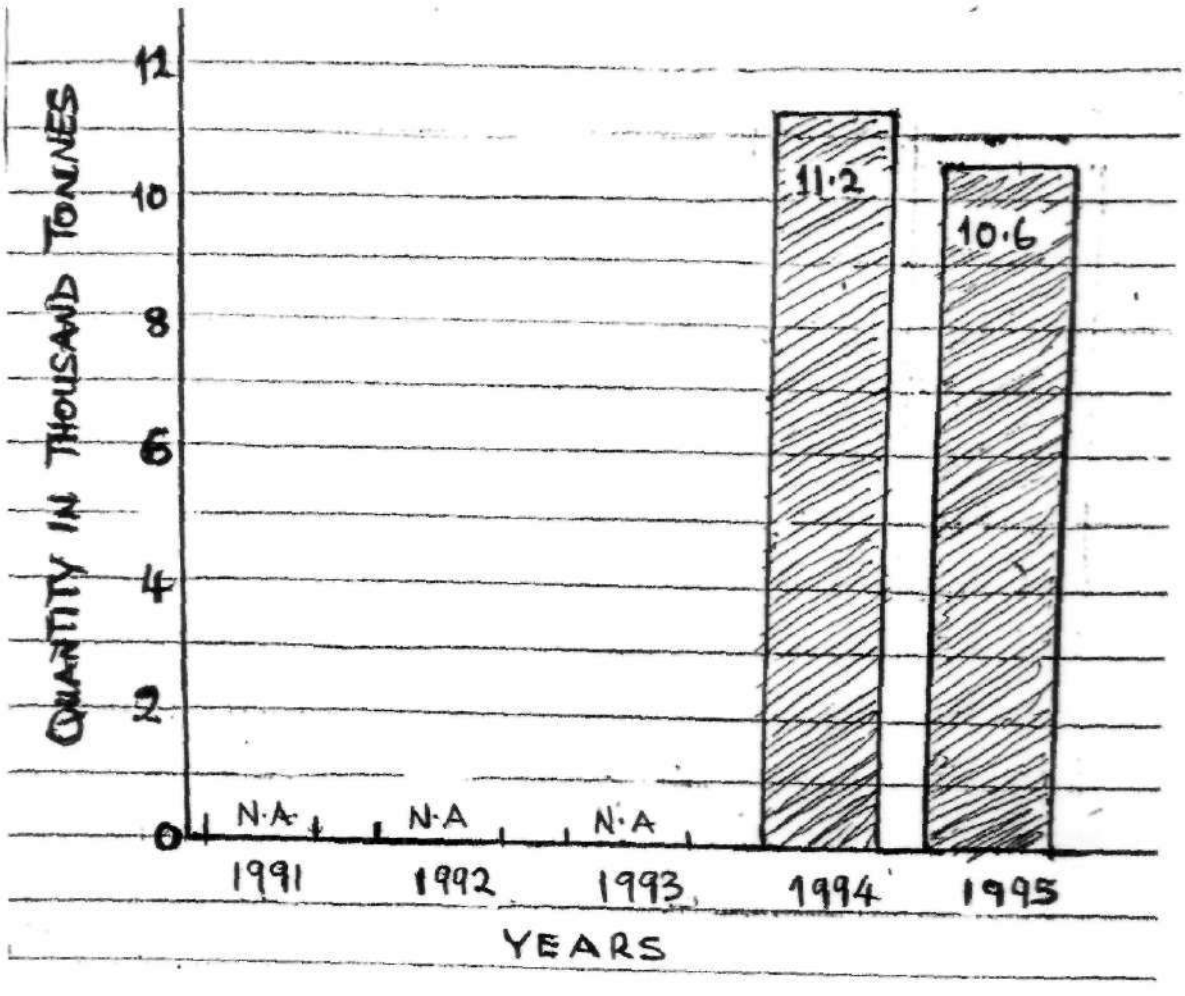


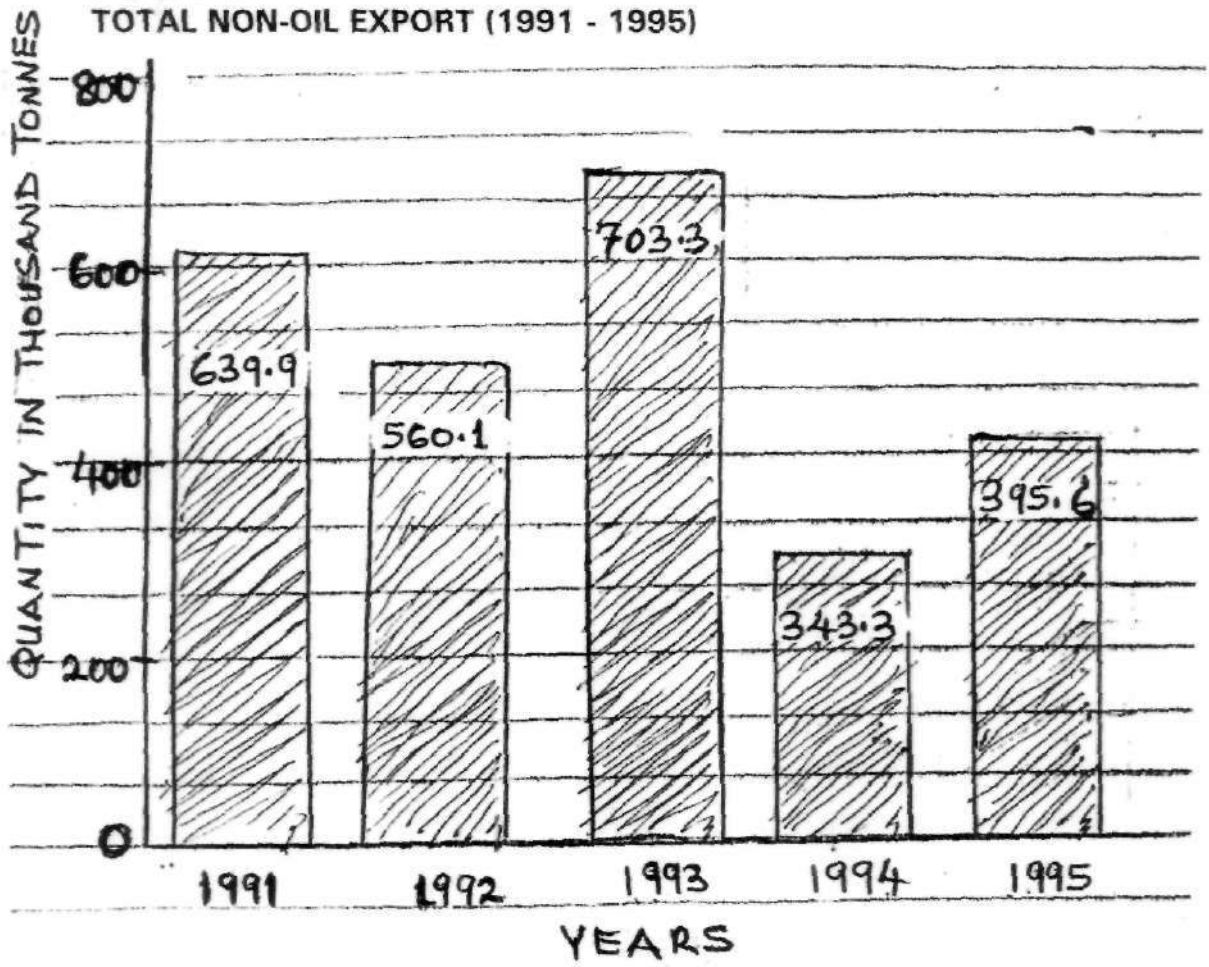
TABLE 4.4D (EXTRACT FROM TABLE 4.4)
VALUE OF SOLID MINERALS1991-1995)

1991	19921	1993	1994	1995
N0.6m	N68.4m	N24.9m	N116.9m	N383.0m

The problem of unavailability of data (one of the limitations of this study) has taken a toll on this sector. Thus, from 1991 to 1993, the quantity of export in the solid mineral sector was not known. Incomes, as shown in table 4.4D, were however, recorded as earned. Concerning the available data, the solid mineral sector had exports of 11.2 thousand tones in 1994 but experienced a drop in 1995. Considering that data relating to quantity exported between 1991 and 1993 are not available and that those available depict a downward trend, it may not be wrong to say that export performance in this sector is deteriorating.

Having given the export of non-oil commodities sectoral treatment, the overall performance of the sector is hereby presented graphically.

FIGURE 4.4
TOTAL NON-OIL EXPORT (1991 - 1995)



On the whole, non-oil export has not followed a particular pattern. It kept fluctuating all through the period in discourse. It should however, be noted that the preceding statement is made with reservation since the quantities exported in the Solid Mineral and other sectors for most of the period are not available. Based on what is in hand however, the year 1993 clearly stands out as one which recorded peak exports of non-oil commodities.

4.3 Test of Hypotheses:

To test the hypotheses for acceptance or rejection, we shall pick them in turn, beginning with the sub-hypotheses, and analyse them based on the data collected.

