Stanbic IBTC Bank

AFRICA TRADE BAROMETER

An overview of the current cross-border trade landscape of Africa

NIGERIA

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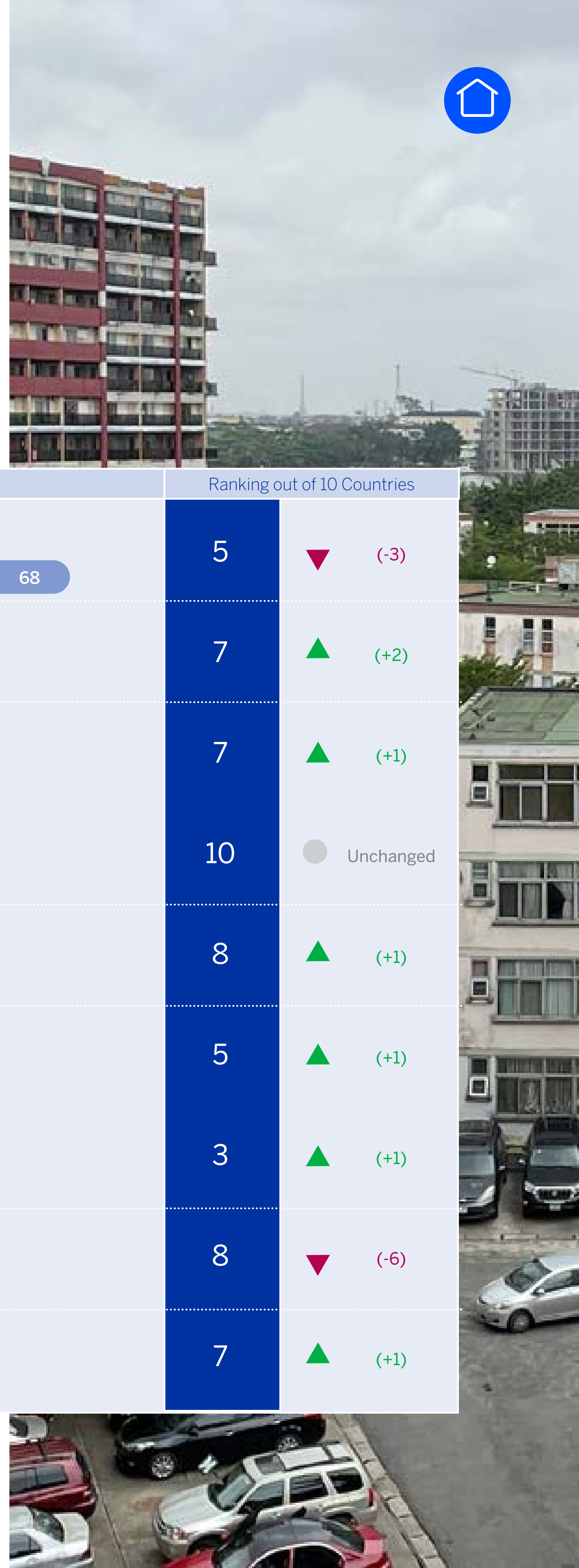
Click on the sections in the Table of Contents to navigate to it.

Click on the Home button to navigate back to the Table of Contents.

TABLE OF CONTENTS



EXECUTIVE SUMMARY

Being Africa's largest bank, Standard Bank (trading in Nigeria as Stanbic IBTC Bank) has leveraged its presence and expertise across the continent to create the Stanbic IBTC Bank Africa Trade Barometer (SB ATB).

The SB ATB was launched in 2022 to create Africa's leading trade index to address the information vacuum of reliable African traders' data and to support and enable the growth of intra-Africa trade. Availability of trade data remains a challenge across Africa and the SB ATB aims to fill part of this data gap through up-to-date survey data on the views of African businesses on the environment they operate in, their trade behaviour, trading activities and their perceptions on trade.

This is Issue 4 of the SB ATB. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

To construct the SB ATB index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy, and traders' financial behaviour. These are the seven variables on which the trade barometer scores for each country are constructed.

From a primary data perspective, the Stanbic IBTC Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2 258 firms across the 10 countries of interest.

From a secondary research perspective, the Stanbic IBTC Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources. It is important to note that the SB ATB ranking of countries is relative to the 10 countries themselves. In other words, countries are ranked against each other i.e., relative scores to each other.

The table below shows Nigeria's relative performance in the seven broad thematic categories of the SB ATB.

SB STB ranking for Nigeria across seven thematic areas

Thematic Category	Indicator	August 2024	May 2023	Ranking out of 10 Countries	Change
Macroeconomic Stability	Business Confidence	59	68	5	▼ (-3)
Governance and Economy	Government Support on Trade	48	46	7	▲ (+2)
Infrastructure	Quality of Infrastructure	41	39	7	▲ (+1)
Infrastructure	Infrastructure Obstacles	49	50	10	Unchanged
Access to Finance	Access to Credit	37	37	8	▲ (+1)
Traders' Financial Behaviour	Credit Terms Extended to Clients	51	55	5	▲ (+1)
Traders' Financial Behaviour	Credit Terms Advanced from Suppliers	59	60	3	▲ (+1)
Foreign Trade	Ease of Trade	45	47	8	▼ (-6)
Trade Openness	Trade openness	50	51	7	▲ (+1)

Note: All (with the exception of the ease of trade) indicators have an index score ranging from 0 to 100, where 0 represents a low score and 100 the highest score. For the ease of trade indicator, 0 represents a high score and 100 a low score.

The SB ATB is an aggregate of the SB QTB and the SB STB.

This is the country report for Nigeria.

It contains an analysis of the primary and secondary data gathered specifically for Nigeria between July and September 2024 and showcases trends and opportunities in trade within the country. **A consolidated report will complement the individual country analyses**, synthesising data from the 10 African markets surveyed to provide a comparative perspective on the factors enabling and hindering trade. This will form the cornerstone of the trade barometer.

Nigeria's position in the overall SB ATB ranking rose from 6th in May 2023 to 5th in August 2024. Regarding the SB QTB, the country maintained its 4th place ranking. Conversely, Nigeria fell from 5th to 8th place in the SB STB. Although Nigeria's ranking was maintained in the SB QTB and fell in the SB STB, the country's SB ATB position rose in relation to the other markets.

Cautious optimism surrounds Nigeria's macroeconomic environment amidst exchange rate and fiscal reforms and oil sector investments, contributing positively to its trade attractiveness. In 2023, Nigeria experienced sluggish real GDP growth of 2.7%, primarily affected by inflationary pressures and a significant Naira depreciation. However, the 2024 outlook reflects signs of stabilisation, with projected GDP growth of 3.1%, driven by the oil, agriculture, and manufacturing sectors. Key fiscal reforms, including the liberalisation of the foreign exchange market and the partial removal of fuel subsidies, have aimed to create predictability and improve liquidity in the market. Despite persistent inflation and global oil price volatility, Nigeria's oil investments and efforts to boost foreign reserves and enhance public infrastructure provide a foundation for cautious optimism in the country's trade prospects.

Nigeria's business confidence index fell sharply from 68 in May 2023 to 59 in August 2024, reflecting growing concerns among businesses about exchange rate volatility and rising energy costs. This decline captures the mixed economic sentiments. Pessimism rose, with businesses citing poor economic conditions, high inflation, and unfavourable government policies. Exchange rate devaluation, increasing fuel prices after subsidy removal, and soaring inflation have compounded operational costs, particularly for businesses reliant on imported inputs. Despite these challenges, 59% of surveyed businesses remain optimistic due to policy reforms and projected GDP growth, especially driven by the oil sector and anti-oil theft measures. This dichotomy underscores Nigeria's trade environment, where growth opportunities coexist with significant economic hurdles.

Nigeria's government support index for trade increased slightly to 48 in August 2024 from 46 in May 2023, indicating a modest improvement in business sentiment towards government backing of cross-border trade. While larger businesses generally perceive the government's support more favourably, small businesses remain less confident, primarily due to their sensitivity to macroeconomic shocks such as currency fluctuations and rising operational costs following the removal of the fuel subsidy. Despite these challenges, positive developments like reopening the Nigeria-Niger border and launching the National Single Window platform offer signs of progress. However, businesses still call for tax relief, improved customs efficiency, and better foreign currency liquidity to stimulate trade activity, with concerns over corruption and inefficiency in trade facilitation persisting as key barriers to Nigeria's trade competitiveness.

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Surveyed Nigerian businesses conveyed a slight improvement in the perceived quality of trade-related infrastructure, with the index rising to 41 from 39 in May 2023. Key improvements were noted in the power sector, driven by initiatives such as the 53 transmission projects to stabilise the national grid and the Presidential Power Initiative (PPI) to boost generation capacity. However, challenges remain due to Nigeria's historically unstable power supply, with businesses frequently relying on expensive alternatives. Road infrastructure also saw an uptick, bolstered by the opening of the Lagos-Calabar coastal highway, enhancing connectivity and trade efficiency across key industrial zones and ports. These developments indicate progress, though ongoing challenges in power and transport continue to affect Nigeria's trade environment.

Nigeria's access to finance index remained steady at 37 in August 2024, highlighting ongoing difficulties in the credit market, particularly for small businesses. Most surveyed businesses (53%) found accessing credit challenging, with small businesses being the most affected. High interest rates, driven by the Central Bank of Nigeria's measures to combat soaring inflation, were the primary hurdle, followed by a lack of collateral and stringent loan terms. A fall in both the percentage of businesses providing credit terms to clients (55 to 51) and those receiving credit term advances from suppliers (60 to 59) also highlights a tightened credit environment since May 2023.

Surveyed Nigerian businesses are increasingly using digital payment methods for cross-border transactions. EFTs are the most popular, with 86% of businesses using them for sales and 82% for purchases. International transfers are also widely used, with 79% for sales and 80% for purchases. This shift reflects the Central Bank of Nigeria's (CBN) efforts to reduce cash use, including a 2023 policy that imposes fees on large cash withdrawals. The increased use of letters of credit, now at 57%, highlights the improving dollar supply, which has helped restore foreign traders' confidence in dealing with Nigerian businesses. Cash remains less common in cross-border transactions.

Nigeria's ease of trade index dropped from 47 in May 2023 to 45 in August 2024, reflecting increased challenges in trading with foreign markets. Despite growing awareness of the AfCFTA and government efforts to boost intra-African trade, businesses continue to favour Asia as a trade partner. Among surveyed businesses, 36% found it easy to trade within Africa, while 33% found it difficult, citing high transport costs, currency fluctuations, and taxes. The preference for trading with Asia, particularly China, remains strong due to lower costs and a wider range of available products, with 34% of businesses favouring this region for their imports.

Nigeria's cross-border trade is seeing mixed dynamics among surveyed businesses, with a slight decline in the trade openness index from 51 in May 2023 to 50 in August 2024. Businesses are increasingly sourcing inputs domestically, with 55% doing so compared to 49% in May 2023. The proportion of surveyed businesses which are importers fell by 6% to 43%. Despite these shifts, Asian markets remain the primary source of imports, with 79% of businesses turning to Asia, particularly China, for supplies. Meanwhile, exports to African markets, especially Central and Southern Africa, are rising, benefiting from improved market access under the AfCFTA. These developments reflect a more diversified trade landscape, albeit amidst ongoing economic challenges.

In conclusion, progress and ongoing obstacles mark Nigeria's trade landscape. The country's rise to the top 50% in the SB ATB rankings reflects improvements in trade infrastructure, government support, and revenue growth from imports and exports. However, persistent issues such as declining border efficiency, reduced access to credit, and decreased business confidence continue to challenge its trade potential. Future iterations of the SB ATB will be essential in tracking key developments, particularly how businesses adapt to exchange rate volatility, inflation, and fluctuating energy costs. The effectiveness of policy shifts, such as liberalising the exchange rate and removing fuel subsidies, in curbing inflation and boosting trade will be crucial. Additionally, monitoring the impact of infrastructure improvements, especially in power and transport, and the evolving role of digital payment systems in facilitating cross-border trade will be key to understanding how Nigeria navigates the balance between its oil dependence and efforts to diversify its trade potential.

Surveyed Nigerian businesses are increasingly using digital payment methods for cross-border transactions.

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1 INTRODUCTION

Africa's largest bank, Standard Bank (trading in Nigeria as Stanbic IBTC Bank), has leveraged its presence and expertise across the continent to create the Stanbic IBTC Bank Africa Trade Barometer (SB ATB).

The SB ATB was conceived with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade.

Trade—in the context of the SB ATB—should be understood as the process of production and transfer of goods and services that is enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

Launched in 2022, this is Issue 4 of the SB ATB. Issue 1, 2 and 3 were published in June 2022, November 2022 and September 2023 respectively. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

The objective of the SB ATB is to provide dynamic and insightful analysis that can intelligently inform and grow Africa's trade ecosystem.

Updated annually, the data enables stakeholders to take the pulse of African trade in near real-time to measure improvements or declines in business confidence, track operational challenges, and identify shifts in overall tradability.

The SB ATB is based on primary and secondary data sources. Primary research is gathered through a survey of over 2 258 firms representing small businesses, big businesses, and corporates across the 10 countries. The survey is augmented by in-depth interviews with select thought leaders in respective countries, and secondary data from sources such as the World Bank, the International Monetary Fund (IMF) and central banks of the respective countries.

To complement the individual country reports, a consolidated report will be published, serving as a cornerstone of the Africa Trade Barometer. This overarching document will synthesise the data from the various country analyses to offer a comparative perspective of the factors enabling and impeding trade across the 10 African markets surveyed.

This is the country report for Nigeria. It contains analysis of the primary and secondary data gathered specifically for Nigeria and showcases trends and opportunities in trade within the country. Primary and secondary data was gathered in Nigeria between July and September 2024 for this fourth issue of the SB ATB.

A total of 289 businesses were surveyed in Nigeria.

The surveyed businesses in Nigeria were located in the following cities or towns: Lagos, Ibadan, Port Harcourt, Abuja, Kano, Onitsha, Kaduna and Aba. In order to be representative, the majority of these (74%) were small businesses (see Figure 1) given that most businesses in the country fall in this category. There were three in-depth interviews conducted in Nigeria as part of this issue. These were with representatives from the Lagos State Chambers of Commerce and Industry, the Lagos State Ministry of Agriculture, and the Ministry of Economic Planning and Budget.

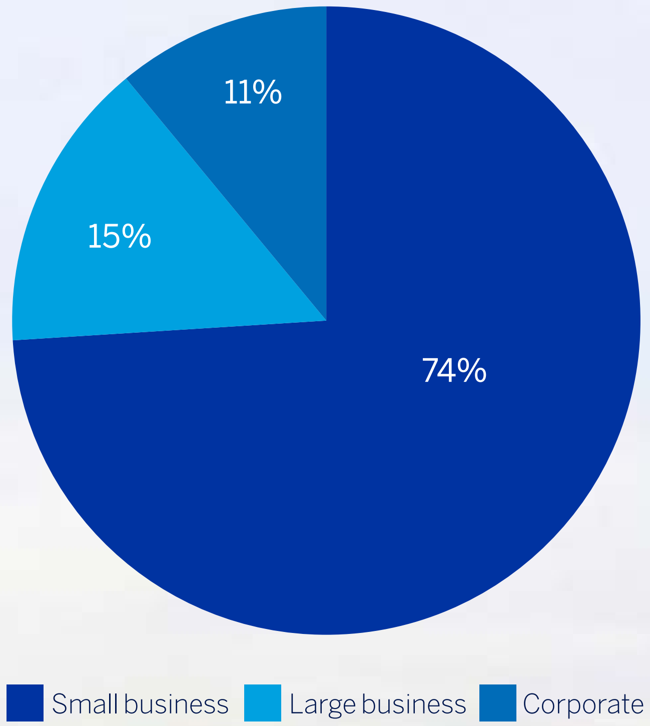
The fact that the majority of surveyed businesses were small businesses is a central value-add of the Stanbic IBTC Bank Africa Trade Barometer (SB ATB). Generally, aggregate trade data and information on the African continent is skewed by large businesses who trade specific commodities in large volumes. The trading activities and behaviour of small businesses is therefore often not adequately represented.

Skewness towards small businesses of SB ATB.

The emphasis and findings in the SB ATB relate to small businesses, their trade behaviour, trading activities and their perceptions on trade. The SB ATB also makes a contribution in understanding the trade perceptions of small businesses in Africa that do not necessarily engage in cross-border trade. Understanding the trade perceptions of all small businesses is key, as it aids in Africa's journey from a disjointed trading landscape to a more cohesive one where an extensive range of economic participants actively engage in trade with one another.

Notes: Certain survey findings in this report may differ from data at the aggregate level because data at the aggregate level is skewed by a few large businesses that trade large volumes of specific commodities. This is pointed out in the report, as relevant.

Figure 1: Breakdown of surveyed businesses in Nigeria by business segment



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

2 STANBIC IBTC BANK AFRICA TRADE BAROMETER ISSUE 4 COUNTRY RANKINGS

Nigeria rose one place in the Stanbic IBTC Bank Africa Trade Barometer ranking, from position 6 to 5.

In order to construct the Stanbic IBTC Bank Africa Trade Barometer (SB ATB) index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are macroeconomic environment, macroeconomic stability, government support, infrastructure constraints and enablers, trade openness, trader's financial behaviour and access to finance, and foreign trade and trading in Africa.

The SB ATB consists of the following two trade rankings:

- **The Stanbic IBTC Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed from a secondary research perspective.** The SB QTB scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reports.
- **The Stanbic IBTC Bank Firm Survey Trade Barometer (SB STB) is constructed from a primary data perspective.** The SB STB scores and ranking by country are the averages of all the survey data collected from 2 258 businesses.

The SB ATB is an aggregate of the SB QTB and the SB STB. Changes in a country's ranking on the three indices (SB ATB, SB QTB and SB STB) are driven by changes in both the aggregate score for that country, as well as their relative ranking against the other countries included. Changes in the SB ATB rankings over the past year are driven mostly by the changes in the SB STB scores.

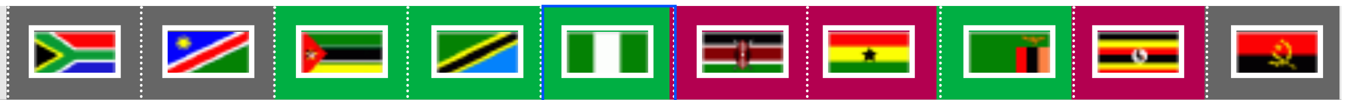
The SB ATB ranking of countries is relative as countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that on a common starting point of 0 and maximum point of 100, this is how the two markets fared.

Nigeria rose one place in its SB ATB rankings, to 5th place from 6th in the May 2023 SB ATB (see Figure 2). This is despite the country falling three places in the SB STB, from 5th place to 8th. Nigeria's SB QTB remained constant at 4th place.

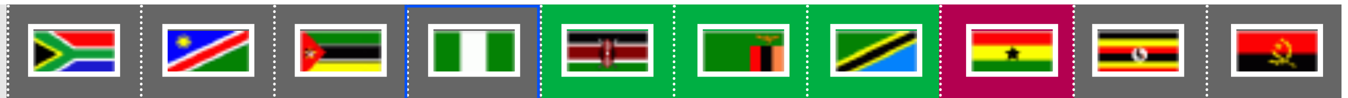
Nigeria's ranking in the SB ATB this year sees the country entering the top 50% of the rankings for the first time since the trade barometer started and represents a steady improvement in the trade performance of the country. The upswing reflects improvements in perceptions of import and export revenue growth, quality of trade-related infrastructure and government support for trade. Nonetheless, significant challenges remain as indicated by declining perceptions of borders efficiencies, ease of trade, credit terms extended as well as a significant drop in business confidence.

Figure 2: ATB, QTB and STB ranking, by country

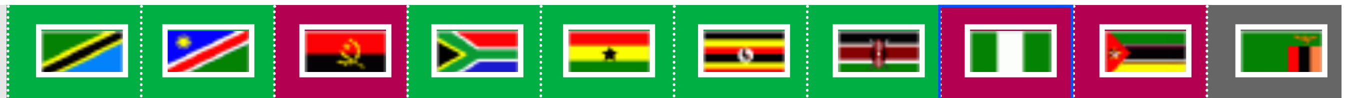
1 = High tradability score — 10 = Low tradability score

Aug '24


ATB	1	2	3	4	5	6	7	8	9	10
May '23	1	2	4	8	6	5	3	9	7	10
Jan '22	1	7	3	5	8	4	2	9	6	10

Aug '24


QTB	1	2	3	4	5	6	7	8	9	10
May '23	1	2	3	4	6	7	8	5	9	10
Jan '22	1	8	3	6	4	9	6	2	7	10

May '23


STB	1	2	3	4	5	6	7	8	9	10
Sep '22	3	4	1	2	7	9	8	5	6	10
Jan '22	4	2	6	5	9	8	7	10	1	3

Improved in Ranking | Remained in the same ranking | Declined in ranking

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Notes: All values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time. Red border indicates that the country has declined in the relevant ranking from May 2023, Green border indicates that the country has improved in ranking from May 2023, while Grey border indicates that the country has remained in the same position as in May 2023.

3 MACROECONOMIC ENVIRONMENT

Nigeria's macroeconomic outlook is positive with exchange rate and fiscal reform, further energised by bullish investments in the oil sector.

A country's macroeconomic environment is a crucial factor in determining its attractiveness for trade and business in the economy. A country's macroeconomic environment is a crucial factor in determining its attractiveness for trade and business in the economy. Some factors that increase a country's trade and investment attractiveness are high GDP (indicating a strong production of goods and services); high GDP per capita (suggesting strong consumer purchasing power); low inflation (ensuring the local currency remains favourable for importers); high foreign direct investment (FDI) (indicating a generally business-friendly environment) and high merchandise trade as a percentage of GDP (reflecting substantial imports and exports).

The outlook for Nigeria's economy in 2024 is cautiously optimistic, reflecting the turbulence and volatility of 2023. The economy experienced a sluggish real GDP growth of 2.7% in 2023, down from 3.1% in 2022. This was largely due to persistent inflationary pressures and a sharp depreciation of the Naira by 95.6% after the currency was floated in June 2023.

However, the Nigerian economy is showing signs of stabilisation in 2024, with growth projected to improve to 3.1% in 2024 primarily due to the oil, agricultural and manufacturing sectors.[1]

Under the new administration of President Bola Ahmed Tinubu, who won the 2023 general elections, Nigeria embarked on ambitious reforms aimed at restoring macroeconomic stability and promoting inclusive economic growth. One key economic reform that sought to stabilise the macroeconomic environment was the liberalisation of the foreign exchange market. This was with the aim of unifying the prevailing multiple exchange rate system, which created arbitrage opportunities and deterred foreign investors due to the lack of transparency and predictability in foreign currency management.

The liberalisation of the foreign exchange market consolidated the previously fragmented system— merging the official market, managed by the Central Bank of Nigeria (CBN) with fixed rates; the Parallel market, an informal and volatile market driven by demand and speculation; and the Investors and Exporters (I&E) market, where trades occurred at a market-driven rate for wholesale users[2]. A unified, the exchange rate market would provide predictability and be led by market forces of supply and demand dynamics.

The reform intended to create predictability in foreign currency management, improving liquidity in the forex market, and restoring investor confidence in Nigeria's economy. The results appear promising. In August 2023, the Naira officially traded at N760 per USD, while the black market rate ranged from N850 to N870, resulting in a spread of N90 to N110.[3] By August 2024, the official rate had increased to around N1,585, while the black market rate ranged from N1,595 to N1,605,[4] narrowing the spread to N10 to N21.

Nigeria's foreign exchange earnings mostly come from the oil and gas sector. Fluctuations in global oil demand and prices make the market highly volatile, significantly affecting Nigeria's foreign currency reserves.

Additionally, the new administration enacted the removal of an expensive fuel subsidy programme that cost the government over USD 10 billion in 2022,[5] opening up fiscal space to better service foreign debt. The removal of the fuel subsidy was with the intention to redirect funds towards investment in critical infrastructure such as public infrastructure, education, healthcare, and employment, thereby improving the country's socio-economic conditions and stabilising the macroeconomic environment.[6] However, due to the initial backlash as a result of an increase to the cost of living, especially on food prices, the subsidy was partially reinstated in late 2023.[7,8] The impact of the subsidy was felt across West Africa. Countries in West Africa that benefited from subsidised fuel smuggled from Nigeria saw increased fuel prices, along with higher food and transportation costs, following the subsidy removal.[9] During this period, in August 2023, Nigeria's annual inflation reached an 18 year high reaching 25.8%, with food prices driving the increase reaching 29.34% in August 2023.[10] This further strained businesses already grappling with power and energy challenges, leading to increased production costs.

Several government efforts to accelerate growth have been carried out, including the Ministry of Finance

> "Foreign exchange volatility is forcing businesses to scale back operations, adapt to limited resources, or even shut down entirely. Those unable to access dollars are struggling to keep up, pushing some to relocate operations to more stable markets outside of Nigeria."
>
> Representative from the Lagos State Ministry of Agriculture

3.1%
is the real GDP growth forecast for Nigeria for 2024, recovering from the slowdown in 2023.

7th
Nigeria's ranking among the 10 SB ATB markets surveyed in this year's edition in terms of net FDI inflows.

[1] Stanbic Bank African Markets Revealed Report, 2024.
[2] Munich Personal RePEc Archive, 2024. Available here.
[3] Nairametrics, 2024. Available here.
[4] Green White Green, 2024. Available here.
[5] US Department of State, 2024. Available here.
[6] UN, 2024. Available here.
[7] US Department of State, 2024. Available here.
[8] S&P, 2024. Available here.
[9] Chartered Institute of Taxation of Nigeria, 2024. Available here.
[10] Business Insider, 2023. Available here.

launching The Accelerated Stabilisation and Advancement Plan.[11] The plan includes injecting an estimated N 2 trillion (USD 1.57 billion) into the economy over six months and boosting electricity generation and crude oil production,[12] with key sectors such as agriculture, energy, and health prioritised. Additionally, the administration of the trade, industry, and investment sectors were merged under the Federal Ministry of Industry, Trade, and Investment, ensuring better coordination across these critical areas to improve the trading and investment climate.[13]

Crude oil exports are expected to drive significant investments into Nigeria, with higher crude oil production.[14] The operationalisation of the Dangote Petroleum Refinery is expected to boost net crude oil exports by reducing fuel imports and increasing fuel exports,[15] although the refinery is still some way from reaching full capacity. However, the Dangote refinery will source a significant portion of its crude oil from international markets such as the United States of America, which could counter the expected lower demand for refined oil imports once the refinery becomes fully operational.[16,17]

Oil is a major contributor to Nigeria's economy, accounting for approximately 4.7% of the country's GDP in 2023. The Dangote refinery, coming online, is expected to boost Nigeria's foreign exchange reserves by reducing fuel imports and increasing fuel exports, thereby decreasing the country's reliance on external oil refinement.

However, oil's dominant role as Nigeria's primary foreign exchange earner makes the country vulnerable to fluctuations in global oil prices. Geopolitical tensions in the Middle East and ongoing conflicts can disrupt supply chains, leading to price hikes due to fears of scarcity. Additionally, The Organization of the Petroleum Exporting Countries (OPEC) decisions on production levels are critical in shaping global market dynamics, which directly affect Nigeria's economic stability.