Sub-Hypothesis 'A'

NON - OIL EXPORTS HAVE NO SIGNIFICANT POSITIVE IMPACT ON THE GROSS DOMESTIC PRODUCT (GDP) OF NIGERIA.

Data/information on the contribution of non-oil exports to the country's GDP could not be obtained during the research. Of the responses that were obtained, non was backed up by data thereby making it difficult to accept that such responses are factual. In all, 36 respondents answered the question - Have non-oil exports significant positive impact on Nigeria's GDP ? Of this number, 20 persons, representing 55.56% answered in the affirmative while the remaining 16 respondents disagreed. This means that most people affirm or are of the opinion that non-oil exports contribute positively to Nigeria's gross domestic product. However, as has already been said, non of such responses are backed by data hence their opinion is best described as subjective.

In the light of this, the hypothesis can neither be accepted or rejected. We only know now that people generally think that non-oil exports have positive impact on the country's GDP even though the thinking can not be substantiated.

Sub-Hypothesis 'B'

NON-OIL EXPORTS DO NOT SERVE ANY ECONOMIC PURPOSE IN NIGERIA.

To test this hypotheses, we re-examine the data on export of non-oil commodities from 1991 to 1995 by sectors (i.e. Table 3). In this data, we see that Nigeria received value in various sums during those years on account of some classes of non-oil commodities.

Using 1991 as the base year, the percentage change over preceding years income are: 1992 - 9.6%, 1993 - 18.8%, 1994 - 6.5% and 1995 - 275.8%. obviously, even if there were to be no multiplier effect, the respective values received are enough for us to consider rejecting the above hypothesis. Going by the above, non-oil exports serve some economic purposes in Nigeria. The question which might not be easily answered is - what economic purpose(s) and to what extent ? since values were received, we can have at least an idea of the purposes served by tracing the probable effects of income received from abroad.

In the first instance, the incomes raise the profit margins of the export manufacturers concerned and hence the dividends receivable by its shareholders. Where the increased profits are retained, the worth of the company is improved and this can cause a chain of reactions within the company and finally an impact on the economy as a whole. In another vein, the value so received serves as an equivalent savings to the nation in terms of foreign exchange demand. For example, in 1995 Nigeria would have had to source for foreign exchange of over N20million elsewhere but the situation was saved by non-oil exports earnings of N20.1million in that year. In a similar manner, several economic purposes served by non-oil exports can be traced. Thus, the hypothesis is rejected.

Sub-Hypothesis 'C'

THERE ARE NO ADEQUATE POLICY TOOLS TO ENCOURAGE NON-OIL EXPORT FROM NIGERIA.

To determine the acceptability or rejection of this hypothesis, we go back to section 4.1 (Export Incentives in Nigeria) under Chapter Four. The section

states in part "below are the incentives articulated as contained in the Export Incentives and Miscellaneous Decree 18 of 1986, and as amended by Decree No. 65 of December 1992 and the 1996 national budget". It then outlined 17 schemes/facilities as contained in the documents cited above. Without hesitation therefore, there are policy tools to encourage non-oil export from Nigeria. Infact, the researcher is of the strong view that these tools are adequate because a close look at each of them shows that virtually all areas of export are covered. The problem with the policy tools (incentive schemes/facilities available in Nigeria) is that only a minute fraction, 4 out of 17 (i.e. the Duty Drawback Refund, Export Expansion Grant Fund, the ECOWAS Trade Liberalization Scheme, and the Export Processing Zone) are operational. In fact, the EPZ is not strictly speaking operational since no factory at the pioneer zone (Calabar EPZ) has commenced production yet. It is thus clear that the hypothesis is rejected but its non-acceptance does not pass any positive signal as it appear on the face.

The rejection of this hypothesis brings us face to face with the serious issue of export promotion drive in Nigeria. Since the policy tools are adequate but the operational standard only about 23% (4 out of 17 schemes) it follows that we are not making any headway in export promotion drive. Put simply, in Nigeria there is more talking about how exports should be increased than what is actually being done to increase exports. In otherwords, government has over the years formulated so many policies aimed at enhancing export from Nigeria but has implemented virtually non of them. The few (policies) which saw the light of the day were strangulated by bureaucratic bottlenecks, red tapism, favouritism and the like.

MAIN HYPOTHESIS

NON-OIL EXPORTS FROM NIGERIA TO OTHER COUNTRIES HAVE NOT INCREASED SINCE THE ESTABLISHMENT OF NEPC.

To test the above stated hypothesis, we have to re-examine the data on export of non-oil commodities between 1991 and 1995 by sectors (ie Table 4.4). This data is very revealing because it gives not only the quantities of five classes of commodities exported during the period but also gives their corresponding values.