Oil theft has been a significant issue affecting oil output in the country, the government has collaborated with the military to reduce the practice.[18] Trucking (transporting crude oil by truck) and barging (shipping crude oil via barge on waterways) have also been introduced to the same end.

Nigeria's FDI is expected to grow, rising to a forecasted USD 0.8 billion in 2024 from USD 0.5 billion in 2023. FDI represented 0.14% of GDP in 2023, and this is set to increase to 0.34% in 2024. Furthermore, in 2025 FDI is expected to reach USD 1.2 billion.

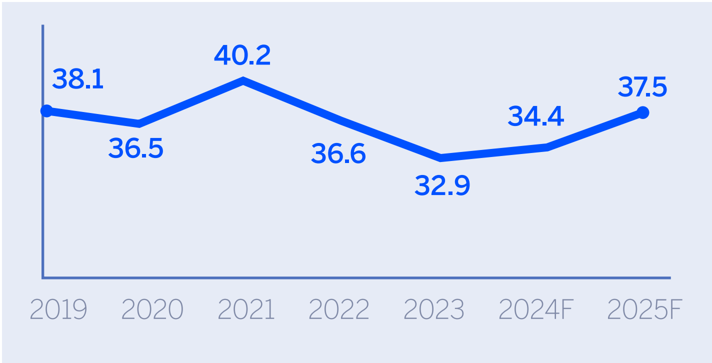
Nigeria's foreign exchange reserves are forecasted to increase from USD 32.9 billion in 2023 to USD 34.4 billion in 2024 and USD 37.5 billion in 2025 (see Figure 3), largely due to revenues from crude oil. In the first quarter of 2024, 80% of Nigeria's exports were derived from crude oil. While production is expected to increase, growth in oil revenues remains closely linked to global oil price. Nigeria's foreign reserves continue to improve and as of October 29, they stood at USD 39.6 billion, providing 8 months of import cover for both goods and services, and 13 months of import cover for goods alone. This marks the highest level the reserves have reached since the introduction of the foreign exchange (FX) unification policy in June 2023.[19]

However, factors such as a reduction in crude oil production which will lead to lower export earnings and a reversal of the Central Bank of Nigeria's (CBN) tightening stance, resulting in a broader negative real interest rate gap, although this appears improbable amongst other factors can lead to lower foreign exchange reserves.

Additionally, the World Bank's USD 1.5 billion budget support facility, announced in June 2024,[20] coupled with potential Eurobond issuances and foreign currency-denominated local debt, are expected to further strengthen Nigeria's foreign exchange reserves in the second half of 2024 and alleviate the foreign currency shortages experienced in the country. These inflows will empower the Central Bank of Nigeria (CBN) to better stabilise the foreign exchange market during times of volatility, providing crucial support to Nigeria's economic stability.[21]

Nigeria's macroeconomic conditions will be threatened by worsening inflation, security challenges, climate shocks and geopolitical tensions. Inflation in Nigeria has been persistently high, rising from 18% in 2022 to 24.5% in 2023 and is forecasted to reach 31.1% in 2024 (see Table 1), this marks a significant increase and will continue to drive the cost of living upwards. A rising cost of living crisis has led to youth-led protests against the cost of living crisis. Additionally, Nigeria faces multiple security challenges, including the persistent Boko Haram insurgency in the North-East. If security forces become overstretched, government expenditures could rise in response to promoting stability and security in the region. Nigeria is also highly vulnerable to climate change, particularly in its agricultural sector—a big contributor to employment and the economy. Extreme weather events—such as droughts, floods, and soil erosion—have devastating effects, leading to significant costs and contributing to a slowdown in economic growth as agricultural productivity is reduced. The country is currently experiencing climate-related shocks that trigger displacement and fuel conflict, particularly in clashes over dwindling resources between farmers and herders.[22]

Figure 3: Foreign Exchange Reserves period ended (in USD billions, 2019- 2025)



Source: Stanbic Bank African Markets Revealed Report

Note: "f" represents forecasted figures.

Table 1: Nigeria's macroeconomic indicators and their impact on tradability attractiveness

Indicator	Unit	2019	2020	2021	2022	2023	2024f	2025f
Nominal GDP	USD, billions	402.7	4.3.9	430.5	465.4	354.5	237.1	296.0
GDP per capita	USD	2 093.6	2 046.7	2 126.1	2 240.2	1 663.3	1 084.1	1 319.3
Real GDP growth rate	%	2.3	-1.9	3.4	3.1	2.74	3.1	3.5
Inflation rate	%	11.4	13.2	17.0	18.8	24.5	31.1	21.1
Lending interest rate	%	15.38	13.64	11.48	12.33	14.01	N/A	N/A
Merchandise trade	% of GDP	24.82	16.51	22.40	26.12	28.62	N/A	N/A
Exchange rate stability (USD/NAD)	NAD per USD	361.7	381.9	409.0	428.3	648.5	1 276.8	1 253.7
FDI	USD, billions	0.9	1.0	0.7	0.5	0.5	0.8	1.2
Trade (exports and imports as % of GDP)	%	31.6	21.9	22.8	26.3	28.7	45.8	37.9

Source: Stanbic Bank African Markets Revealed Report; World Bank Development indicators

Note: 'f' represents forecasted figures, Information collected is up to June 2024 and forecasts could have been revised by the time of publication.

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[11] CNBC Africa, 2024. Available here.
[12] The Nation Online, 2024. Available here.
[13] Tradeclub by Standard Bank, 2024. Available here.
[14] Stanbic Bank African Markets Revealed Report, 2024.
[15] Stanbic Bank African Markets Revealed Report, 2024.
[16] RBN Energ, 2024. Available here.
[17] S&P, 2024. Available here.
[18] Federal Ministry of Information and National Orientation, 2024. Available here.
[19] Central Bank of Nigeria, 2024. Available here.
[20] World Bank, 2024. Available here.
[21] Stanbic Bank African Markets Revealed Report, 2024.
[22] United Nations, 2024. Available here.

4 MACROECONOMIC STABILITY

Confidence in the economy has declined significantly as businesses grapple with exchange rate volatility and energy costs.

NIGERIA'S BUSINESS CONFIDENCE INDEX SCORE

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Business confidence can vary between 0 and 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence. In the August 2024 SB ATB survey results, Nigeria's business confidence index score has declined from 68 in May 's 2023 SB ATB survey results to 59 in the August 2024 SB ATB survey results, indicating that businesses are less confident about the economy in relation to the business environment.

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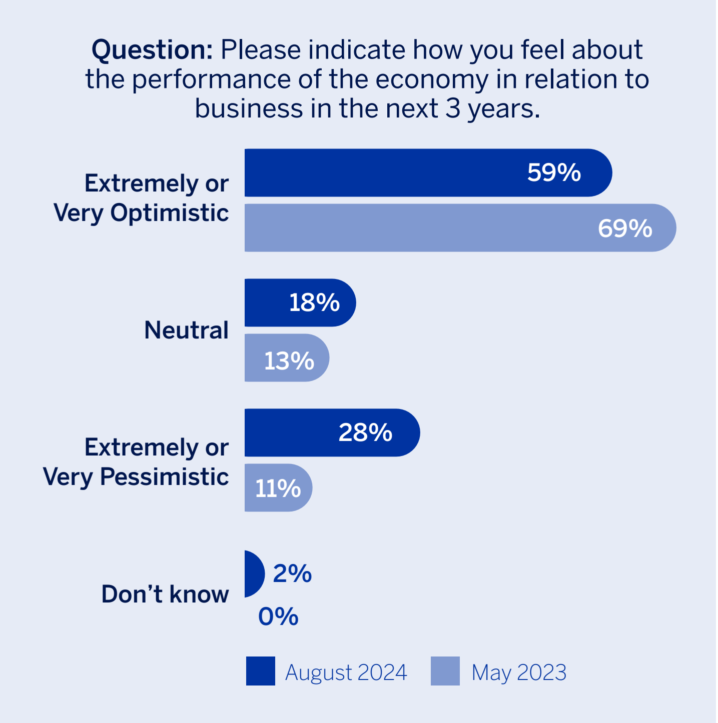
A notable decline in the proportion of surveyed businesses that are optimistic about the economy in relation to the business environment were recorded this year compared to the May 2023 cohort. Only 59% of surveyed businesses said that they were optimistic, 10% lower than the May 2023 cohort (see Figure 4). Likewise, pessimism towards the performance of the economy increased to 28% this year, up from 11% in May 2023.

Surveyed businesses that were pessimistic about the economy most frequently cited poor economic conditions (80%), high inflation (71%) and poor government policies (60%) as the key reasons for their pessimism.

Figure 4: Nigerian businesses outlook of the performance of the economy



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

The declining confidence in the Nigerian economy among surveyed businesses highlights the turbulent and sluggish growth the economy has experienced in recent times. A key factor contributing to this pessimistic outlook is the volatility of the foreign exchange market, particularly the significant devaluation of the Naira.

Between 2022 and 2023, it depreciated by approximately 51% against the US Dollar, reaching NGN 648.5 for the dollar in 2023. Projections indicate that the currency may further devalue by nearly 97% to reach NGN 1 277 in 2024, adding substantial pressure on businesses. Additionally, shortages of U.S. dollars are exerting pressure on the Naira, contributing to its devaluation and increasing volatility in the foreign exchange market.

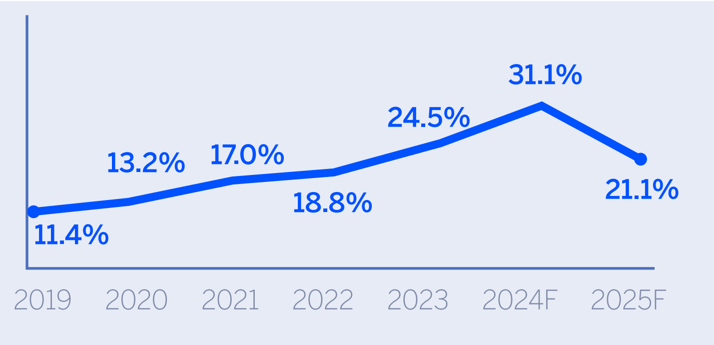
A devalued Naira would lead to an increase in the cost of imports as businesses need more Naira to purchase goods and services priced in foreign currencies. The increase in the cost of production can further worsen inflation in a country where the cost of living is already a strain on Nigerians' livelihoods. Protests have taken place this year against the rising cost of living.[23]

Inflation is expected to reach 31% in 2024, an increase from 24.5% in 2023 (see figure 5), mostly driven by rising food, utilities, and transportation costs. To curb inflationary pressures, the Central Bank of Nigeria may increase the Monetary Policy Rate (MPR) which will significantly increase borrowing costs for businesses. An increase in borrowing costs also increases the cost of capital and hinders businesses from borrowing in order to support business operations.

> The top issue is the surge in the exchange rate, which has severely impacted us since a large portion of our inputs are imported. This has drastically increased our costs.
>
> Representative from the Lagos State Chambers of Commerce and Industry

[23] NPR, 2024. Available here.
[24] Gas Outlook, 2024. Available here.

Figure 5: Inflation rate (%)

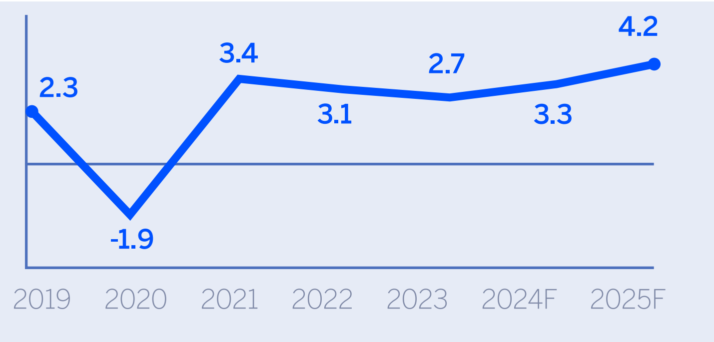


Source: Stanbic Bank African Markets Revealed Report

Note: 'f' represents forecasted data points.

On the other hand, surveyed businesses that were optimistic about the economy identified various factors for their positive outlook. These include good policies (51%), increased economic growth (51%) and business growth (47%). This optimism is reflected in accelerating real GDP growth, which is projected to reach 4.2% by 2025, up from the forecasted 3.3% and the 2.7% recorded in 2023 (see Figure 6).

Figure 6: Real GDP growth (%, 2019- 2025f)



Source: Stanbic Bank African Markets Revealed Report

Note: 'f' represents forecasted data points.

The oil sector is contributing positively to growth, with increased refined crude oil from the Dangote refinery, which is expected to reduce fuel imports and increase fuel exports.[25]

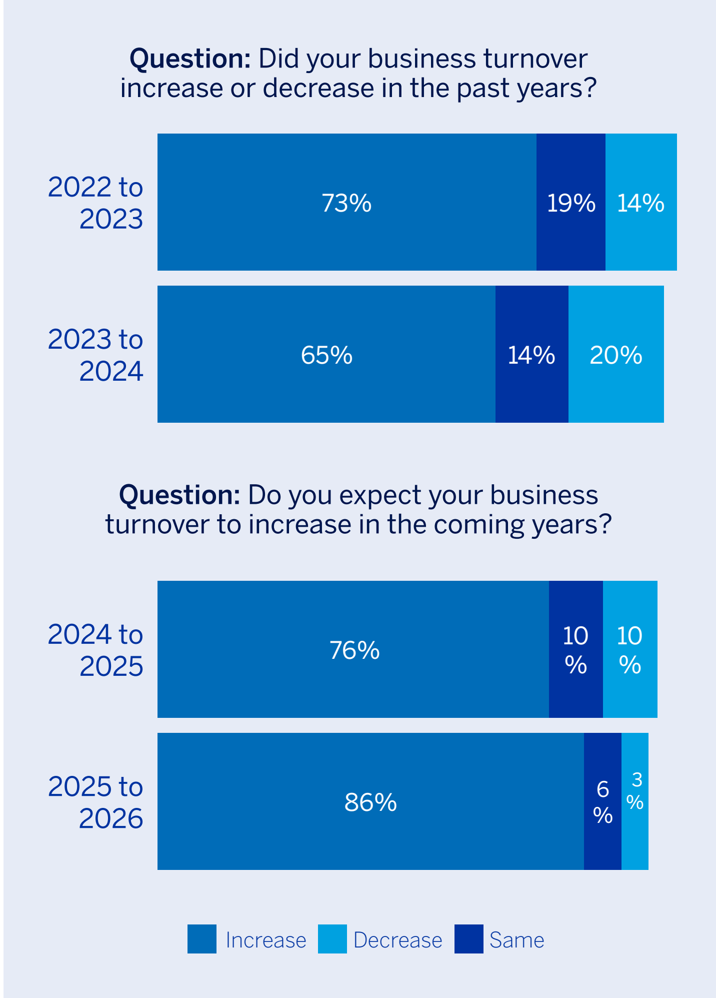
Government programs have also played a significant role to ease the impact of inflation and spur economic growth. These include the release of cereals from the grain reserve, the provision of subsidised fertilisers to farmers, and the capping of retail fuel and electricity prices, which partially reverses the removal of the fuel subsidy. The implementation of a civil service pay scale and the suspension of VAT on diesel further support cushion the rise in the cost of living.[26]

Looking to the future, despite the falling confidence in the economy with regard to operations, the majority of businesses expect their revenue to increase over the next few years (see Figure 7).

Surveyed businesses identified increased sales (81%), higher production levels (80%), and financial stability (79%) as the top three factors that would positively impact their revenue. Lower inflation would play a crucial role in achieving these outcomes, as the 'silent tax' erodes the purchasing power of money over time.

On the other hand, surveyed businesses ranked high taxation (82%) as the biggest factor that could negatively impact their revenue. Increased taxation reduces disposable income and investment capacity and financial constraints limit operational flexibility and growth opportunities for businesses to pursue. The Nigerian government aims to increase their tax-to-GDP ratio to 18% in the next three years compared to the 11% in 2021 ratio. This will be done through a series of tax reforms that are intended to simplify the tax system and encourage small and medium sized businesses to join the formal tax system. One such initiative is the Value Added Tax and Electronic Invoicing systems which are meant to improve tax compliance and reduce fraud. Though the introduction of these measures is a positive step for the Nigerian revenue authority, they may face initial backlash from businesses, as companies will be held more accountable for accurately reporting their earnings. This heightened level of scrutiny could reveal previously underreported income, leading to resistance from businesses that are unaccustomed to such oversight.

Figure 7: Sentiments on turnover increases of Nigerian Businesses



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Note: Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included.

> Energy costs are another major challenge. We spend a lot on diesel due to unreliable power supply, and the recent hike in Band A tariffs has only made things worse.

Representative from the Lagos State Chambers of Commerce and Industry

Note: Band A refers to urban consumers in Nigeria who receive a guaranteed minimum of 20 to 24 hours of electricity supply,daily.[1]

[25] Marine link, 2024. Available here.
[26] IMF, 2024. Available here.

5 GOVERNMENT SUPPORT

Perceptions of government towards cross-border trade saw a modest uptick, buoyed by measures to soften the blow from liberalisation and subsidy cuts.

NIGERIA'S GOVERNMENT SUPPORT INDEX SCORE

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Government support index can vary between 0 and 100, where 0 indicates an extreme lack of Government support, 50 neutrality and 100 extreme government support. In the August 2024 SB ATB survey results, Nigeria's government support index score increased from 46 in May 2023 SB ATB to 48 in August 2024 SB ATB. This means that surveyed businesses in Nigeria feel the Government has been more supportive of cross-border trade activities in this iteration of the survey compared to the May 2023 survey.

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35% of surveyed Nigerian businesses view the government to be supportive of cross-border (see Figure 8). This is higher than the 30% registered in the May 2023 cohort.

The optimism likely stems from government efforts to stabilise the economy, drive digital transformation, and address youth unemployment. The Nigerian government has implemented several initiatives to mitigate the effects of exchange rate liberalisation, inflation, and subsidy removal, all aimed at easing the rising cost of living. An example is the introduction of the Accelerated Stabilisation and Advancement Plan, which will inject NGN 2 trillion (USD 1.57 billion) into the economy over six months, prioritising electricity generation, crude oil production, and key sectors like agriculture, energy, and health. Additionally, Nigeria is focused on digital transformation to build a stronger economy, with two major initiatives at the forefront: the 3 Million Technical Talent (3MTT) Programme and the Broadband Alliance. The 3MTT Programme was launched by the Federal Ministry of Communications, Innovation, and Digital Economy with a goal of creating 2 million digital jobs by 2025,[27] while the Broadband Alliance focuses on expanding digital infrastructure to enhance connectivity and foster economic growth.[28]

As part of its ongoing efforts to promote digitization and enhance liquidity within the currency markets, the government will be launching the Electronic Foreign Exchange Matching System (EFEMS) for foreign exchange transactions in the Nigerian Foreign Exchange Market (NFEM).[29] The anticipated launch date is December 1, 2024.[30] EFEMS is set to automate foreign currency trades - this is expected to increase transparency and eliminate market distortions that are currently prevalent in the foreign currency market. Additionally, businesses will have access to more accurate and market driven exchange rates helping stabilise the foreign exchange environment.

Figure 8: Perception of government support for cross-border trade

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Note: Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included.

> Without transparency, businesses often resort to illegal practices to survive. If the Nigerian government adopts streamlined, online processes, it would enhance the ease of doing business and attract genuine investors.
>
> Representative from the Ministry of Economic Planning and Budget

[27] 3MTT, 2024. Available here.
[28] Federal Ministry of Communications, Innovation & Digital Economy, 2024. Available here.
[29] Reuters, 2024. Available here.
[30] Central Bank of Nigeria, 2024. Available here.

The majority of surveyed businesses (86%) feel that the provision of some form of tax relief will ease some of the frictions that inhibit their ability to engage in cross-border trade. This was followed by reduced times taken for customs clearance (85%) and improved foreign currency liquidity (81%) as areas where the government can support. The survey results, thus, suggest that businesses believe that trade activity may be stimulated if the cost of trading were to be lowered. There are areas of positive developments in this regard, in particular the reopening of the Nigeria-Niger border in March 2024, which had been closed since 2019 to curb rice smuggling and promote domestic production.[31] Following the border reopening, trade between the two countries has been revitalised, with Nigeria's exports to Niger surging by 204%.[32] Further boosting trade between the two nations, Nigeria secured USD 1.3 billion in financing to complete a railway line from Kano, Nigeria's largest northern city, to Maradi in Niger.[33] The project is primarily funded by the China Civil Engineering Construction Company (CCECC), covering 85% of the cost, while the African Development Bank (AfDB) provides the remaining 15%. This initiative has played a significant role in strengthening economic ties between the two nations.

Additionally, the government has launched the National Single Window (NSW), a technology platform aimed at streamlining trade facilitation and import administration. The NSW is designed to reduce clearance times, improve economic metrics, increase transparency, and minimise trade costs. The NSW is expected to play a key role in bolstering the country's competitiveness in global trade. A key point to consider is that implementation may sometimes deviate from the initial plans given the NSW is in pilot phase.

A key initiative designed to remove the pressure on foreign currency demand in Nigeria has been the Naira-for-Crude program that was launched.[34] This initiative seeks to reduce the demand for foreign currency by facilitating the purchase of crude oil using the Naira instead of foreign exchange. By doing so, it aims to eliminate unnecessary transaction costs, improve the availability of petroleum products, and minimise the need for drawing down foreign exchange reserves for petroleum imports. The program is expected to strengthen the Naira and contribute to the stability of Nigeria's foreign exchange market.

However, it is important to note that Nigeria maintains a controlled regime and employs a combination of tariffs and quotas to generate revenue and protect local industries from highly competitive imports. To protect local sectors, particularly agriculture, the Nigerian government has placed restrictions or outright bans on certain imports to protect domestic producers. The restrictions apply to rice, cement and poultry amongst other items.[35]

Both domestic and foreign investors cite bureaucratic challenges as an obstacle to business operations. To facilitate smoother port clearances, businesses may feel pressured to provide unofficial payments to customs and port officials. This practice increases trading costs for companies and introduces uncertainty due to unexpected delays, which can hinder their ability to operate efficiently.[36] This further raises the cost of trading for businesses and adds uncertainty due to unforeseen delays, making it harder to operate efficiently.

The survey results suggest that businesses believe that trade activity may be stimulated if the cost of trading were to be lowered.

The NSW is designed to reduce clearance times, improve economic metrics, increase transparency, and minimise trade costs.

Both domestic and foreign investors cite bureaucratic challenges as an obstacle to business operations.

[31] Republic, 2024. Available here.
[32] The National Economy, 2024. Available here.
[33] AfDB, 2024. Available here.
[34] Federal Ministry of Finance, 2024. Available here.
[35] The International Trade Administration, U.S. Department of Commerce, 2024. Available here.
[36] The International Trade Administration, U.S. Department of Commerce, 2024. Available here.

6 INFRASTRUCTURE CONSTRAINTS AND ENABLERS

Nigeria's infrastructure quality perceptions among surveyed businesses saw an uptick, with the power sector particularly standing out in its improvement.

NIGERIA'S QUALITY OF TRADE-RELATED INFRASTRUCTURE INDEX SCORE

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

The quality of trade-related infrastructure index can vary between 0 and 100, where 0 indicates poor quality, 50 indicates fair quality and 100 indicates excellent quality. In the August 2024 SB ATB survey results, Nigeria's quality of trade-related infrastructure index score increased from 39 in May 2023 to 41, indicating that surveyed businesses felt that Nigeria's infrastructure improved.

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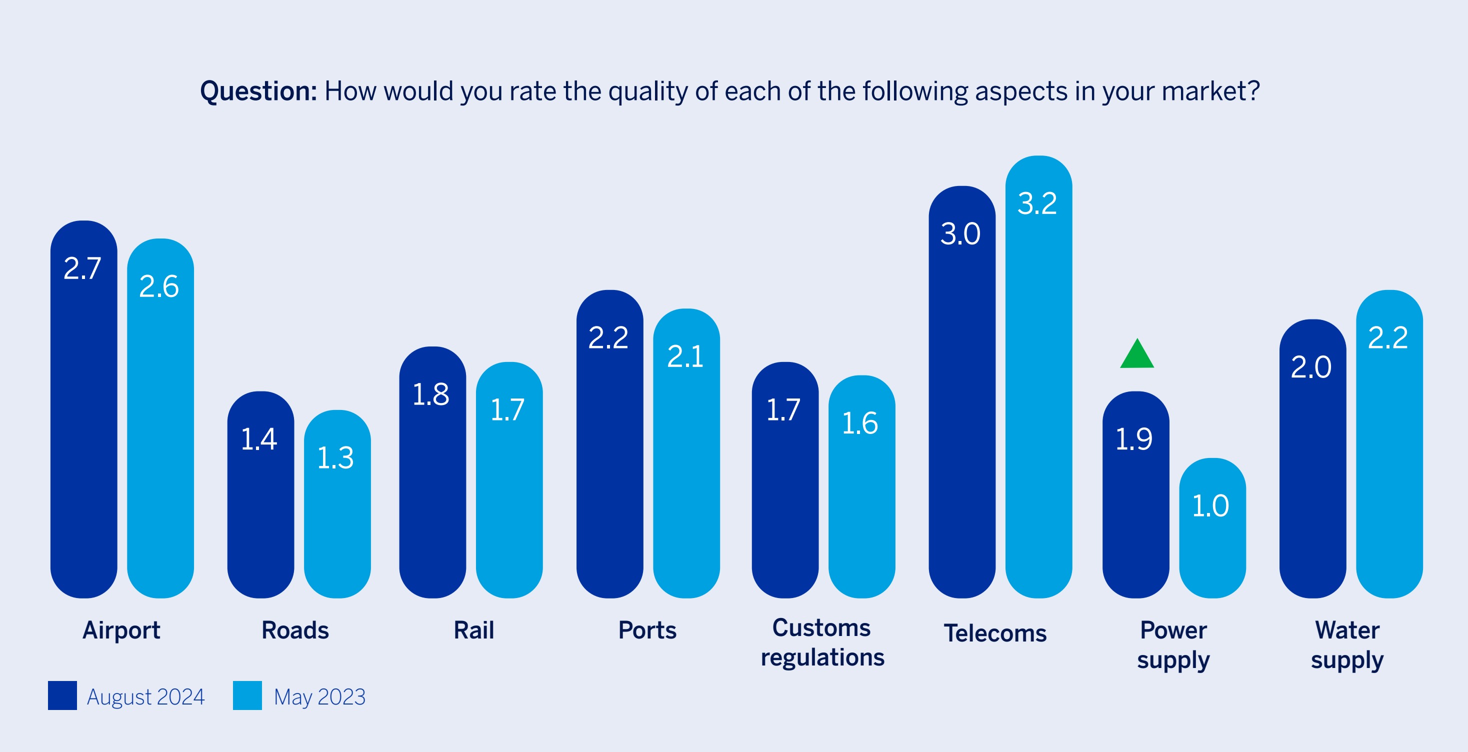
Businesses surveyed in Nigeria have reported a slight improvement in their perceptions of the country's trade-related infrastructure quality compared to May 2023. This is notable when looking back at the significantly lower perceptions recorded by businesses in September 2022, which reflected an index score of 32. Noteworthy among the infrastructure aspects was the perceived quality of power supply, which saw a major increase by businesses surveyed in August 2024 (see Figure 9).