According to this table, total non-oil export in 1991 was 639,900 tones while that in 1992 was only 560,000 tones. In 1993, the quantity of non-oil export increased to 703,300 tones but dropped to only 343,300 tones in 1994. In 1995, the quantity of non-oil exports from Nigeria have neither increased nor decreased since NEPC's establishment. It has rather been shifting up and down all this while. The hypothesis is thus accepted which means that non-oil exports from Nigeria to other countries have not increased since NEPC's establishment.

A look at the value side (right hand side) of table 4.4 would at first sight tempt one into thinking that non-oil exports have increased continuously. However, the continuous rise in value of the exports is due to a number of factors(e.g inflation and and fall in value of the Naira) other than increase in the quantity of commodities exported.

FOOTNOTE

1. Export Incentives in Nigeria; A publication of NEPC Headquarters, Abuja.



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CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1 Summary:

The main objective of this study is to determine the extent to which Nigeria's non-oil export promotion drive has fared over the years. The Nigerian Export Promotion Council, established by Decree 46 of 1976 is the government agency set up primarily to perform functions aimed at promoting non-oil exports. It thus became natural that the study concentrated on the Councils functions and general operations in the pursuance of the study objective.

The statutory functions and responsibilities of the Nigerian Export Promotion Council include the following:

- Export market development
- Export financing
- Export Publicity
- Trade information
- Trade facilitation, and
- Representation Service

The Council's achievements so far are in the underlisted areas:

- Generation of Export consciousness
- Export potential survey and market development
- Establishment of commercial Desks and Trade Centres abroad
- Critical study of trade procedures and documentation
- Improvement in Nigeria's participation in overseas international trade fairs and exhibitions
- Administration/Payment of export incentives.

Literature relating to the concept of export marketing and contemporary issues on exports were reviewed to give the researcher greater insight of the subject matter. Hypotheses were also formulated so as to give the study a sense of direction.

The research methodology was fashioned bearing this in mind such that questionnaires were carefully worded to exert responses which would help the researcher in making a fair report of the situation under review.

Data collected and analysed concerned articulated export incentives available in the country. Having analysed the data collected, the researcher proceeded to test the study hypotheses.

Sub-hypotheses 'A' which states that "Non-oil exports have no significant positive impact on the Gross Domestic Product of Nigeria" was tested but with no definite result - i.e., the hypotheses was neither accepted nor rejected. The reason is that even though 55.56% of the respondents confirmed the positive contributions of non-oil export to the country's GDP, non of them (respondents) backed his or her answer with data. In this circumstance, the responses made can be considered as guesswork hence their non-acceptance as 'factual'.

Sub-hypothesis 'B' which reads: "Non-oil exports do not serve any economic purpose in Nigeria" was also tested. The test resulted in non-acceptance of the hypothesis in implying that non-oil exports serve some economic purposes in Nigeria.

Sub-hypotheses 'C' was the next to be tested. The hypotheses reads: "There are no adequate policy tools to encourage non-oil export from Nigeria". Data collected in the course of the study showed that there are about seventeen (17) schemes and facilities aimed at boosting non-oil export from the country. Ordinarily, these should be enough even though their adequacy could be contested being that adequacy is a matter of relativeness.

The hypotheses was rejected thus bringing the study face-to-face with the truism of non-oil export promotion drive in Nigeria. That is, the fact of laudable board-room policies with below average implementation.

Among the reasons for poor implementation of policies which the researcher discovered during the study are:

- The problem of funding
- Lack of appropriate personnel
- Nigeria's image problem
- Management.

Having tested all the sub-hypotheses, the main hypothesis which reads: "Non-oil exports from Nigeria to other countries have not increased since the establishment of NEPC" was addressed.

Relevant data were carefully examined and in the end the hypothesis was accepted. Available data supported the statement both in terms of quantity and value of exports from 1991 to 1995. As a matter of fact, the trend of non-oil export earnings in the country can be described as having been the same as far back as the early 70's. Prior to the establishment of NEPC (for example 1970 - 1975) non-oil export earnings decreased continually. Moreover, 10 years after the establishment of the Council (i.e. from 1977 - 1986), the decline continued unabated (see appendix 1).

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Finally, as has already been stated earlier in this study, non-oil export exhibited a zig-zag movement between 1990 and 1996. (See extract from table 4.4 below)

TABLE 5.1
TOTAL EXPORT OF NON-OIL COMMODITIES

Year	1991	1992	1993	1994	1995
Total Qty in '000 tones	639.9	560.1	703.3	343.3	395.6

Source: Central Bank of Nigeria Report, 1995.