Although perceptions of the quality of Nigeria's power infrastructure have improved significantly, they still remain relatively low. This is likely due to Nigeria's historically unstable national electricity grid, where between 2000 and 2022 the grid partially or completely

Figure 9: Perceived quality of infrastructure (5-point scale)



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Notes: Rating is on a 5-point scale, where 5 = excellent quality and 1 = poor quality.
Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey.

> Energy costs are a massive burden to any MSME, being the number one or number two daily expense, constituting over 60% of their costs. Constant power outages force MSMEs to seek alternatives like diesel or to consider a costly switch to solar- it's a major financial decision.
>
> Representative from the Lagos State Chambers of Commerce and Industry

collapsed 564 times.[37] In 2024, the national grid collapsed multiple times, facing a daily peak demand of 20GW versus its installed capacity of 13GW and an all-time highest generation capacity of 5.8GW—the latter representing the actual amount of power generated and delivered.[38] This presents a clear barrier to business operations as a lapse in the national grid can halt operations, and leveraging alternative sources of energy, such as solar, can be costly to implement.

The reported increase in perceived quality of power supply infrastructure could thus be partly attributed to a pipeline of transmission projects, announced by the Transmission Company of Nigeria (TCN), to be completed in 2024. Collectively, the projects encompass all six of Nigeria's geo-political zones and aim to enable the transmission of an additional 1GW of energy within the national grid.[39]

FAST FACT:

Nigeria's 50 MW Gurara II Wind Farm in Niger State is currently under development and aims to contribute to Nigeria's goal of generating 30% of its electricity from renewable sources by 2030.[40]

Perceived improvements in Nigeria's power infrastructure are likely to grow with the recent announcement of the USD 800 million Nigerian Presidential Power Initiative (PPI), financed by the federal government.[41] The PPI aims to increase generation capacity to 6GW by the end of 2024 and 30 GW by 2030.[42] These efforts aim to revitalise transmission and distribution infrastructure and mitigate the current reliability issues that compel over half of the industrial sector to self-generate power. Some progress is already evident; in September 2024, the government achieved a power generation peak of 5.3 GW, but faced challenges as distribution companies (DisCos) could not absorb 1.4 GW of this output due to infrastructural fragilities.

FAST FACT:

The Lagos-Ibadan railway is a significant infrastructure project in Nigeria, aimed at enhancing transportation between Lagos, the country's commercial hub, and Ibadan, a major city in the southwest. The total cost of the Lagos-Ibadan railway project is approximately USD 1.58 billion. This investment was jointly funded by the Nigerian government and the Export-Import Bank of China.

Road infrastructure's perceived quality was scored 0.2 points higher by surveyed businesses, in contrast to the May 2023 cohort. A driver of this increase could be the opening of the Lagos-Calabar coastal highway in May 2024. The 10-lane highway, bridging Lagos to Calabar over 700 kilometres, is poised to transform Nigeria's trade landscape. By connecting major urban areas, vital industrial zones, and strategic seaports like the Lekki Deep Seaport, the highway is set to streamline transportation, cut transit delays and catalyse commerce—not only domestically but also in international markets—reinforcing Nigeria's position as a pivotal economic player in the region.[43] While the potential of the highway is clear, persistent allegations of lacking transparency and procedural improprieties cast a shadow of doubt on the long-term efficacy and integrity of the infrastructural endeavour.[44]

Telecommunication infrastructure's perceived quality declined by 0.2 points in scoring between the May 2023 and August 2024 cohorts. Despite having a mobile penetration rate of 99%,[45] the sector faces persisting issues regarding frequent call drops, low data speeds, and poor network coverage from the country's major telecom operators: MTN, Glo, Airtel, and 9mobile.[46] The telecommunications sector is facing a financial crisis wherein financial returns from the industry are low enough to threaten its survival and dis-incentivise continued investment. This is largely attributed to rising inflation and currency devaluation.[47]

Water supply infrastructure's perceived quality was scored 0.2 points lower by surveyed businesses, in contrast to the May 2023 cohort. Businesses in Nigeria might have a declining perception of the water supply infrastructure, influenced by recent news and personal experience. An April 2024 news article disclosed that 179 million Nigerians do not have access to clean drinking water, and among them, children are particularly vulnerable, with 78 million at increased risk due to a variety of water-related hazards. On average, Nigerians access only 9 litres of water per day, below the standard of 12-16 litres. In response to water supply challenges, which are particularly exacerbated given the country's rapid urbanisation, there has been a surge in alternative water supply infrastructure like boreholes in the past, though many have been irresponsibly sited, leading to issues with water quality. A borehole drilled near a landfill in Nnewi was found to be contaminated with heavy metals and carcinogenic material. Boreholes built close to soakaway pits have also been reported to be contaminated with faecal matter.[48]

> "A key barrier to commuting across borders is road infrastructure. While investment in rail is ongoing, the interconnectivity leaves much to be desired—making roads the crucial, though imperfect, arteries of commerce."
>
> Representative from the Lagos State Chambers of Commerce and Industry

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[37] Ogunwuyi, et al., 2024. Available here.
[38] Williams, et al., 2024. Available here.
[39] The Infrastructure Consortium for Africa, 2024. Available here.
[40] Business Day, 2024. Available here
[41] Yatai, 2024. Available here.
[42] AriseNews, 2024. Available here.
[43] Truth Nigeria, 2024. Available here.
[44] Business Day, 2024. Available here.
[45] Who Owns Whom, 2023. Available here.
[46] Okamgba, 2024. Available here.
[47] Agbetiloye, 2024. Available here.
[48] Agwaibar, 2024. Available here.

7 TRADE OPENNESS

In this year's survey, businesses showed a pivot to domestic sourcing over imports, while exporters increasingly embrace African markets.

NIGERIA'S TRADE OPENNESS INDEX SCORE

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

The trade openness index score can vary between 0 and 100, where 0 indicates a high burden of obstacles inhibiting trade, 50 indicates a moderate burden of obstacles inhibiting trade and 100 indicating a low burden of obstacles inhibiting trade. In the August 2024 SB ATB survey results, the trader perceptions on the degree of challenges impacting trade score declined slightly from 51 to 50.

***

Surveyed businesses in this iteration of the survey indicated that they source more inputs domestically, compared to the businesses surveyed in May 2023. 55% of businesses source their goods domestically—an eight- percentage point increase compared to the cohort of businesses surveyed in May 2023. Likewise, the total proportion of importers has declined to 43%, compared to 49% in the May 2023 cohort. For those businesses that import, the majority (30%) operate in the consumer goods sector, as well as source their imports from an international wholesaler (66%).

The sharp depreciation of the Naira in 2023 likely constrained the purchasing power of smaller businesses, leading to a decrease in imports as the cost of foreign goods rose. In turn, this may have catalysed a shift towards domestically sourced products, which became relatively more affordable. This economic condition could have incentivised smaller firms to explore and reinforce local supply chains.

After a significant decrease in trade with Asia reported amongst the businesses surveyed in May 2023, the region is once again the most popular market for sourcing imports in this iteration of the survey. 79% of businesses surveyed in this year's ATB source their imports from Asia, in contrast to 57% of businesses last year.

Within Asia, China is the most common source of imports. 52% of businesses surveyed in August 2024 buy from traders in China, a significant increase from 31% of the businesses surveyed in May 2023. In a temporary deviation at the macro level during Q4 2023, Singapore has surpassed China to become Nigeria's largest source of imports, a title China has held for 16 years. This was driven by purchases of tanks (armoured vehicles) or their parts from Singapore.[49] After Q4 2023, China was reinstated as Nigeria's largest import market.

FAST FACT:

Nigeria is China's third-largest trading partner in Africa and a major investment destination in Africa. In 2023, bilateral trade reached USD 22.56 billion.[50]

Surveyed importers remain bullish on the prospect of increasing the volume of their imports over the next two years (see Figure 10). 82% of importers believe that their import volumes are likely to increase over the next two years. Although it represents a 2% decrease relative to the sentiments recorded in the May 2023 survey, it still reflects the optimism of businesses for increased economic activity over the forthcoming years.

On a macro level, Nigeria's imports are not expected to significantly increase, following the depreciation of the Naira and increased cost of importing.

> Despite efforts to tame inflation, the Central Bank of Nigeria's policies contribute to it due to our import dependency. Additionally, insecurity, particularly in logistics across political zones, exacerbates the problem. Our members voice their concerns as logistics operators monetise these risks, inevitably inflating the prices of goods.

Representative from the Lagos State Chambers of Commerce and Industry

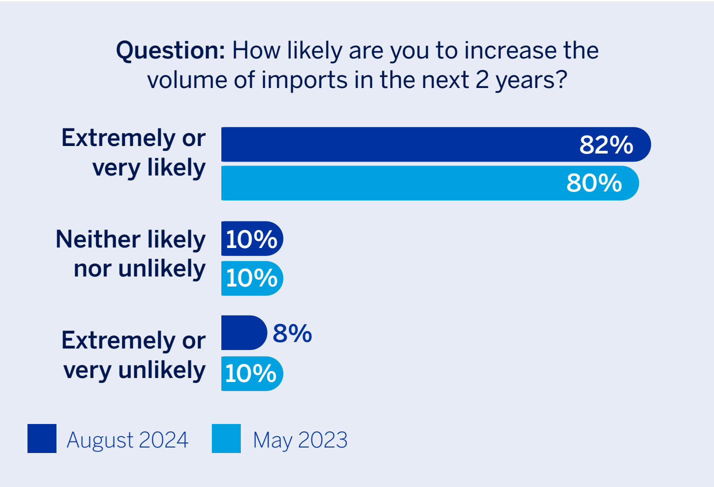
> In the face of a challenging multiple exchange rate system and a scarcity of dollars, businesses have been forced to scale back operations. Many purchase only what limited funds allow, while others, unable to operate, are either shutting down or relocating outside Nigeria.

Representative from the Lagos State Ministry of Agriculture

[49] Nanyang Technical University, 2024. Available here.
[50] Global Times. Available here.

The incongruence in sentiments between surveyed businesses and macroeconomic projects suggest that the businesses surveyed are positioned in sectors of the economy that are relatively stable under inflation, weathering dollar scarcity, and growing confidently.

Figure 10: Importers perceptions of their likelihood to increase import volumes over the next 2 years



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

The majority (30%) of surveyed businesses export consumer goods, a proportion similar to last year's cohort (28%)

FAST FACT:

In 2023, Nigeria's total oil production was 552,841,582 barrels with an estimated daily average of 1,515,353 barrels per day.[51]

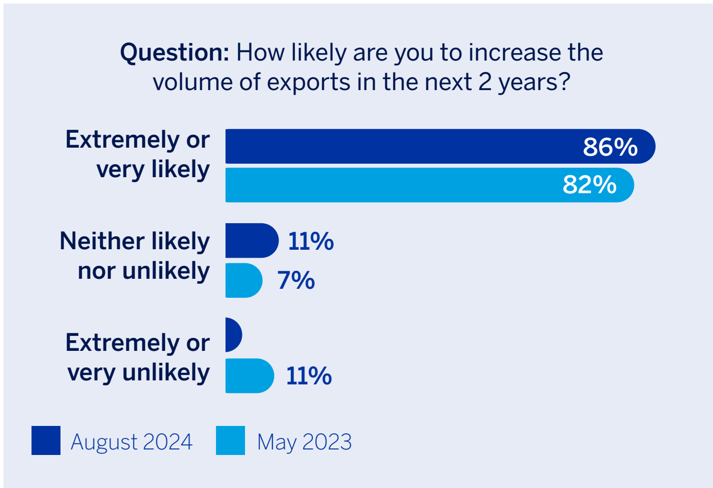
On the export side, the proportion of surveyed businesses that export goods decreased slightly from 16% in the May 2023 cohort to 10% this year. The majority (30%) of surveyed businesses export consumer goods, a proportion similar to last year's cohort (28%), and export to international end consumers (54%). There has been a significant increase in exports to international distributors amongst this year's cohort of surveyed businesses, rising from 13% in May 2023 to 36% in August 2024.

Export to African markets is growing among surveyed businesses in Nigeria. Export to West Africa remains prominent, with 71% of surveyed businesses exporting goods to the region, slightly lower than the 73% registered in the May 2023 cohort. Significant increases are nonetheless recorded when it comes to Central Africa. 36% of surveyed businesses exported to the former in contrast to 16% in May 2023, while 32% of surveyed businesses exported to Southern Africa in contrast to 9% in May 2023.

On a macro level, Nigeria's exports in Q4 2023 were reported to have increased by 99.6% compared to Q4 2022. Nigeria's intra-Africa trade is booming; having experienced a 195% increase Year-on-Year in Q2 2024.[52] Though this shift could, in part, be attributed to increased market access under the African Continental Free Trade Area (AfCFTA),[53] it is primarily due to the steep depreciation of the Naira. An objective view of shifting trade assessed in a foreign currency (USD), reveals a 19% downturn in trade in 2023.[54]

Surveyed businesses are optimistic about an increase in the volume of exports (see Figure 11), suggesting that their growing trade relations with China and the potential of intra-African trade has been well-received.