The acceptance of the main hypothesis which means that the country's non-oil export promotion drive is yet to yield fruits is disheartening but factual. It also sounds a clear message to the researcher - he has to proffer recommendations which will lead to improved export of non-oil commodities from the country.

5.2 Recommendations:

In pursuance of the objectives of this study, the researcher wishes to make the following recommendations which will hopefully increase Nigeria's gain from the export of non-oil commodities.

i. The creation of export consciousness:- It is true to say that efforts have already been made in this direction through Workshops and Seminars. It should however, be noted that these have been inadequate and at times mis-directed. Concerted efforts should be made towards the creation of export conciuosness among manufacturers in the country. More Workshops and Seminars should be organised at strategic locations (i.e. Lagos, Port Harcourt, Calabar, Kaduna, Kano and Jos) to educate the export community and prospective ones about on-goings within the non-oil export sub-sector.

ii. Effective use of Commercial Attaches and Trade Centres Abroad:- The Nigerian Export Promotion Council is known to have established Trade Centres in Abidjan (Cote d'Ivoire) and Brussels (Belgium) and Commercial Desk in New York, London, Warsaw, Geneva and Jedda. This action is commendable but it should be known that the establishment of these offices can not help matters unless effective use is made of the officers manning them. The offices should be able to provide logistic support and external link for export manufacturers in order that they (manufactures) would break into foreign markets.

Considering the geographical spread of the West-African sub-region coupled with limited communication facilities, at least two more trade centres should be opened in the region. Furthermore, the existing trade centres and commercial Desks should be staffed with qualified personnel (preferably marketers) and equipped with necessary data/communication gadgets/facilities such as computers, telex and telephone. The personnel would then be able to assemble and decimate trade information to the Council's headquarters which should make such available to the export community in the country.

iii. Greater effort by the organised Private Sector:- The organised private sector (OPS) should endeavour to "get involved" in non-oil export business. As the Christian religion's Book - THE BIBLE says, "My people are destroyed for lack of knowledge. . . "[1]. Where the OPS does not make conscious effort to know about the opportunities available in the sub-sector, it can not participate meaningfully in the non-oil export drive. It is also recommended that the Organised Private Sector strives to establish linkage with appropriate foreign bodies in order to tap from their wealth of experience. Finally, co-operation with relevant government agencies such as the Nigeria Customs Service (NCS), Standards Organisation of Nigeria (SON), and Nigerian Export Promotion Council is a must if the OPS is desirous of making tangible achievements in export business.

iv. Actualization of Export Incentives:- Among several export incentives articulated by various governments, only about four (4) are active. Moreover, of the four active schemes and facilities, non has attained a remarkable level of participation. For example, the Duty Drawback Scheme has recorded total refunds of only N191,423,158.95 from 1988 to 1996. This means that the annual average amount paid as refunds is just about N21 million. Considering that this sum is the amount refunded to all beneficiary export manufacturers within a given year, it becomes clear that very few companies benefited from the scheme. The story of Export Processing Zones is similarly disheartening with only one zone so far established. It should be noted that even the established zone is yet to be operational.

Government, through the NEPC, should vigorously pursue the operationalization of all the articulated incentives. In particular, government should ensure that the pioneer export processing zone - Calabar EPZ, becomes operational immediately and also strive to establish other zones before year 2000.

At the sub-regional level, tariff and non-tariff barriers to trade should be removed immediately as that would enhance the volume of trade between member countries of ECOWAS. Liberalization of industrial products originating from member states is long over-due and the matter should be re-visited and preferably finalised.

v. Streamlining of Trade Procedures and Documentation:- Cumbersome and complicated procedure and documentation have been identified as the cause of additional cost to exporters or even outright loss. In realization of this, the NEPC made recommendations on how to facilitate procedures in the custom long room. It is sad to note that these recommendations which were accepted in principle by the Custom Authorities are yet to see the light of the day. Thus exporters spend several days or weeks in the long room trying to get the necessary clearance for their consignments.

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The Council is also yet to actualize the streamlining and simplification of export and import documents which the Nigerian Committee on Trade Procedures (NITPRO) examined several years ago.

The Nigeria Custom Service should adopt the recommendations on procedures in the long room without further delay. On its part, the NEPC should take urgent steps to simplify trade procedures and documentation.

vi. Manpower Development and Training;- This is another area which government should give a serious look at. Training is the bedrock for every meaningful industrial policy because an untrained mind has little to offer in a forward looking set-up. Government should make it mandatory for all members of the export community, whether private or public, to acquire specialize training in export trade. To this end, the issue of NEPC, training school should now be seen as a matter of priority.

vii. Publicity:- Closely linked with the idea and need for training is the question of publicity. No serious marketer takes publicity for granted because it is the only means by which awareness is created about a producer's products or services.