Figure 11: Exporters perceptions on their likelihood to increase export volumes over the next 2 years



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

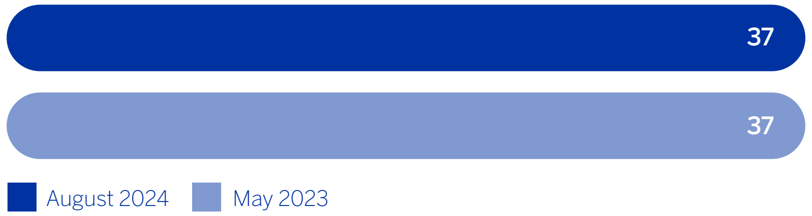
> "The realisation is clear: Africa must depend on itself, and the AfCFTA is essential in making intra-African trade flourish. While the idea of a single currency is unlikely in the foreseeable future, the consensus among African leaders is a commitment to trade amongst ourselves, spurred on by global geopolitics as an eye-opener. With advancing technology and progressive resolutions, we're moving towards trade within Africa that doesn't rely on dollar exchange—a promising development under the AfCFTA framework."
>
> Representative from the Lagos State Chambers of Commerce and Industry

[51] NUPRC. Available here.
[52] National Bureau of Statistics, 2024. Available here.
[53] Nnorom, 2024. Available here.
[54] Afreximbank, 2024. Available here.

8 TRADERS' FINANCIAL BEHAVIOUR & ACCESS TO FINANCE

EFTs and international transfers reign as the top payment methods for surveyed Nigerian businesses.

NIGERIA'S ACCESS TO FINANCE INDEX SCORE



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

The access to finance index score can vary between 0 and 100, where 0 indicates extreme difficulty in accessing finance, 50 represents neutrality, and 100 indicates no difficulty in accessing finance. In the August 2024 SB ATB survey results, Nigeria's access to finance index score remained unchanged at 37. This indicates that surveyed businesses in Nigeria found access to finance conditions to be similar to those of May 2023.

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Similar to May 2023, the majority of surveyed businesses (53%) found access to credit difficult (either somewhat difficult or extremely difficult) (see Figure 12). Surveyed small businesses were more likely to say that accessing credit was 'extremely difficult' at 32%, compared to big businesses (15%) or corporates (23%). This result is unsurprising, considering data at the aggregate country level. Despite the fact that MSMEs make up 90% of businesses in Nigeria and contribute more than 50% of the country's GDP, there exists a significant MSME financing gap of over USD 236 billion, with only 4% of Nigeria's 40 million MSMEs accessing formal bank loans.[55] That said, surveyed big businesses and corporates saw the largest drops in ease of access in this iteration of the survey, in contrast to the May 2023 survey. Only 30% of surveyed big businesses (in contrast to 44% in May 2023) and 10% of corporates (in contrast to 32% in May 2023) said that they found accessing credit easy.

The top reasons that make accessing credit difficult from financial institutions according to surveyed businesses were high interest rates (80%), lack of collateral (47%) and stringent loan terms (39%). The Central Bank of Nigeria's (CBN) aggressive measures to combat high inflation in recent times has led to high interest rates in the country. In April 2024, Nigeria's inflation rate soared to 34%—a 28-year high. This prompted the CBN to adopt a hawkish stance, raising the monetary policy rate by 150 basis points from 24.75% to 26.25% in May 2024.[56] This had the effect of increasing the lending rates of financial institutions. These high interest rates make borrowing expensive, further widening the financing gap and exacerbating the access to credit challenge for MSMEs. Additionally, the surge in borrowing costs has increased non-performing loans (NPLs) and heightened investor caution, raising the cost of capital for big businesses and corporations.

The majority of surveyed businesses use international transfers and EFTs for cross-border transactions.

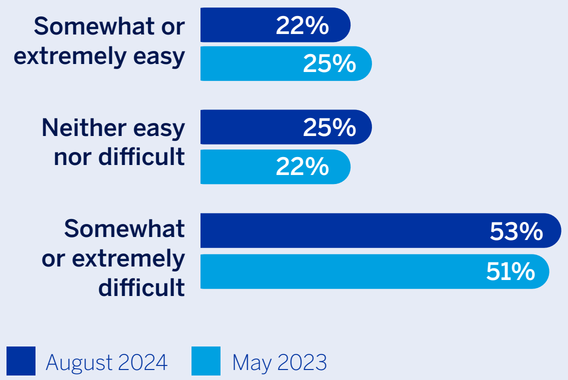
Beginning with cross-border sales, 86% of surveyed businesses are paid using EFTs, 79% using international transfers, and 57% using letters of credit (see Figure 13). For cross-border purchases, 82% pay their foreign suppliers using international transfers, 80% using EFTs, and 42% using cards. The most significant change in cross-border sales (an increase in usage) was with regard to letters of credit, where 57% of surveyed businesses are paid using this payment method in this iteration of the survey, in contrast to 24% in the May 2023 survey. The increased usage of letters of credit could be, in part, due to the improved dollar supply in the country in recent months. Letters of credit had been rejected due to an acute dollar shortage that saw the central bank default on forward contract obligations.[57] The dollar shortage had created a confidence crisis among foreign traders trading with Nigerian businesses, making them not trust letters of credit by Nigerian businesses. The CBN has since the beginning of this year introduced measures to improve liquidity, including raising its benchmark rate by 600 basis points to attract capital inflows and dumping the currency's peg to allow the market to determine the Naira's exchange rate.[58]

53%

of surveyed businesses in Nigeria found access to credit difficult in this year's survey.

Figure 12: Ease of accessing credit

Question: Please indicate how difficult or easy it is to get credit from financial institutions?



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

[55] Stears, 2024. Available here.
[56] Stears, 2024. Available here.
[57] Business Day, 2024. Available here.
[58] Business Day, 2024. Available here.

FAST FACT:

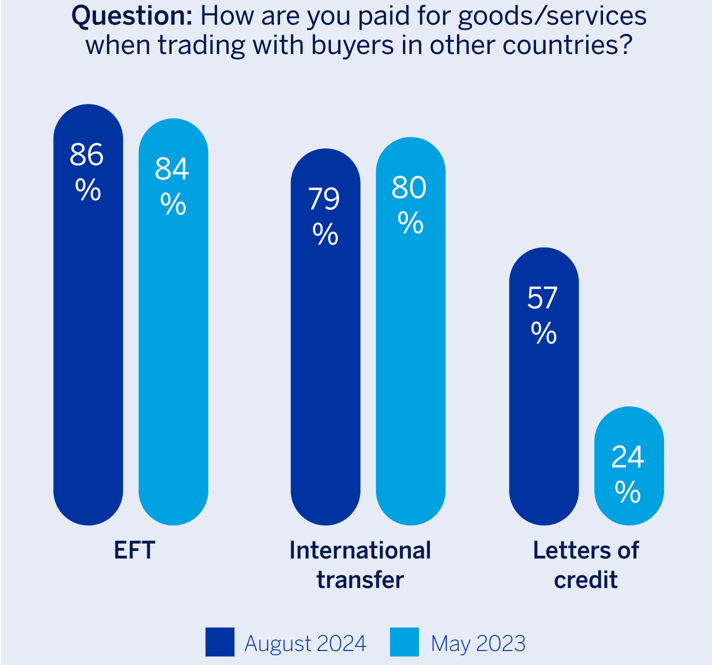
Nigeria accounts for one third of Africa's fintech market, which is expected to grow by 10% per annum and reach USD 230 billion in 2025.[59]

Notably, cash is used to a relatively small extent in cross-border transactions among surveyed businesses in Nigeria. For cross-border sales, only 36% of surveyed businesses are paid using cash, and for cross-border purchases only 16% pay their foreign suppliers using cash. The relatively low usage of cash—and high usage of digital payment methods such as EFTs and international transfers—could, in part, be attributed to the central bank's initiatives to reduce the use of cash in the country. For instance, in 2023 the CBN introduced a new policy on cash transactions that imposes fees on daily cash withdrawals that exceed N 500,000 for individuals and N 3,000,000 for corporate entities.[60] This policy likely encouraged businesses to adopt more cost-effective and less regulated payment methods like EFTs.

FAST FACT:

In 2023, West Africa emerged as the new mobile money powerhouse, accounting for over one third of new registered and active 30-day accounts globally. This achievement is largely due to the rapid growth in mobile money subscribers in Nigeria, Ghana and Senegal.[61]

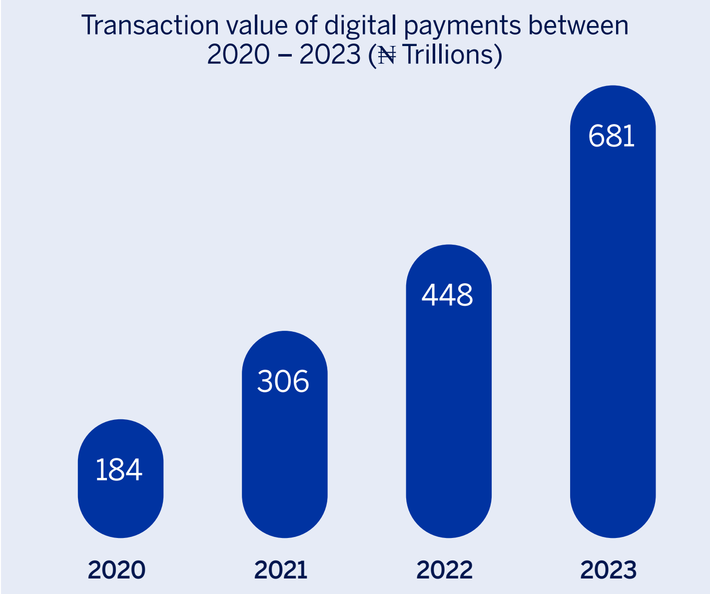
Figure 13: Payment methods used for cross-border sales



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

EFTs, cash and card are the most used payment methods for domestic transactions among surveyed businesses (see Figure 15). For domestic sales, 96% of surveyed businesses are paid using EFTs, 81% using cash and 74% using card. For domestic purchases, 98% of surveyed businesses pay their local suppliers using EFTs, 66% using cash and 64% using card. This is indicative of the continued popularity of Nigeria's Inter-Bank Settlement System (NIBSS) Instant Payments (NIP) system, on which EFTs run, which allows for real-time transactions between bank accounts. This immediacy is crucial for both consumers and businesses, as it facilitates quick payments and enhances cash flow management.[62] The popularity of NIBSS Instant Payment system is evidenced by the growth of digital payments from 2020 to 2023 in Nigeria (see Figure 14).

Figure 14: Transaction value of digital payments in Nigeria over time



Source: Stears: Macro Data, Insights & Analytics 2024

*Values rounded off to the nearest whole number.

Card has gained the most in terms of usage among surveyed businesses as a payment method for local purchases (64% of businesses compared to 56% in the May 2023 cohort). This can be attributed to the increase in the use of POS terminals across the country. Due to the cash crunch that happened in 2023, the use of POS Machines was seen to have drastically increased, hence the increase in the usage of card.

Surveyed businesses felt that financial institutions could support their businesses by offering flexible loan terms (86%), insurance of goods (85%), quicker access to funding (85%) and less restrictive loan clearance requirements (82%).

Figure 15: Payment methods used for domestic purchases

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

[59] World Bank, 2024. Available here.
[60] Business Day, 2023. Available here.
[61] GSMA, 2024. Available here.
[62] NIBSS, 2024. Available here.

9 FOREIGN TRADE & TRADING IN AFRICA

Despite increased awareness of AfCFTA and government efforts to foster knowledge, trading with African neighbours is still perceived as challenging among surveyed businesses.

NIGERIA'S EASE OF TRADE INDEX SCORE

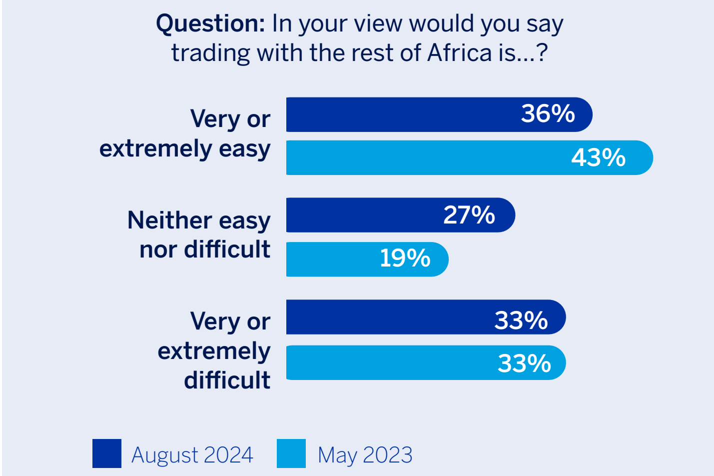
Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Ease of trade can vary between 0 and 100, where 0 indicates an extreme difficulty when trading with other countries, 50 neutrality and 100 indicates no difficulty when trading with other countries. In the August 2024 SB ATB survey results, Nigeria's ease of trade index score decreased to 45 from 47 in May 2023. This means surveyed businesses in Nigeria found it more difficult to trade with foreign markets compared to August 2024.

***

Perceptions on the ease of trade with the rest of Africa are mixed among surveyed businesses in Nigeria (see Figure 16). 36% of businesses said that it is easy, 27% said that it was neither easy nor difficult and 33% said that it was difficult. However, an analysis of the trend over the last two iterations of the survey reveals that fewer businesses perceive intra-African trade as easy. This is largely attributed to surveyed businesses citing high transport costs (31%), currency variations (30%) and high import and export taxes (23%) as their main obstacles to intra-African trade. With regard to transport costs, Nigerian importers (as with importers across the continent) experience high transport costs because charges for delivery shipments are often elevated to offset the trade imbalance between Nigeria and the source of imports. Nigerian-bound cargo pays high freight compared to countries in Europe, America, and Asia to cover for one-leg shipping traffic due to a huge trade imbalance as the country's imports far exceed its exports. When a ship heads to Nigeria to deliver cargo, it does not expect to have any cargo to return with, due to the country's low exports.[63] This means the charges of delivering shipments to Nigeria have to be higher, to offset the cost of burning fuel to take the ships back.[64]

Figure 16: Trading with the rest of Africa



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

FAST FACT:

The Guided Trade Initiative (GTI) aims to catalyse trade under the AfCFTA through preferential tariff arrangements. The GTI began in late 2022 with 8 participating countries trading selected goods. As of 2024, 30 more African countries will be covered by the GTI as well as an increase in the scope of products to be traded, including bio pesticides, packaged moringa, tea, coffee, and meat products, among others.[65]

Trade with the rest of Africa is perceived to be less easy despite the African Continental Free Trade Agreement (AfCFTA), of which Nigeria is a signatory.