Nigeria's non-oil export promotion drive would be hallow if publicity is not given the treatment it deserves. This awareness creation has to begin at home by way of information to the export community on prospects in the export sub-sector. The trend should then be continued in foreign countries. It is important to state here that the means of publicity should be varied so that no interest group is excluded. Thus, it is suggested that greater participation of Nigerian Exporters in International fairs and exhibitions be pursued. Also, publications, seminars and workshops as well as domestic trade fairs should be given greater consideration henceforth.

Still along this line, computerization of the operations of the NEPC should be considered and the question of going INTERNATE given some thought.

viii. Research:- This is the means by which vital information relating to non-oil export and export business generally can be gathered and disseminated to members of the export community and relevant government agencies. It is recommended that marketing consultants be employed to undertake studies on the subject under review so that government would be better placed in formulating policies that would boost exports from the country. The Consultants could also be employed to manage some aspects of export process so as to ensure goal attainment since they are more likely to put in their very best compared to conventional government agencies.

ix. Management re-orientation:- Looked at critically, it would be realised that poor control at various quarters has been responsible for the stagnation of non-oil export. The problem of poor funding for instance might not truly be that of dearth of money. Most often than not, government officers responsible for approving the release of funds for various projects fail to do so simply because they do not see the projects benefiting them directly. Management of the council are also susceptible to this type of temptation. Thus, it is not surprising to see an activity which could boost non-oil exports being relegated to the background just because somebody or a group of persons in control of the affairs of the council feel that such an activity might not be of benefit to them directly.

The solution to this negative conduct is management re-orientation - a complete change of attitude. Persons in position of authority should do all within their ability to place the interest of the organisation above their personal ambitions. It must however, be noted that a change from disloyalty to loyalty and nationalism is a difficult one. Thus, culprits should be punished when caught, while persons who exhibit dedication to national goals rewarded so as to create a conducive atmosphere for breeding desirable elements in the country.

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x. Provision of Storage Facilities:- Losses consequent upon the inadequacy or outright absence of storage facilities in some cases are reported to be very high. Thus, to mobilise export particularly in the agricultural sector, the provision of storage facilities should be accorded high priority. If this is done, there would be lower losses of fruits and crops like tomatoes hence a boost of the morale of producers.

xi. Intensified Monitoring:- Laudable export incentive facilities offered by government are known to have failed to justify their existence due to abuses. For example, the retention of foreign exchange facility offered to export manufacturers has been characterised by widespread abuses due to inadequate monitoring, It is therefore, recommended that whatever machinery exists should be overhauled and strengthened to forestall or at least reduce abuses of the various incentive schemes.

The foregoing recommendations are not exhaustive, however, it is my strong belief that if implemented properly, there would be positive changes in the non-oil export sub-sector.

5.3 Conclusion:

Establishment of the Nigeria Export Promotion Council in 1976 marked the beginning of conscious efforts by government to mobilise and motivate export manufacturing in the country. The fact of this intention by government is visible in its accordance of specific statutory functions to the council.

By and large the functions of NEPC if carried out appropriately has so much implications for the export sub-sector. However, the functions proved "hypothetical" for a good part of the life of the council. This has led to stagnation and/or retarded expansion of non-oil exports from Nigeria.

An annoying fact about Nigeria's non-oil export promotion drive is the fallacy of its achievements. Many a people believe that the drive is yielding much fruit but available data speak an entirely different story. The implication of this is that except where the facts are highlighted through studies like this, concerted efforts may not be made towards achieving enhanced non-oil exports.

From the foregoing, government and the NEPC have to pursue with greater zeal its objectives as relates to non-oil export.

It can be safely deduced from the findings that ignorance on the part of key actors in the subject under review has not help matters. On the one hand, the community of manufacturers are hardly aware of the opportunities existing in the sub-sector. Furthermore, the few who are aware and actually in non-oil export business are mere "illiterates" such that they carry on the business on the basis of 'rule of the thumb' thereby suffering untold losses.

On the other hand, NEPC and government as a whole knows very little about the problems encountered by exporters, least to talk of striving to eliminate or reduce them.

Although the country through the NEPC has recorded a number of achievements as highlighted in this study, the main problem of non-oil export promotion - the problem of Policy Implementation is yet to be addressed.

By and large, the researcher is very proud of brilliant incentive schemes articulated which are aimed towards boosting exports. It is hoped that the recommendations which are outlined in this study will be given due consideration and pursued vigorously. It is believed that the era of conducive, healthy and self-sustaining non-oil export trade is just around the corner. All hands should be seen to be on deck as the country continues its drive in the enviable direction of non-oil exports.

FOOTNOTE

1. The Holy Bible; Hosea 4:6, Thomas Nelson Publishers, (The New King James Version).

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APPENDIX I

NIGERIA'S EXPORTS 1970 - 1986 (N' million)

Year	Total Export Earnings	Total oil Export Earnings	Total non-oil Export Earning	Prop. of oil to total export Earnings %	Prop. of Non-oil to total export Earnings %
1970	885.6	509.6	376.0	57.6	42.4
1971	1293.4	953.0	340.4	73.7	26.3
1972	1434.2	1176.2	258.0	82.0	18.0
1973	2277.4	1893.5	383.9	83.1	16.9
1974	5794.8	5365.7	429.1	92.6	7.4
1775	4935.5	4629.9	295.6	94.0	6.0
1976	6751.1	6196.2	554.9	91.8	8.2
1977	7630.7	7080.4	550.3	92.8	7.2
1978	6064.4	5652.9	411.5	93.2	6.8
1979	10,836.8	10,166.8	670.0	93.8	6.2
1980	14,186.7	13,523.0	663.7	95.3	4.7
1981	10,876.8	10,680.5	196.3	98.2	1.8
1982	8,722.5	8,601.6	120.9	98.6	1.4
1983	7,502.5	7,201.2	301.3	96.0	4.0
1984	9,088.0	8,840.2	247.4	97.3	2.7
1985	11,214.8	10,890.6	324.2	97.1	2.9
1986	8,753.9	8,513.9	240.0	97.2	2.8

Source: Central Bank of Nigeria Economic and Financial Review, December 1987.

APPENDIX II

MERCHANT BANKS CREDIT TO EXPORT SECTOR
(1984 - 1988)

YEAR	TOTAL EXPOSURE (N'million)	GROWTH RATE %	EXPORT CREDIT AS % OF TOTAL LOANS
1984	1.1	31.3	0.1
1985	3.8	245.5	0.2
1986	19.9	421.1	0.7
1987	54.9	117.3	0.3
1988	273.6	398.4	6.4

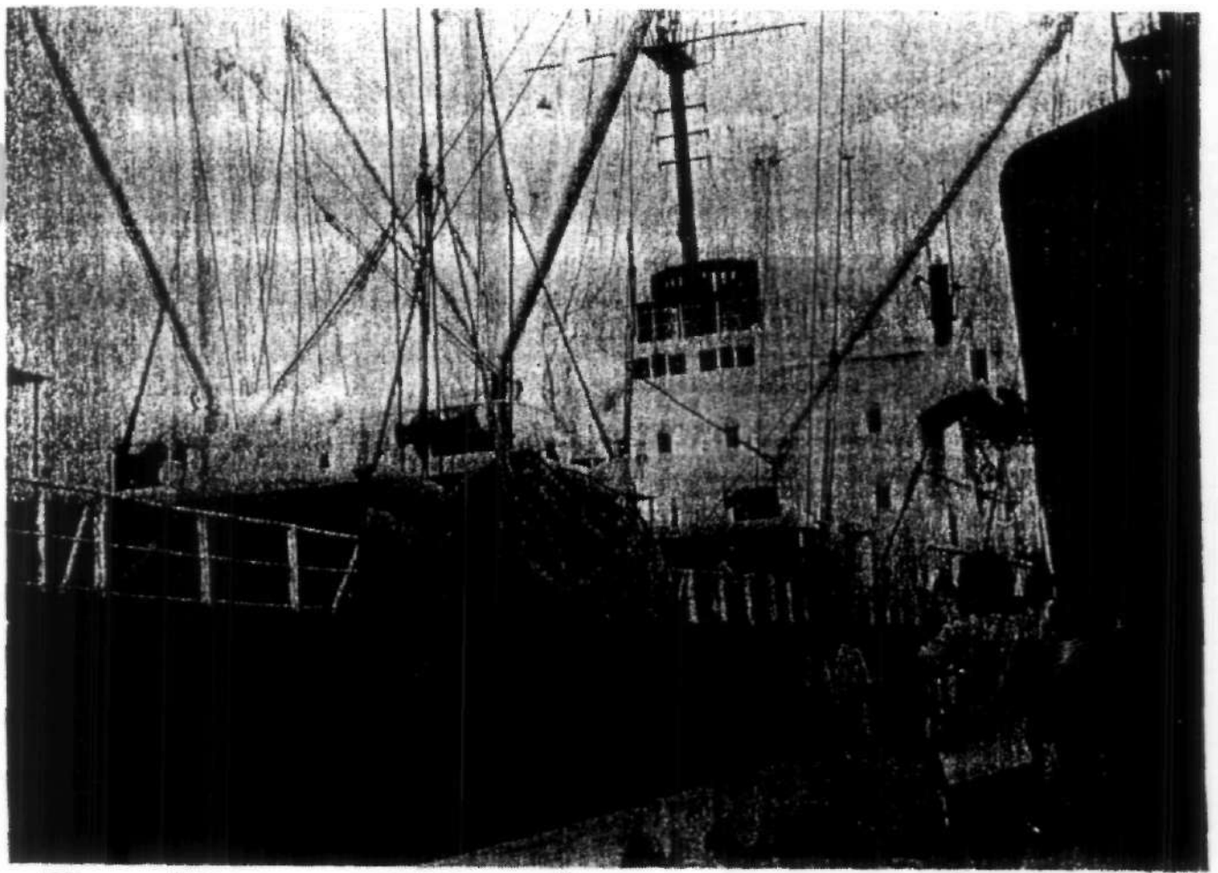
Source: Central Bank of Nigeria, Economic and Financial Review, December, 1988, page 94