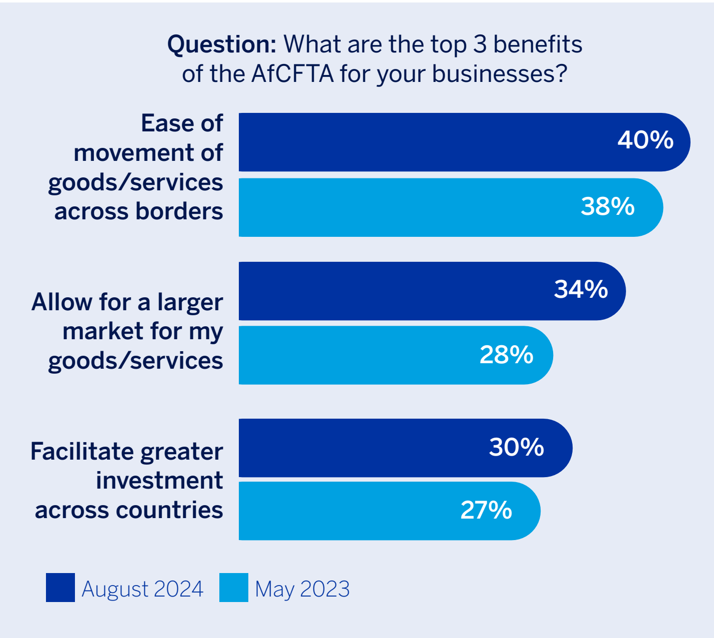
> "If AfCFTA is implemented the way it should be, African countries will get the chance to trade among themselves more, and they can share resources. Each country can specialise in its strengths as well."
>
> Representative from the Lagos State Ministry of Agriculture

[63] Business Day, 2023. Available here.
[64] Business Day, 2023. Available here.
[65] Africa24. Available here.

AfCFTA is an initiative which looks to, amongst other things, improve the level of intra-African trade by creating a single market for goods and services and lower some of the aforementioned trade barriers. To this end, members of the AfCFTA are committed to eliminating tariffs on most goods and services that are traded between African countries over a given period following the AfCFTA entering its operational phase in July 2019.

Awareness of the AfCFTA has slightly grown among surveyed businesses to 39% from 35% in the May 2023 survey. There have been campaigns conducted by the National Action Committee (NAC), which was established in 2019 by President Muhammadu Buhari to coordinate government activities in preparing Nigerian businesses for the AfCFTA. For instance, in May 2024, the NAC visited Jigawa State where they sought to create awareness among stakeholders about the potential advantages of the AfCFTA.[66] Surveyed businesses identified ease of movement of goods and services across borders (40%), a larger market for their goods and services (34%) and greater investment across countries as the benefits of the AfCFTA (30%) (see Figure 17).

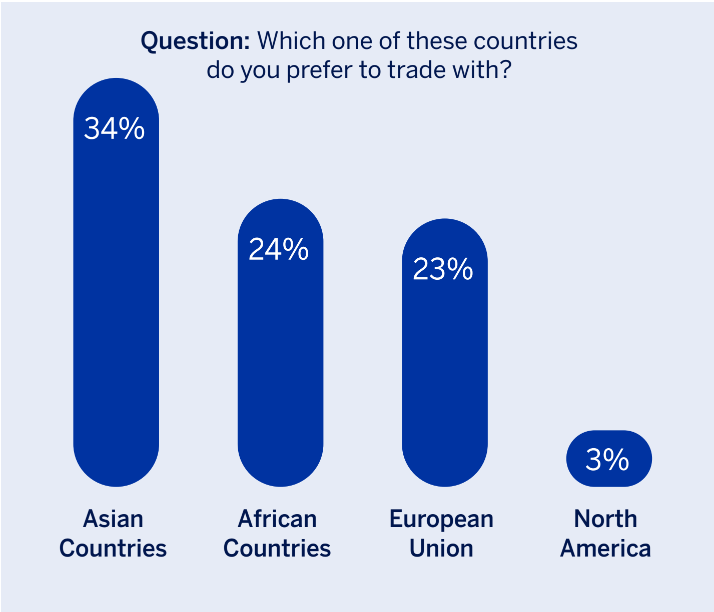
Figure 17: Perceptions of the benefits of the AfCFTA



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

The majority of surveyed businesses (34%) prefer trading with Asian countries, as compared to African countries (24%) and European countries (23%). Those that prefer trading with Asian countries cited a wider range of products (59%), lower cost of products (56%) and quality of goods (51%) as their main reasons. The most significant of these Asian countries is China, which is Nigeria's largest export destination.[67] Surveyed businesses' nature of business with China is mainly buying final goods and services directly from traders or wholesalers, which 63% of surveyed importers did, compared to 84% in the May 2023 cohort. Despite this, Nigeria-China trade will likely grow with efforts between their respective governments to strengthen cooperation, particularly in infrastructure, electricity, telecommunications, finance, agriculture, industry, mining and free trade zones.[68] For instance, partnership between the two countries has led to the building of the Lekki-Epe Link Bridge in Lagos State. The bridge has improved logistics and transportation across the country. Other agreements that are in the works are to upgrade existing power facilities and to expand the use of renewable energy in Nigeria.[69]

Figure 18: Preferred trading partner



Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Similar to the May 2023 survey, the majority of surveyed businesses (55%) said that trading with the rest of the world (i.e., other than Africa) is difficult (see Figure 19). Only 20% said that it was easy. High exchange rates (53%), currency variations (47%), high transport costs (43%) and unstable exchange rates (35%) were given as the reasons that make trade with the rest of the world difficult.

Figure 19: Trading with the rest of the world

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Only 3% of surveyed businesses prefer North America as a trade partner. The main reasons given by businesses for not trading with US-based companies specifically were high tariffs and taxes (56%); high shipping costs (51%) and currency fluctuations (44%). This is despite Nigeria being a beneficiary of the African Growth and Opportunity Act (AGOA), a significant US trade legislation enacted on May 18, 2000, and aimed at enhancing economic relations between the United States and eligible sub-Saharan African countries. It is clear that more needs to be done to ensure that US-Nigeria is a trade corridor that is active for Nigerian businesses.[70]

> Standards are the main challenge. If African countries can meet these standards, they can export freely within the region, boosting trade significantly.
>
> Representative from the Lagos State Chambers of Commerce and Industry

[66] African Continental Free Trade Area | Nigeria. n.d. Available here.
[67] Nigerian Economic Summit Group, 2023. Available here.
[68] African Journal of Politics and Administrative Studies. 2024. Available here.
[69] Pulse.ng, 2024. Available here.
[70] AGOA, 2024. Available here.

CONCLUSION

Nigeria's ascent in the SB ATB rankings to the top 50% marks a milestone for the nation's trade landscape and testifies to a trajectory of steady advancement in trade performance. This positive trend has been catalysed by increasingly favourable perceptions of revenue growth from imports and exports, enhancements in trade-related infrastructure, and bolstered government support for trade initiatives. These developments underscore a progression toward an environment more conducive to robust trade activities.

However, despite these gains, Nigeria continues to grapple with a host of challenges that dampen its trade potential. Declining perceptions of border efficiency and the ease of conducting trade indicate persistent operational obstacles. A contraction in the extension of credit terms—coupled with a marked decline in business confidence—highlights the economic pressures and uncertainties faced by the business community. These issues underline the complexity of Nigeria's trade environment and the need for continuing reforms and strategic interventions.

Nigeria's policy shifts regarding exchange rate liberalisation and the discontinuation of fuel subsidies play a significant role in this complex trade narrative. While such measures aim to create a more market-reflective economic climate, they also contribute to high inflation rates that can impede trade by affecting costs and market stability. Additionally, the nation's continued reliance on the oil sector poses risks, making the economy vulnerable to global oil price fluctuations. As Nigeria strives to mitigate these impacts and enhance trade attractiveness, monitoring these policy outcomes and sectoral dependencies will be crucial to understanding the evolving tradeability landscape in future iterations of the SB ATB.

APPENDICES

Appendix 1: Stanbic IBTC Bank Africa Trade Barometer (SB ATB) Country Ranking for Issue 4, 2024

The Stanbic IBTC Bank Africa Trade Barometer (SB ATB) scores are an aggregate of the Stanbic IBTC Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and the Stanbic IBTC Bank Survey Trade Barometer (SB STB) scores. Countries are ranked against each other, i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

SB ATB scores remained the same for Namibia, Angola and South Africa, while half of the countries saw their scores decrease from May 2023 (see Table 2).

Countries that have retained their ranking from May 2023:

- Namibia (2nd position)
- South Africa (1st position)
- Angola (10th position)

Countries that have improved in their ranking from May 2023:

- Nigeria (6th to 5th position)
- Mozambique (4th to 3rd position)
- Tanzania (8th to 4th position)
- Zambia (9th to 8th position)

Countries that have declined in their ranking from May 2023:

- Ghana (3rd to 7th position)
- Uganda (7th to 9th position)
- Kenya (5th to 6th position)

Table 2: Stanbic IBTC Bank Africa Barometer (SB ATB) scores by country

	Africa Trade Barometer (ATB) Score		ATB Ranking		
	August 2024	May 2023	May '22	Aug '24	
Angola	0	0	10	10	●
Ghana	14	46	3	7	▼
Kenya	16	32	5	6	▼
Mozambique	29	35	4	3	▲
Namibia	47	50	2	2	●
Nigeria	19	29	6	5	▲
South Africa	100	100	1	1	●
Tanzania	25	25	8	4	▲
Uganda	4	25	7	9	▼
Zambia	9	15	9	8	▲

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

August 2024 May 2023

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 2: Stanbic IBTC Bank 3-Year Quantitative Trade Barometer (SB QTB) Country Ranking for Issue 4, 2024

The Stanbic IBTC Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reported facts.

SB QTB scores remained the same for Nigeria, Uganda, Angola, Mozambique, Namibia and South Africa, while most countries had their scores decline from May 2023 (see Table 3).

Countries that have retained their ranking from May 2023:

- Nigeria (4th position)
- Uganda (9th position)
- Namibia (2nd position)
- South Africa (1st position)
- Angola (10th position)
- Mozambique (3rd position)

Countries that have improved in their ranking from May 2023:

- Tanzania (8th to 7th position)
- Kenya (6th to 5th position)
- Zambia (7th to 6th position)

Countries that have declined in their ranking from May 2023:

- Ghana (5th to 8th position)

Table 3: Stanbic IBTC Bank 3-Year Quantitative Trade Barometer (SB QTB) scores by country

	Quantitative Trade Barometer (QTB) Score		QTB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	0	0	10	10
Ghana	20	27	5	8
Kenya	22	26	6	5
Mozambique	36	37	3	3
Namibia	45	46	2	2
Nigeria	25	32	4	4
South Africa	100	100	1	1
Tanzania	20	23	8	7
Uganda	11	18	9	9
Zambia	21	23	7	6

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

August 2024 May 2023

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 3: Stanbic IBTC Bank Survey Trade Barometer (SB STB) Country Ranking for Issue 4, 2024

The Stanbic IBTC Bank Firm Survey Trade Barometer (SB STB) scores and ranking by country are the averages of all the data collected from the primary research surveys conducted with 2 258 businesses.

Except for Zambia, SB STB ranks have changed in this wave for all countries, while the majority of the countries saw their scores rise (see Table 4).

Countries that have retained their ranking from May 2023:

- Zambia (10th position)

Countries that have improved in their ranking from May 2023:

- Ghana (7th to 5th position)
- Uganda (9th to 6th position)
- Namibia (4th to 2nd position)
- Kenya (8th to 7th position)
- Tanzania (3rd to 1st position)

Countries that have declined in their ranking from May 2023:

- Nigeria (5th to 8th position)
- Angola (1st to 3rd position)
- Mozambique (6th to 9th position)
- South Africa (2nd to 4th position)

Table 4: Stanbic IBTC Bank Survey Trade Barometer (SB STB) scores by country

	Survey Trade Barometer (STB) Score		STB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	79	100	1	3
Ghana	37	18	7	5
Kenya	34	18	8	7
Mozambique	25	22	6	9
Namibia	79	53	4	2
Nigeria	31	22	5	8
South Africa	44	67	2	4
Tanzania	100	65	3	1
Uganda	34	12	9	6
Zambia	0	0	10	10

Source: Stanbic IBTC Bank Africa Trade Barometer Issue 4

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 4: Selected Macroeconomic Indicators for Nigeria

This appendix is structured around the thematic categories of the Stanbic IBTC Bank Africa Trade Barometer: macroeconomic stability, trade openness and foreign trade, access to finance and infrastructure. These are important in evaluating the trade environment and prospects of a country. Within each theme, specific indicators have been selected to quantify elements contributing to the overall trade climate. The data spans from 2019 to the forecasted values for 2024 and 2025, offering a temporal perspective on trends and potential future directions.