APPENDIX III

COMMERCIAL BANKS CREDIT TO EXPORT SECTOR
(1984 - 1988)

YEAR	TOTAL EXPOSURE (N'million)	GROWTH RATE %	EXPORT CREDIT AS % OF TOTAL LOANS
1984	133.5	3.1	1.2
1985	122.6	8.2	1.0
1986	311.5	154.1	2.0
1987	462.5	48.5	2.6
1988	477.7	3.3	2.5

Source: Central Bank of Nigeria, Economic and Financial Review, December, 1988, page 69.



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APPENDIX V

QUESTIONAIRE

PERSONAL DATA

NAME (OPTIONAL):

OCCUPATION:

ADDRESS (OFFICE/BUSINESS):

PART A: QUESTIONS FOR PERSONAL INTERVIEW

1. How far has the establishment of Nigerian Export Promotion Council increased exports from Nigeria?
2. What economic or Social purposes do exports serve to the Nigerian economy generally?
3. What priviledgs/incentives are provided by government which could encourage investors/manufacturers to go into non-oil export business?
4. Are there adequate tools (if any) to guard against the negative effects of export trade on the domestic economy?
5. In the light of statutory functions ascribed to the Nigerian Export Promotion Council by the Decree establishing it, has the council achieved the goals for which it was established?

PART B: QUESTIONAIRE

NOTE:

Please, tick against the alphabet the answer that agrees most with your opinion or write where applicable.

Extra sheets could be used where needed.

1. How far has the establishment of Nigerian Export Promotion Council (NEPC) increased non-oil exports from the Country?

   (A) Below average (B) Above average (C) Far above average.

2. In some Countries, specifically in Canada, there is an agency called the Forum for International Trade Training (FITT) which offers training schemes for her Country's exporters. Does NEPC have such a scheme for exporters in Nigeria?

   (A) Yes (B) No (C) I do not know.

3. How many times have you or your oganisation benefitted from training programmes organised by the NEPC?

(A) Never (B) 1-5 times (C) Several times.

How much have export incomes grown in relation to Trade Promotion Expenditur in your organisation over the past five years?

(A) Below the rate of growth of export promotion expenditure

(B) Export incomes have grown at the same rate with export trade promotion expenditure.

(C) Export incomes have grown below the growth in export trade promotion expenditure.

In the light of the statutory functions of NEPC, has the Council achieved the goals for which it was established?

(A) Yes, (B) No (C) I do not know.

What factors, in your opinion, have hindered the NEPC from realizing the goals for which it was established? (List them).

Have non-oil exports significant positive impact on Nigeria's Gross Domestic product?

(A) Yes (B) No (C) I do not know.

What specific effects (Negative or positive), do non-oil exports have on the Gross Domestic product of Nigeria?

What specific effect (Negative or positive) do non-oil exports have on the Real Income of Nigerians? (List).

What safeguards/priviledges provided by government (NEPC) encourage you or your organisation to go into non-oil export business? (Mention).

What factors or problems have prevented you or your organisation from going into non-oil export business?

What problems have tended to obstruct your export business?

What would you want government or NEPC do which you think will ease your non-oil export business?

How much has government or NEPC so far done to reduce obstacles to market access (e.g. language barrier) which might unnecessarily impede the ability of export manufacturers in Nigeria to compete internationally?

Any other comment or remark (Please make any other comments you may have on non-oil exports in Nigeria).