Table 5: Nigeria macroeconomic overview

Thematic Categories	Indicator	Unit	2019	2020	2021	2022	2023	2024**	2025**
Macroeconomic Stability	GDP per capita	USD	2 094	2 047	2 127	2 240	1 663	1 084	1 319
	Real GDP growth rate	%	2.3	-1.9	3.4	3.1	2.7	3.1	3.5
	Inflation rate	%	11.4	13.2	17	18.8	24.5	31.1	21.1
	Exchange rate stability (USD/NGN)	NGN per USD	361.7	381.9	409	428.3	648.5	1 276.8	1 253.7
	CBN policy interest rate	%	13.6	12.3	11.5	13.7	18.4	25.4	20.3
	Lending interest rate	%	15.38	13.64	11.48	12.33	14.01	N/A	N/A
	FX reserves	USD, billions	38.1	36.5	40.2	36.6	32.9	34.4	37.5
	Domestic debt (% of GDP)	%	12.7	13.3	13.7	13.8	25.7	30.9	N/A
	External debt (% of GDP)	%	6.3	8.3	9.1	9.4	16.6	26.4	N/A
	Domestic debt (% of GDP)	%	23.4	27.9	29.7	29.6	28.2	29.3	27.4
	External debt (% of GDP)	%	17.8	20.5	19	16.5	17.1	15.8	15.1
Trade Openness and Foreign Trade	Trade (exports and imports as % of GDP)	%	31.6	21.99	22.8	26.3	28.7	45.8	37.9
	Merchandise trade (% of GDP)	%	24.8	16.5	22.4	26.1	28.6	N/A	N/A
	Balance of trade*	USD, billions	2.9	-16.4	-4.6	6	8.4	10	6.9
	Current account (% of GDP)	%	-3.7	-4.2	-4	0.2	1.6	2.4	0.8
	Exports of goods and services	USD, billions	65	35.9	46.9	64.2	55	59.3	58.9
	Imports of goods and services	USD, billions	62.1	52.4	51.4	58.2	46.6	49.2	52.6
Access to Finance	Domestic credit to private sector (% of GDP)	%	11.2	12.1	13.5	13.0	N/A	N/A	N/A
	Gross capital formation (% of GDP)	%	25.9	22.7	33.8	22.9	N/A	N/A	N/A
	Net official development assistance and official aid received	USD, billions	3.2	3.4	3.5	4.4	N/A	N/A	N/A
	Personal remittances received (% of GDP)	%	5.0	4.0	4.4	4.3	5.7	N/A	N/A
	FDI	USD, billions	0.9	1	0.7	0.7	0.5	0.8	1.2

Infrastructure	Individuals using the internet (% of population)	%	45.0	51.5	55.4	N/A	N/A	N/A	N/A
	Access to electricity (% of population)	%	55.4	55.4	59.5	60.5	N/A	N/A	N/A
	Mobile cellular subscription (per 100 people)	Ratio	90.8	98.0	91.4	101.7	N/A	N/A	N/A
	Air freight tonnage	million ton-km	1.84	1.68	1.56	N/A	N/A	N/A	N/A
	Container traffic at ports	TEUs***, thousands	1 032	1 073	2 030	N/A	N/A	N/A	N/A

Source: Stanbic Bank African Markets Revealed Report | World Bank. Available here. | Nigerian Ports Statistics. Available here.

Notes: *Negative values indicate that a country is a net importer, while positive values indicate it is a net exporter.
**2024 and 2025 data points are estimates. ***TEUs refers to twenty-foot equivalent unit.
N/A denotes that the relevant data was unavailable from the specified source.

Appendix 5: Key Results of the Stanbic IBTC Bank Africa Trade Barometer Issue 4 Survey in Nigeria

This appendix presents the key results of the main questions asked to businesses in Nigeria as part of the fourth edition of the Stanbic IBTC Bank Africa Trade Barometer. The results are structured according to the SB ATB thematic categories: macroeconomic stability, trade openness and foreign trade, infrastructure, government support, as well as traders' financial behaviours and their access to finance. **Not all questions in the SB ATB survey are presented here.** The questions selected for inclusion have been chosen for their closed-ended nature and being succinct enough for a concise presentation. Questions pertaining to the general profile of businesses and individual respondents, or those requiring open-ended responses, have been omitted. This approach ensures that the findings detailed in the following table are directly relevant and valuable for interpreting the trade dynamics within the Nigerian context.

Table 6: Key findings of the survey

Thematic Categories	Question	Responses								
Macroeconomic Stability	Thinking of your business turnover over [from 2020 to 2021], please indicate if turnover increased, decreased or remained the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		62%	26%	12%	N/A	N/A	–	–	–	–
	Thinking ahead [from 2024 to 2025] do you expect business turnover to increase, decrease or remain the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		76%	10%	10%	4%	N/A	–	–	–	–
	Thinking ahead [from 2025 to 2026] do you expect business turnover to increase, decrease or remain the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		86%	2%	6%	5%	1%	–	–	–	–
	Please indicate how you feel about the performance of the economy in relation to business in the next 3 years.	Extremely optimistic	Very optimistic	Neutral	Not very optimistic	Not at all Optimistic	Refused	Don't know	–	–
		11%	48%	13%	22%	6%	N/A	N/A	-	–

Infrastructure	[Road infrastructure] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		3%	10%	20%	34%	30%	0.37%	1%	–	–
	[Water supply] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		8%	17%	24%	26%	22%	2%	N/A	–	–
	[Telecommunications] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		12%	35%	37%	12%	4%	N/A	N/A	–	–
	[Ports] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		5%	12%	38%	28%	9%	7%	1%	–	–
	[Airports] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		7%	20%	42%	19%	3%	7%	2%	–	–
	[Customs and trade regulations] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		3%	11%	26%	28%	26%	5%	1%	–	–
	[Power supply] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		4%	14%	17%	28%	36%	N/A	N/A	–	–
	[Rail infrastructure] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		5%	8%	25%	32%	17%	7%	5.00%	–	–
Trade Openness and Foreign Trade	How likely are you to increase the volume of imports in the next 2 years?	Extremely likely	Very likely	Neither likely nor unlikely	Very unlikely	Extremely unlikely	–	–	–	–
		21%	61%	10%	6%	2%	–	–	–	–
	How likely are you to decrease the volume of imports in the next 2 years?	Extremely unlikely	Very unlikely	Neither likely nor unlikely	Very likely	Extremely likely	–	–	–	–
		22%	34%	13%	24%	6%	–	–	–	–
	To what extent do importation-related taxes, including tariffs, impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		9%	36%	20%	19%	16%	–	–	–	–
	To what extent do importation-related customs and trade regulations impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		13%	28%	22%	20%	16%	–	–	–	–
	How likely are you to increase the volume of exports in the next 2 years?	Extremely likely	Very likely	Neither likely nor unlikely	Very unlikely	Extremely unlikely	–	–	–	–
		32%	54%	11%	4%	N/A	–	–	–	–
	How likely are you to decrease the volume of export in the next 2 years?	Extremely unlikely	Very unlikely	Neither likely nor unlikely	Very likely	Extremely likely	–	–	–	–
		43%	14%	29%	7%	7%	–	–	–	–
	To what extent do exportation-related taxes, including tarrifs, impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		6%	22%	20%	20%	31%	–	–	–	–

Trade Openness and Foreign Trade (Cont.)	To what extent do exportation-related customs and trade regulations impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		4%	21%	21%	20%	34%	–	–	–	–
	In your view would you say trading with the rest of Africa is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult?	Extremely easy	Very easy	Neither easy nor difficult	Very difficult	Extremely difficult	Don't know	Refused	–	–
		6%	31%	27%	30%	3%	3%	N/A	–	–
	In your view would you say trading with the rest of the world (OUTSIDE OF AFRICA) is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult?	Extremely easy	Very easy	Neither easy nor difficult	Very difficult	Extremely difficult	Don't know	Refused	–	–
		1%	19%	22%	43%	12%	4%	N/A		–
	Are you aware of the African Continental Free Trade Area Agreement?	Yes	No	–	–	–	–	–	–	–
		39%	61%	–	–	–	–	–	–	–
	What are the top 3 benefits of the AfCFTA on your business?	No benefits (Exclusive)	Ease the movement of goods/ services across borders	Allow for a larger market for my goods/ services	Allow for greater competition	Promote the availability of more products and services to choose from	Contribute to the movement of capital and people across borders	Facilitate greater investment across countries	Promote industrial development across the countries	Other
		22%	40%	34%	22%	23%	23%	30%	26%	N/A
Government Support	Please indicate how supportive your government is with regards to cross-border trading activities.	5 - Extremely supportive	4	3	2	1 - Not at all supportive	Refused	Don't know	–	–
		10%	25%	26%	21%	16%	N/A	2%	–	–
Traders' Financial Behaviour and Access to Finance	Please indicate how difficult or easy it is to get credit from financial institutions	Extremely easy	4	3	2	1 - Extremely difficult	Refused	Don't know	–	–
		6%	16%	25%	25%	28%	N/A	1%	–	–
	Why do you prefer using cash to pay for your goods or services when trading with suppliers in other countries?	Minimal cost/ fees	Allows for negotiations	Limited knowledge in other payment methods	Convenient - easy to deal with	Privacy	Other	–	–	–
		72%	94%	28%	56%	11%	N/A	–	–	–
	What challenges, if any, do you encounter when using cash when trading with suppliers in other countries?	Fraud	Loss of money/ security risks	Fluctuating exchange rates	Customs declarations	Inconvenience - of carrying large amounts of money	Other	–	–	–
		44%	67%	50%	17%	61%	N/A	–	–	–
	What benefits or incentives would encourage you to entirely switch to formal channels (such as cards, electronic payments, international transfers) when trading with suppliers in other countries?	Faster transaction processing times	Minimal document requirements	Competitive exchange rates	Guaranteed security	Recorded transactions	Other	–	–	–
		72%	44%	44%	67%	33%	N/A		–	–
	Do you offer credit terms to your clients?	Yes			No			–	–	–
		51%			49%			–	–	–
	Do you have credit terms arrangements with your suppliers?	Yes			No			–	–	–
		59%			41%			–	–	–

ABOUT THE RESEARCH

The Stanbic Bank Africa Trade Barometer is based on both primary and secondary research sources. This is Issue 4 of the SB ATB. Issues 1, 2 and 3 were released in June 2022, November 2022 and September 2023, respectively. Data collection (both primary and secondary research) for Issue 4 was carried out between July and September 2024 in all 10 countries of interest.

The primary research component involves the administration and analysis of a firm survey (i.e., a survey of sample businesses in the countries of interest) and in-depth interviews with key stakeholders. The sample is stratified by size (small, big and corporate), region and industry. A total of 2 258 businesses were surveyed and 30 in-depth interviews were conducted across the 10 countries in Issue 4.

In Nigeria, 289 businesses were surveyed. 38% of these businesses were in Lagos, 9% in Ibadan, 17% in Port Harcourt, 22% in Abuja, 9% in Kano, 4% in Onitsha, 6% in Kaduna and 5% in Aba.

The breakdown of surveyed businesses in Nigeria by business segment was as follows:

- 74% were small businesses
- 15% were big businesses
- 11% were corporates

In the context of the SB ATB, small businesses are defined as those with a turnover of less than NGN 1 billion, large businesses as those with a turnover of between NGN 1 billion and NGN 10 billion and corporates as those with a turnover of more than NGN 10 billion.

The breakdown of surveyed businesses in Nigeria by industry is as follows:

Table 7: Breakdown of surveyed businesses in Nigeria by industry

Industry	%	Industry	%
Manufacturing	16	Transportation and storage	2
Agriculture, forestry and fishing	15	Professional, scientific and technical activities	2
Wholesale and retail trade; repair of motor vehicles and motorcycles	15	Arts, entertainment and recreation	2
Accommodation and food service activities	7	Electricity, gas, steam and air conditioning supply	1
Human health and social work activities	7	Administrative and support service activities	1
Education	6	Financial and insurance activities	1
Construction	5	Water supply; sewerage, waste management and remediation activities	0
Real estate activities	5	Public administration and defence; compulsory social security	0
Mining and quarrying (includes oil & gas)	4	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0
Information and communication	4	Activities of extraterritorial organizations	0
Other service activities	3		

The breakdown of surveyed businesses by staff complement was as follows:

- 9% had below 5 employees
- 27% had 5 - 10 employees
- 23% had 11 - 20 employees
- 16% had 21 - 50 employees
- 7% had 51 - 100 employees
- 17% had 101 - 1 000 employees
- 1% had 1 000 - 5 000 employees

With regards to individual respondent characteristics within the businesses, 30% were female and 70% were male.

The breakdown by their job titles is as follows:

- 29% were chief executive officers (CEOs)
- 21% were general managers
- 13% were heads of departments
- 8% were chief accountants
- 7% were managing directors
- 6% were financial directors
- 6% were owners, partners or co-owners
- 1% were chief financial officers
- 1% were executive directors
- 1% were deputy chief executives

Further details by region, business segment, industry, staff complement, age of firm, the firms' corporate and strategic decision-making structures as well as individual respondent characteristics (gender, job title, etc.) are available on request.

There were three in-depth interviews conducted in Nigeria as part of Issue 4. The interviews were held with representatives from the Lagos State Chambers of Commerce and Industry, the Lagos State Ministry of Agriculture and the Ministry of Economic Planning and Budget.

The survey and in-depth interviews were conducted on a confidential basis.

The secondary research component involves the gathering and analysis of quantitative data. This data is primarily collected from World Bank sources, although additional data is obtained from the International Monetary Fund (IMF), the International Trade Center and individual countr central banks.

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In-depth details on how the Stanbic IBTC Bank Africa Trade Barometer scores for each country are calculated, and the resultant country rankings, are available on request.

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The research was produced by Standard Bank Business and Commercial Banking Research & Insights. For any questions or information requirements on this report please contact tradebarometer@standardsbg.com.

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